

TOWN OF CANTON, CONNECTICUT



Comprehensive Annual Financial Report

For The Year Ended
June 30, 2011

Prepared by:

Department of Finance
Amy O'Toole
Finance Officer/Treasurer

**TOWN OF CANTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

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**TOWN OF CANTON, CONNECTICUT
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INTRODUCTORY SECTION



TOWN OF CANTON
FOUR MARKET STREET
P.O. BOX 168
COLLINSVILLE, CONNECTICUT 06022-0168

December 22 2011

To the Members of the Board of Selectmen,
Board of Education, Board of Finance and
Citizens of the Town of Canton, Connecticut:

State law requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement and in conjunction with the services of CCR LLP who completed the audit, we hereby issue the Comprehensive Annual Financial Report of the Town of Canton, Connecticut for the fiscal year ended June 30, 2011

This report was prepared by the Town Finance Department under the direction of the Chief Administrative Officer with the services of CCR LLP as the Town's contractual auditor. The report consists of management's representations concerning the finances of the Town. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because of the cost of internal controls should not outweigh their benefits, the Town'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 concept of reasonable assurance recognizes that the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by CCR LLP, a firm of licensed certified public accountants appointed by the Board of Finance. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the Town's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the Town's internal controls and compliance with certain provisions of laws, regulations, contracts and grants applicable to federal and state single audit major programs. The Federal and State single audit report is available in the Town's separately issued Federal and State Single Audit reporting package.

GAAP require 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 MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Description of the Town

Canton, first settled as a part of Simsbury, was incorporated in May 1806. The Town covers an area of 25 square miles and is 14 miles west of Hartford astride the Farmington River. It is bounded on the north by Barkhamsted and Granby, on the east by Simsbury, on the south by Avon and Burlington and on the west by New Hartford. U.S. Route 44, a major four-lane east-west highway, traverses the Town. State Routes 177, 179, 202, 309 and 565 also serve the Town. Freight service is provided by various motor common carriers and passenger transportation is available by bus to Hartford and surrounding towns. Amtrak passenger rail service is available in Hartford. Bradley International Airport lies 18 miles to the northeast.

Form of Government

Canton utilizes the Town Meeting/Board of Selectmen/Board of Finance form of government under a Town Charter last revised effective January of 2010. In all cases except the adoption of ordinances the Town Meeting acts as the legislative body. The five-member Board of Selectmen formulates and executes policy. A part-time First Selectman serves as the Chief Executive Officer. A Chief Administrative Officer (CAO), appointed by the Board of Selectmen, is responsible for the administration of all departments, agencies, and appointed officials of the Town. An elected six-member Board of Finance is responsible for the Town's fiscal policy and is assisted by a Finance Officer who maintains the financial records and also serves as Treasurer. Development in the Town is administered through a Zoning Commission, a Planning Commission, an Inland Wetlands and Watercourse Agency, and Land Use Department. The Land Use Department consists of a Director of Planning and Community Development, an Assistant Town Planner/Zoning Enforcement Officer, and a Land Use Coordinator.

The Town provides a full range of services, including police and fire protection; emergency medical services; highway, parks and other infrastructure construction and maintenance; solid waste disposal; elementary and secondary education; recreational activities; and library services.

The annual budget serves as the foundation for the Town's financial planning and control. All departments and units of the Town are required to submit requests for appropriation to the CAO by mid-December each year. The CAO uses these requests to develop a proposed budget, which is presented to the Board of Selectmen on the second Monday of February each year. The Board of Selectmen hold public review sessions before approving a proposed budget and submitting it to the Board of Finance by the second Monday of March each year. The Board of Finance reviews the budget with the Board of Selectmen and holds a public hearing in early April each year. The Board of Finance may reduce the budget before recommending the budget to the annual town budget meeting, at which electors adopt the annual budget unless a quorum of 150 is not present at the annual town budget meeting or a referendum is petitioned and the meeting adjourned to a special budget referendum election.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Canton operates.

Local Economic Condition and Outlook

Local economic indicators have slowed considerably. Application for building permits has decreased significantly. The stability in residential housing prices indicates that the town is a desirable community in which to reside. The October 2011 Grand List is projected to increase .47% over the prior grand list. Retail business in the village of Collinsville, with a niche of antiques and life-long recreation, is experiencing resurgence from tourists and from outdoor enthusiasts using the rails-to-trails segment along the Farmington River in Burlington and Collinsville. The construction of Phase III of the trail was completed in Spring 2011.

Long-Term Financial Planning

The Capital Projects Funds provide financial resources for the acquisition of major equipment or the construction of capital facilities. Acquisitions or projects are identified and included within the annual five-year capital improvement plan. The plan for the ensuing five-year period is developed, adjusted and adopted as part of the budget process. Appropriations are made on an annual basis by the Board of Selectmen, Board of Finance and Board of Education within the respective operating budgets for infrastructure and facility improvements and vehicle and equipment acquisition.

Due to the State of Connecticut budget crisis, increased intergovernmental grant amounts are not anticipated.

Internal Service Fund

The Town has an Internal Service Fund, a self-insurance fund, to account for and finance the medical benefit claims for eligible employees of both the general government and the Board of Education and their enrolled dependents. The Town retains the risk of loss under the plan it provides. A third party processes the claims filed under the self-insured plans and charges an administrative fee. The fund also pays for a stop loss policy for claims exceeding \$150,000 for each participant and 125% of expected claims in any plan year.

Pension Trust Fund Operations

The Town has a Pension Trust Fund for Town employees hired prior to January 1, 2002, including unionized paraprofessional staff, police officers, dispatchers, public works employees; non-unionized Town professional employees; and Board of Education employees excluding participants in the State Teachers Retirement System. Teacher pension contributions provided and managed by the State of Connecticut on behalf of the Town are disclosed in the Town's financial statements but are not a part of the Town's Pension Trust Funds.

The Town's pension assets are invested in a variety of asset classes. Accounts consisting of small and large capitalization domestic equity funds (both growth and value funds), an international equity fund, a fixed income fund, and cash equivalents are managed by investment professionals. The firm is responsible for coordinating and monitoring the management of the investments within guidelines contained in an approved investment plan.

Employees hired since January 1, 2002 participate in a Defined Contribution Pension Plan.

A five-member Pension Committee appointed by the Board of Selectmen meets quarterly to review investment performance and asset allocation decisions. The investment policy and allocation guidelines are adjusted on a periodic basis by the Board of Selectmen upon recommendation by the Pension Committee.

Other Post Employment Benefits Trust

A Trust Fund was established to account for other post employment benefits which are offered to teachers as required by the State of Connecticut, or others who were grandfathered by the Board of Education.

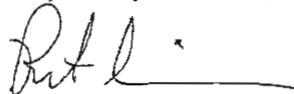
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Canton for its Comprehensive Annual Financial Report for the Year Ended June 30, 2010. This was the eleventh consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

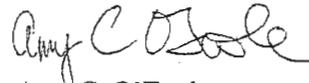
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine eligibility for another certificate.

We wish to express our appreciation to the staff of the Finance and administration departments for their support and preparation of this financial report. Without their efficient and dedicated service, this report would not be possible. We would also like to thank the many employees in the various departments who provided additional information necessary to prepare the Comprehensive Annual Financial Report.

Respectfully submitted,

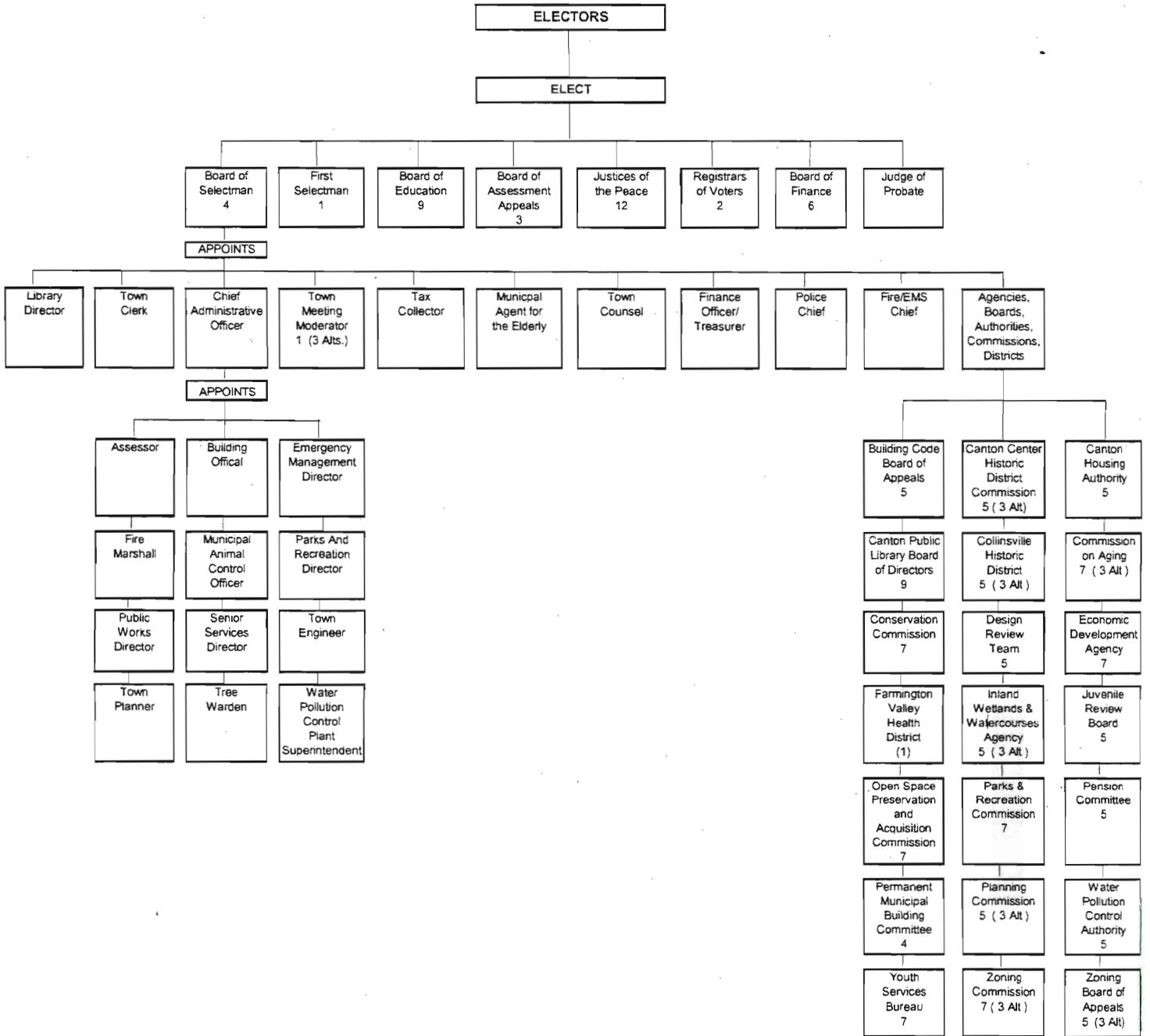


Robert Skinner
Chief Administrative Officer



Amy C. O'Toole
Finance Officer/Treasurer

TOWN OF CANTON ORGANIZATIONAL CHART



**TOWN OF CANTON, CONNECTICUT
PRINCIPAL TOWN OFFICIALS
JUNE 30, 2011**

BOARD OF SELECTMEN

Marc E. Cerniglia
Bruce R. Lockwood

Richard J. Barlow, First Selectman

David W. Gilchrist
Stephen J. Roberto

BOARD OF FINANCE

Kathleen C. Corkum
Brian D. First
Mary B. Tomolonius

Richard Ohanesian, Chairman

Richard Eickenhorst
Kenneth S. Humphrey

BOARD OF EDUCATION

Susan S. Crowe
Leslee B. Hill
Carlene C. Rhea
Jonathan W. Webb

Beth Kandrysawtz, Chairman

Susan M. Saidel
Mark W. Lange
Gretchen A. Sonju
Patricia R. White

GENERAL GOVERNMENT

Chief Administrative Officer
Chief of Police
Finance Officer/Treasurer
Tax Collector
Assessor
Town Clerk
Project Administrator
Director of Planning and Community Development
Director of Public Works
Library Director
Parks and Recreation Director
Building Official
Fire Marshal/Director of Emergency Management

Robert Skinner
Christopher Arciero
Amy O'Toole
Lisa Theroux
Harry DerAsadourian
Linda Smith
Jeff Shea
Neil Pade
Robert Martin
Robert Simon
Brian Wilson
William Rich
Adam Libros

EDUCATION

Superintendent of Schools
Business Manager

Kevin D. Case
Edward J. Hoyt

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Canton
Connecticut

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. Sandson

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Finance of the
Town of Canton, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Canton, Connecticut (the "Town") as of and for the 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the Town of Canton, Connecticut as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules of funding progress on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

CCR LLP

Glastonbury, Connecticut
December 22, 2011

Management's Discussion and Analysis

TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Canton, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$75,676,535 (net assets). Of this amount, \$10,430,810 represents unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,872,259 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,020,359, an increase of \$12,280 in comparison with the prior year. Of this amount, there was an increase of \$191,222 in the General Fund, a decrease of \$577,064 in the Sewer Assessment Fund, a decrease of \$5,628 in the CDBG Small Cities Fund, an increase of \$140,858 in the Capital and Nonrecurring Fund and an increase of \$262,892 in the nonmajor governmental funds.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$3,518,488 or 10.0% of total general fund expenditures and transfers out. Expressed another way, unassigned fund balance for the general fund was sufficient to cover 1.2 months of general fund operating expenditures and transfers out.
- The Town's total long-term bonded debt decreased by \$1,745,000 or 13.8% during the current fiscal year due to scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's 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 supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net assets presents information on all of the Town's 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 of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

Both of the government-wide financial statements are intended to distinguish functions of the Town 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 of the Town include activities such as: general government, finance, public safety, public works, human services, planning and development, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 financial statements focus on near-term inflows and outflows 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 the Town'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 Town'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 maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sewer Assessment Fund, the CDBG Small Cities Fund and the Capital and Nonrecurring Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

Proprietary Funds

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22 - 24 of this report.

TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on page 57 of this report. Combining and individual fund statements and schedules can be found on pages 58-80 of this report and statistical information can be found on pages 81-96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

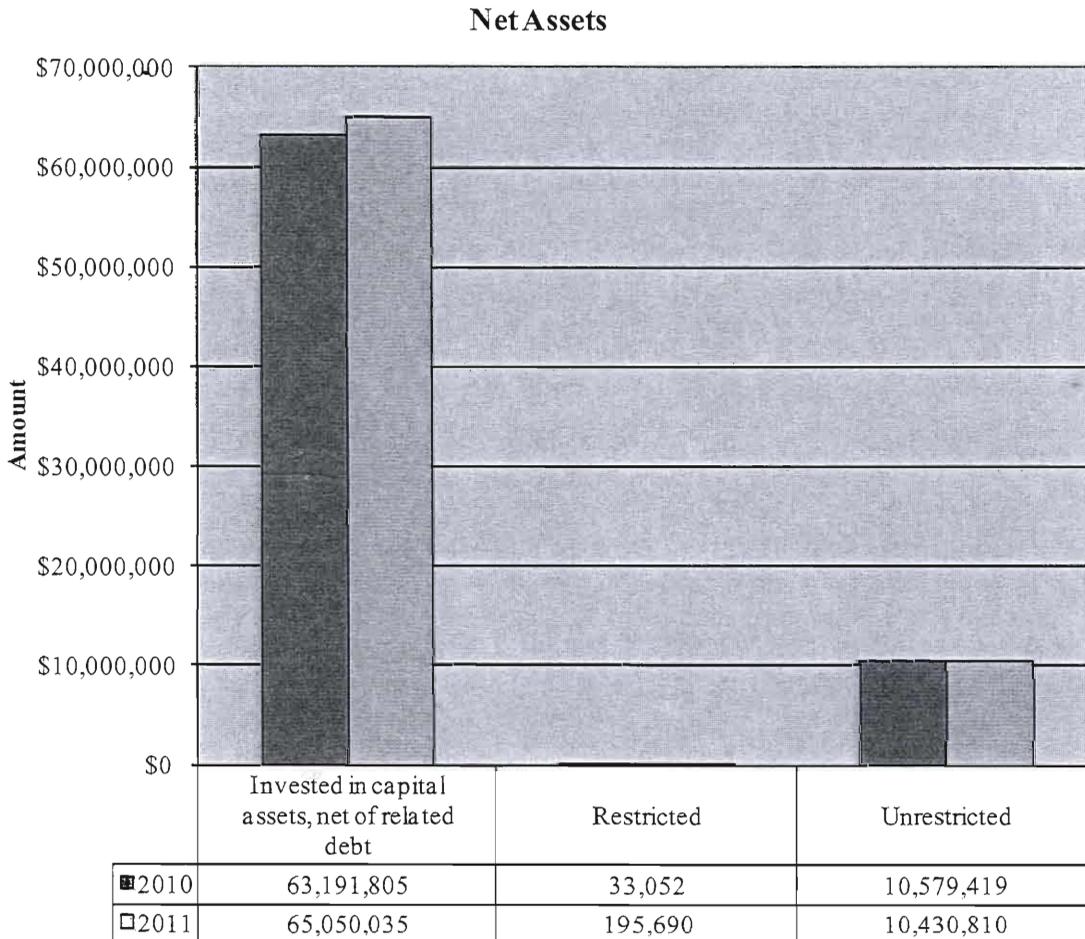
Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$75,676,535 and \$73,804,276 as of June 30, 2011 and 2010, respectively and are summarized as follows:

	Total	
	2011	2010
Current and other assets	\$ 15,513,783	\$ 15,931,920
Capital assets	77,425,076	77,594,005
Total assets	92,938,859	93,525,925
Other liabilities	2,548,502	3,041,212
Long-term liabilities	14,713,822	16,680,437
Total liabilities	17,262,324	19,721,649
Net assets:		
Invested in capital assets, net of related debt	65,050,035	63,191,805
Restricted	195,690	33,052
Unrestricted	10,430,810	10,579,419
Total net assets	\$ 75,676,535	\$ 73,804,276

**TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



As of June 30, 2011, approximately 86% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of 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.

Approximately 0.3% of net assets represents resources that are subject to external restrictions on how they may be used.

The remainder of the Town's net assets are considered unrestricted.

Overall, net assets increased by \$1,872,259 in comparison with the prior year.

**TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets

Changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

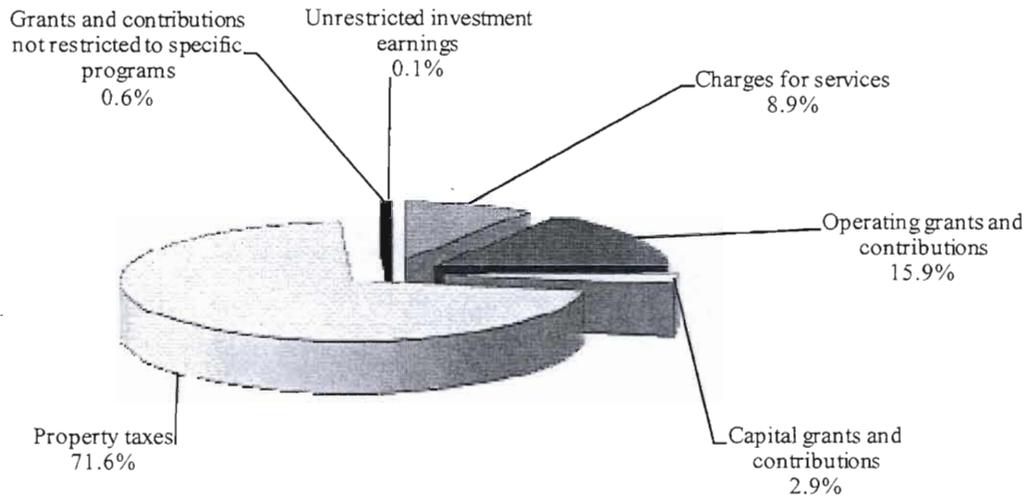
	Total	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 3,612,213	\$ 3,447,911
Operating grants and contributions	6,443,116	6,323,597
Capital grants and contributions	1,161,429	718,075
General revenues:		
Property taxes, levied for general purposes	29,064,965	28,584,549
Grants and contributions not restricted to specific programs	244,971	136,949
Unrestricted investment earnings	44,948	61,622
Miscellaneous	-	54,921
Total revenues	<u>40,571,642</u>	<u>39,327,624</u>
Expenses		
General government	894,897	1,049,539
Finance	628,901	530,141
Public safety	3,331,099	3,017,307
Public works	4,025,525	3,912,772
Human services	2,075,242	2,264,851
Planning and development	412,522	425,578
Education	26,812,865	25,838,498
Interest expense	518,332	570,075
Total expenses	<u>38,699,383</u>	<u>37,608,761</u>
Change in net assets	1,872,259	1,718,863
Net assets, beginning	73,804,276	72,085,413
Net assets, ending	<u>\$ 75,676,535</u>	<u>\$ 73,804,276</u>

**TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

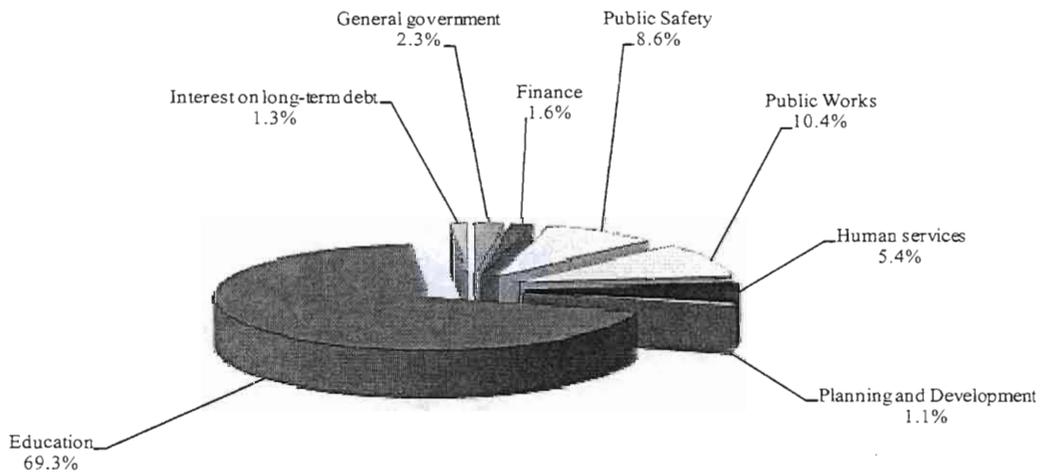
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets (Continued)

**2011 Revenues by Source -
Governmental Activities**



**2011 Expenses by Function -
Governmental Activities**



TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Assets *(Continued)*

Governmental activities increased the Town's net assets by \$1,872,259. Operating grants and contributions and property taxes both increased slightly while expenditures remained level in comparison with prior year.

FINANCIAL ANALYSIS OF THE TOWN'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 the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances \$10,020,359.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,518,488. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 10% of total general fund expenditures and transfers out. Expressed another way, unassigned fund balance for the general fund was sufficient to cover 1.2 months of general fund operating expenditures and net other financing uses.

The fund balance of the Town's general fund increased by \$344,361 during the current fiscal year, which was primarily due to a fund balance adjustment of \$153,139 for the implementation of GASB Statement No. 54, and savings in the various budgeted expenditures.

Sewer Assessment Fund

The fund balance of the Sewer Assessment Fund decreased by \$577,064 during the current fiscal year. This decrease was primarily due to only minimal connection charges being received along with interest income, offset by debt service expenditures and a transfer out to WPCA Capital Projects.

CDBG Small Cities Fund

The fund balance of the CDBG Small Cities Fund decreased by \$5,628 during the current fiscal year. This decrease was primarily due to general administration of the Small Cities program.

TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Governmental Funds *(Continued)*

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Fund increased by \$49,149. This increase was primarily due to a fund balance adjustment of (\$91,709) for the implementation of GASB Statement No. 54, offset by additions to the Fire and EMS Apparatus Replacement funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$692,507. Expenditures were \$848,746 less than budgeted and total budgetary revenues were \$264,333 less than expected due to 14% of Equalized Cost Sharing funds going directly to the Board of Education. In addition, there was an adjustment to fund balance in the amount of \$153,139, pertaining to the implementation of GASB Statement No. 54. During the year ended June 30, 2011, the Board of Finance and Town Meeting approved additional appropriations of \$46,045 for additional MIRMA insurance costs from fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2011 and 2010 totaled \$77,425,076 and \$77,594,005, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, development rights, buildings, improvements other than buildings, equipment, vehicles, furniture and fixtures and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$168,929 or 0.2%. This decrease is attributed to depreciation expense of \$1,880,037 offset by capital asset additions and disposals. Major capital asset events during the current fiscal year included the following:

- Rails to Trails Phase III construction in the amount of \$769,524.
- Water Pollution Control Facility RBC repair project in the amount of \$206,285.
- A Public Works replacement backhoe was purchased for \$127,730.
- An emergency generator was placed in the service at the Community Center for \$123,406.
- Water Pollution Control Facility SCADA system installation in the amount of \$82,263.
- A SCBA air compressor was installed at the Collinsville Fire Station for \$49,315.
- Board of Education expended \$32,652 for ADA modification.
- A furnace was replaced at Collinsville Fire Station for \$38,812.
- One police car was replaced for \$29,131.
- Board of Education installed a new food service line for \$25,824.

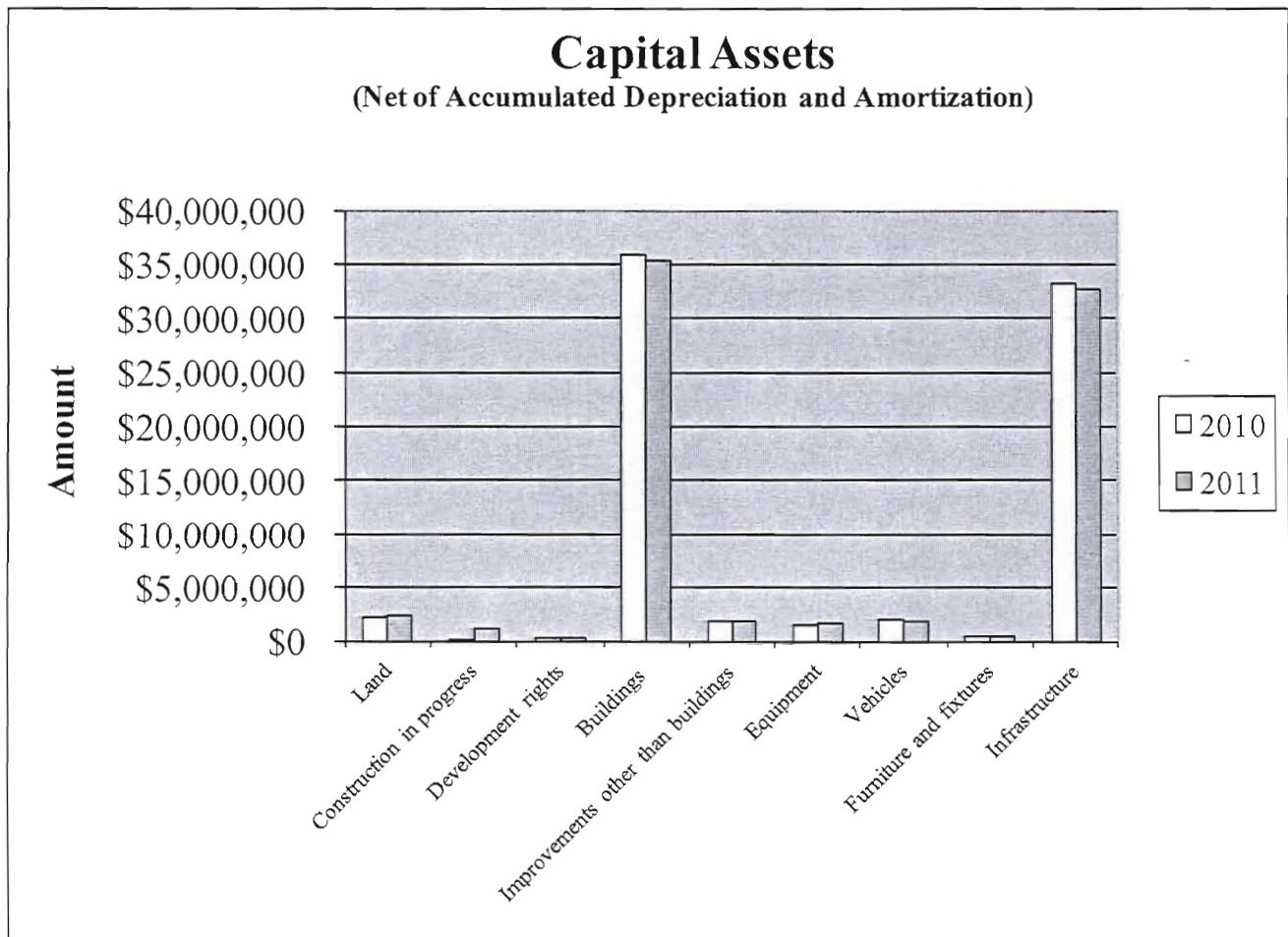
**TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two year comparison of the investment in capital assets:

	Governmental Activities	
	2011	2010
Land	\$ 2,389,868	\$ 2,256,308
Construction in progress	1,176,198	132,457
Development rights	319,407	319,407
Buildings	35,266,566	35,939,859
Improvements other than buildings	1,762,789	1,871,822
Equipment	1,715,697	1,499,704
Vehicles	1,805,846	1,987,861
Furniture and fixtures	352,693	408,876
Infrastructure	32,636,012	33,177,711
Totals	<u>\$77,425,076</u>	<u>\$77,594,005</u>



Additional information on the Town's capital assets can be found in Note 4 on pages 39-40 of this report.

TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

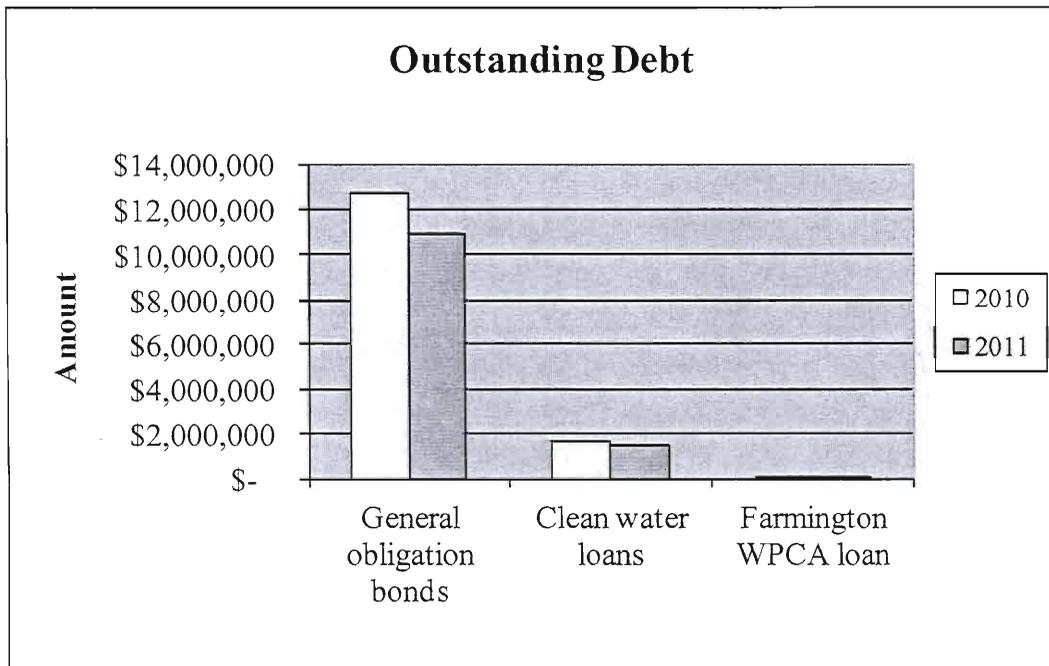
Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$12,393,541. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$1,996,866 or 13.9% during the current fiscal year due to current year principal repayments. The Town's rating is a Aa2 by Moody's Investor Service.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$202,930,959, which is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term debt:

	Governmental Activities	
	2011	2010
General obligation bonds	\$10,920,000	\$12,665,000
Clean water loans	1,448,578	1,692,123
Farmington WPCA loan	24,963	33,284
Totals	<u>\$12,393,541</u>	<u>\$14,390,407</u>



Additional information on the Town's long-term debt can be found in Note 7 on pages 41 - 43 of this report.

TOWN OF CANTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 6.8%. This compares favorably to the state's average unemployment rate of 9.1% and the national unemployment rate of 9.2%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2012, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.
- A steady, gradual growth in school enrollments has created new demands for personnel, services and expanded facilities. While this demand has been partially addressed through the renovation and expansion of Canton Intermediate School and Canton Middle/High School, additional playing fields, gymnasium and parking needs remain in the upper grade levels. Preliminary demographic analysis has revealed the potential for additional classroom space at the primary (grades K-3 level). Officials are acutely aware that state education funding is unlikely to grow, creating additional pressure on other sources of revenue and on efforts to control operating costs.
- The employer contribution to the Town's defined benefit retirement plan will increase due to the lower rates of return in several of the past few years and migration of new hires to the defined contribution retirement plan. The long-term benefit is a ceiling on the employer contribution in the defined contribution plan as compared to the actuarially-determined employer contribution for the defined benefit plan.
- The costs of claims for services on the self-funded health insurance plan for employees and their enrolled dependents has remained flat from the prior year. Town officials have negotiated increased employee cost-sharing levels and added cost-containment measures such as higher deductibles and co-payments in an effort to control the growth of costs.
- The decline in revenues is forcing the Town to reduce expenditures and seek regional service sharing arrangements in order to provide services in a more efficient manner.

All of these factors were considered in preparing the Town's budget for fiscal year 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Officer, Amy C. O'Toole, Town of Canton, P.O. Box 168, 4 Market Street, Collinsville, Connecticut 06022-0168.

Basic Financial Statements

TOWN OF CANTON, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,758,284
Receivables:	
Property taxes, net of allowance for uncollectibles of \$359,000	624,546
Interest on property taxes, net of allowance for uncollectibles of \$504,000	131,833
User charges	57,220
Grants and contracts	905,369
Other	118,411
Inventories	12,904
Prepaid items	118,557
Grants and contracts, long-term portion	159,301
Loans receivable	576,941
Net OPEB asset	26,022
Bond issuance costs, net	24,395
Capital assets:	
Non-depreciable	3,885,473
Depreciable, net	73,539,603
Total assets	92,938,859
LIABILITIES	
Accounts payable	1,150,085
Accrued liabilities:	
Salaries and benefits payable	206,112
Accrued interest	84,105
Unearned revenue	547,962
Due to funding source	195,806
Claims payable	249,561
Other liabilities	114,871
Noncurrent liabilities:	
Due within one year	2,026,242
Due in more than one year	12,687,580
Total liabilities	17,262,324
NET ASSETS	
Invested in capital assets, net of related debt	65,050,035
Restricted for:	
Endowments:	
Expendable	8,011
Nonexpendable	25,680
Other purposes	161,999
Unrestricted	10,430,810
Total net assets	\$ 75,676,535

The accompanying notes are an integral part of these financial statements .

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 894,897	\$ 490,796	\$ -	\$ 133,560	\$ (270,541)
Finance	628,901	10,456	-	-	(618,445)
Public safety	3,331,099	127,344	35,871	-	(3,167,884)
Public works	4,025,525	928,062	-	1,012,673	(2,084,790)
Human services	2,075,242	566,542	56,349	-	(1,452,351)
Planning and development	412,522	145,160	-	-	(267,362)
Education	26,812,865	1,343,853	6,350,896	15,196	(19,102,920)
Interest expense	518,332	-	-	-	(518,332)
Total governmental activities	<u>\$ 38,699,383</u>	<u>\$ 3,612,213</u>	<u>\$ 6,443,116</u>	<u>\$ 1,161,429</u>	<u>(27,482,625)</u>
General revenues:					
Property taxes, levied for general purposes					29,064,965
Grants and contributions not restricted to specific programs					244,971
Unrestricted investment earnings					44,948
Total general revenues					<u>29,354,884</u>
Change in net assets					1,872,259
Net assets - beginning					73,804,276
Net assets - ending					<u>\$ 75,676,535</u>

The accompanying notes are an integral part of these financial statements .

**TOWN OF CANTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Sewer Assessment Fund	CDBG Small Cities Fund	Capital and Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,981,579	\$ 1,626,132	\$ 72,559	\$ 2,074,626	\$ 1,444,191	\$ 11,199,087
Receivables:						
Property taxes, net of allowance for doubtful accounts of \$359,000	624,546	-	-	-	-	624,546
User charges	-	-	-	-	57,220	57,220
Intergovernmental	-	-	-	704,799	21,843	726,642
Loans	-	-	576,941	-	-	576,941
Other	81,339	-	-	-	30,921	112,260
Due from other funds	519,532	-	-	132,867	147,973	800,372
Inventories	-	-	-	-	12,904	12,904
Prepaid assets	112,660	-	-	-	5,897	118,557
Total assets	<u>\$ 7,319,656</u>	<u>\$ 1,626,132</u>	<u>\$ 649,500</u>	<u>\$ 2,912,292</u>	<u>\$ 1,720,949</u>	<u>\$ 14,228,529</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 785,274	\$ -	\$ 350	\$ 276,392	\$ 88,069	\$ 1,150,085
Accrued liabilities:						
Salaries and benefits payable	176,280	-	-	-	29,832	206,112
Due to other funds	276,167	103,424	10,879	315,744	121,610	827,824
Unearned/deferred revenue	571,988	1,507	576,941	389,727	173,309	1,713,472
Due to funding source	-	-	-	-	195,806	195,806
Other liabilities	98,629	-	-	-	16,242	114,871
Total liabilities	<u>1,908,338</u>	<u>104,931</u>	<u>588,170</u>	<u>981,863</u>	<u>624,868</u>	<u>4,208,170</u>
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	12,904	12,904
Prepaid assets	112,660	-	-	-	5,897	118,557
Permanent fund principal	-	-	-	-	25,680	25,680
Restricted for:						
Long-term debt repayments	-	1,521,201	-	-	-	1,521,201
Education	-	-	-	-	67,299	67,299
Grant program purposes	1,336,646	-	61,330	-	23,210	1,421,186
Donor purpose restrictions	-	-	-	-	77,459	77,459
Committed to:						
Public safety	-	-	-	-	77,124	77,124
Sewer operations	-	-	-	-	657,938	657,938
Human services	-	-	-	-	83,054	83,054
Education	-	-	-	-	69,597	69,597
Capital outlays	-	-	-	1,930,429	-	1,930,429
Other governmental purposes	53,396	-	-	-	-	53,396
Assigned to:						
Public safety	5,733	-	-	-	-	5,733
Public works	4,650	-	-	-	-	4,650
Education	158,343	-	-	-	-	158,343
Capital outlays	214,144	-	-	-	-	214,144
Other governmental purposes	7,258	-	-	-	-	7,258
Unassigned	3,518,488	-	-	-	(4,081)	3,514,407
Total fund balances	<u>5,411,318</u>	<u>1,521,201</u>	<u>61,330</u>	<u>1,930,429</u>	<u>1,096,081</u>	<u>10,020,359</u>
Total liabilities and fund balances	<u>\$ 7,319,656</u>	<u>\$ 1,626,132</u>	<u>\$ 649,500</u>	<u>\$ 2,912,292</u>	<u>\$ 1,720,949</u>	<u>\$ 14,228,529</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CANTON, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances for governmental funds \$ 10,020,359

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	2,389,868	
Construction in progress		1,176,198	
Development rights		319,407	
Buildings		45,586,771	
Improvements other than buildings		3,096,418	
Equipment		3,013,314	
Vehicles		3,443,970	
Furniture and fixtures		848,722	
Infrastructure		39,158,071	
Less accumulated depreciation and amortization		(21,607,663)	
Total capital assets, net			77,425,076

Accrued interest on property taxes and sewer assessments, net of the allowance for uncollectibles are not susceptible to accrual and therefore are not reported in the funds. 131,833

The net other post employment benefits asset resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds. 26,022

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets. 24,395

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are therefore not reported in the funds. 338,028

Some of the Town's taxes, sewer usage fees and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 1,165,510

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Accrued interest payable		(84,105)	
Long-term debt:			
Bonds and notes payable		(12,393,541)	
Unamortized premium		(5,895)	
Net pension obligation		(545,207)	
Other long-term liabilities:			
Compensated absences		(1,769,179)	
Total long-term liabilities			(14,797,927)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,343,239

Net assets of governmental activities \$ 75,676,535

The accompanying notes are an integral part of these financial statements .

TOWN OF CANTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Sewer Assessment Fund	CDBG Small Cities Fund	Capital and Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 29,012,299	\$ -	\$ -	\$ -	\$ -	\$ 29,012,299
Intergovernmental	5,531,930	-	-	882,197	1,370,773	7,784,900
Charges for services	910,257	17,000	-	-	1,698,403	2,625,660
Investment earnings	34,383	6,165	197	2,122	1,000	43,867
Other	-	-	-	26	153,377	153,403
Total revenues	<u>35,488,869</u>	<u>23,165</u>	<u>197</u>	<u>884,345</u>	<u>3,223,553</u>	<u>39,620,129</u>
EXPENDITURES						
Current:						
General government	611,887	-	-	-	3,000	614,887
Finance	459,057	-	-	-	-	459,057
Public safety	2,124,632	-	-	-	37,038	2,161,670
Public works	2,070,529	-	-	-	648,077	2,718,606
Human services	919,090	-	5,825	-	608,050	1,532,965
Insurance	289,829	-	-	-	-	289,829
Planning and development	270,406	-	-	-	-	270,406
Fringe benefits	1,694,173	-	-	-	-	1,694,173
Education	24,063,033	-	-	-	1,769,371	25,832,404
Capital outlays	-	-	-	1,544,891	-	1,544,891
Debt service:						
Principal payments	1,745,000	251,866	-	-	-	1,996,866
Interest and fiscal charges	472,031	41,861	-	-	-	513,892
Total expenditures	<u>34,719,667</u>	<u>293,727</u>	<u>5,825</u>	<u>1,544,891</u>	<u>3,065,536</u>	<u>39,629,646</u>
Excess (deficiency) of revenues over expenditures	769,202	(270,562)	(5,628)	(660,546)	158,017	(9,517)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	21,797	-	21,797
Transfers in	1,000	-	-	780,607	104,875	886,482
Transfers out	(578,980)	(306,502)	-	(1,000)	-	(886,482)
Total other financing sources (uses)	<u>(577,980)</u>	<u>(306,502)</u>	<u>-</u>	<u>801,404</u>	<u>104,875</u>	<u>21,797</u>
Net change in fund balances	191,222	(577,064)	(5,628)	140,858	262,892	12,280
Fund balances - beginning, as originally reported	<u>5,066,957</u>	<u>2,098,265</u>	<u>66,958</u>	<u>1,881,280</u>	<u>894,619</u>	<u>10,008,079</u>
Adjustments (see Note 1)	<u>153,139</u>	<u>-</u>	<u>-</u>	<u>(91,709)</u>	<u>(61,430)</u>	<u>-</u>
Fund balances - beginning, as adjusted	<u>5,220,096</u>	<u>2,098,265</u>	<u>66,958</u>	<u>1,789,571</u>	<u>833,189</u>	<u>10,008,079</u>
Fund balances - ending	<u>\$ 5,411,318</u>	<u>\$ 1,521,201</u>	<u>\$ 61,330</u>	<u>\$ 1,930,429</u>	<u>\$ 1,096,081</u>	<u>\$ 10,020,359</u>

The accompanying notes are an integral part of these financial statements .

**TOWN OF CANTON, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ 12,280

Total change in net assets reported for governmental activities in the statement of activities is different because:

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. The amount by which depreciation and amortization expense exceeded capital outlays and loss on disposal of capital assets in the current period is as follows:

Expenditures for capital assets	\$ 1,576,389	
Depreciation and amortization expense	(1,880,037)	
Loss on disposal of capital assets	<u>(2,000)</u>	
Net adjustment		(305,648)

Donated capital assets are accounted for at their fair value at date of donation in the statement of activities as revenue. 136,719

Interest on property taxes, sewer assessment and sewer usage receivables are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year reduced revenues recognized in the funds. (44,795)

Intergovernmental revenue on school construction grants is not susceptible to accrual and therefore is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (192,092)

The net OPEB asset is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net OPEB asset. 48

TOWN OF CANTON, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:

Bonds and notes payable	\$ 1,996,866	
Amortization of bond issuance costs	(24,398)	
Amortization of bond premiums	5,898	
Net adjustment		\$ 1,978,366

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	(51,141)	
Accrued interest	14,060	
Net pension obligation	14,992	(22,089)

Certain revenues reported in the statement of activities do not provide current financial resources and therefor are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. 90,633

An internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Town's internal service fund is reported with governmental activities. 218,837

Change in net assets of governmental activities \$ 1,872,259

The accompanying notes are an integral part of these financial statements.

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 28,900,174	\$ 28,900,174	\$ 29,012,299	\$ 112,125
Intergovernmental	3,884,245	3,912,242	3,463,154	(449,088)
Charges for services	832,010	832,010	910,257	78,247
Investment income	40,000	40,000	34,383	(5,617)
Total revenues	<u>33,656,429</u>	<u>33,684,426</u>	<u>33,420,093</u>	<u>(264,333)</u>
EXPENDITURES				
Current:				
General government	826,062	699,633	606,489	(93,144)
Finance	533,395	541,883	459,057	(82,826)
Public safety	2,138,926	2,185,284	2,127,557	(57,727)
Public works	1,986,424	2,120,851	2,075,178	(45,673)
Human services	922,766	935,259	919,090	(16,169)
Insurance	245,660	291,705	289,829	(1,876)
Planning and development	285,541	289,891	269,711	(20,180)
Fringe benefits	1,745,864	1,694,172	1,694,172	-
Education	22,283,809	22,283,811	21,752,660	(531,151)
Debt service				
Principal payments	1,745,000	1,745,000	1,745,000	-
Interest and fiscal charges	472,032	472,032	472,032	-
Total expenditures	<u>33,185,479</u>	<u>33,259,521</u>	<u>32,410,775</u>	<u>(848,746)</u>
Excess of revenues over expenditures	470,950	424,905	1,009,318	584,413
OTHER FINANCING (SOURCES) USES				
Designation of fund balance	-	46,045	-	(46,045)
Transfers in	-	-	1,000	1,000
Transfers out	(470,950)	(470,950)	(470,950)	-
Total other financing sources (uses)	<u>(470,950)</u>	<u>(424,905)</u>	<u>(469,950)</u>	<u>(45,045)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	539,368	<u>\$ 539,368</u>
Fund balance - beginning as originally reported			4,547,085	
Adjustments (see Note 1)			<u>153,139</u>	
Fund balance - beginning, as adjusted			<u>4,700,224</u>	
Fund balance - ending			<u>\$ 5,239,592</u>	

The accompanying notes are an integral part of these financial statements .

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF NET ASSETS -
PROPRIETARY FUND
JUNE 30, 2011**

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,559,197
Accounts receivable	6,151
Due from other funds	27,452
Total assets	1,592,800
 LIABILITIES	
Current liabilities:	
Claims payable	249,561
Total liabilities	249,561
 NET ASSETS	
Unrestricted	1,343,239
Total net assets	\$ 1,343,239

The accompanying notes are an integral part of these financial statements.

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 3,130,673
Employee contributions	940,170
Total operating revenues	4,070,843
 OPERATING EXPENSES	
Claims incurred	3,300,600
Administrative and other	552,487
Total operating expenses	3,853,087
 Operating income	217,756
 NON-OPERATING REVENUE	
Investment income	1,081
Total non-operating revenues	1,081
 Change in net assets	218,837
 Net assets - beginning	1,124,402
 Net assets - ending	\$ 1,343,239

The accompanying notes are an integral part of these financial statements.

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from employees	\$ 993,920
Cash received from interfund services provided	3,130,393
Cash payments for claims incurred	(3,310,456)
Cash payments to contractors for administration	(552,487)
Net cash provided by operating activities	261,370
CASH FLOWS FROM INVESTING ACTIVITIES	
Income from investments	1,081
Net cash provided by investing activities	1,081
Net increase in cash and cash equivalents	262,451
Cash and cash equivalents, beginning of year	1,296,746
Cash and cash equivalents, end of year	\$ 1,559,197
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 217,756
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	3,389
Decrease in due from other funds	24,279
Increase in claims payable	15,946
Net cash provided by operating activities	\$ 261,370

The accompanying notes are an integral part of these financial statements.

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Pension and Other Post Employment Benefits Trust Funds	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 257,639	\$ 2,694	\$ 506,422
Investments, at fair value:			
Certificates of deposit	-	13,527	-
Guaranteed interest contract	467,355	-	-
Short-term investments	371,330	-	-
Equity mutual funds	8,381,786	-	-
Fixed income mutual funds	4,037,234	-	-
Other assets	-	-	14,000
Total assets	<u>13,515,344</u>	<u>16,221</u>	<u>\$ 520,422</u>
LIABILITIES			
Accounts payable	25,208	-	-
Due to student groups	-	-	176,075
Due to others	-	-	344,347
Total liabilities	<u>25,208</u>	<u>-</u>	<u>\$ 520,422</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 13,490,136</u>	<u>\$ 16,221</u>	

The accompanying notes are an integral part of these financial statements .

**TOWN OF CANTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Pension and Other Post Employment Benefits Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer	\$ 969,667	\$ -
Plan members	118,229	-
Other	-	1,612
Total contributions	<u>1,087,896</u>	<u>1,612</u>
 Investment earnings:		
Interest	404,461	54
Net increase in the fair value of investments	<u>1,781,645</u>	-
Total investment earnings	<u>2,186,106</u>	<u>54</u>
Total additions	<u>3,274,002</u>	<u>1,666</u>
 DEDUCTIONS		
Benefit payments	1,181,556	-
Administrative expenses	<u>53,649</u>	-
Total deductions	<u>1,235,205</u>	-
 Change in net assets	2,038,797	1,666
 Net assets - beginning	<u>11,451,339</u>	<u>14,555</u>
 Net assets - ending	<u>\$ 13,490,136</u>	<u>\$ 16,221</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Canton, Connecticut (the “Town”) conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

FINANCIAL REPORTING ENTITY

The Town of Canton, Connecticut operates under a charter enacted in 1984, which was revised effective January 1, 2010. The Town operates under a Board of Selectmen/Town Meeting and Board of Finance form of government and provides the following services: public safety, public works, parks and recreation, education, health and human services, and planning and development.

The legislative power of the Town is vested with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town is the administrator of the following two single-employer defined benefit pension plans: Employee Retirement Plan and Volunteer Firefighters and Ambulance Plan (the “Plans”). The Plans do not issue stand-alone financial statements and are part of the Town’s financial reporting entity. As such, balances of the Plans as of and for the year ended June 30, 2011 are accounted for in the fiduciary fund financial statements as pension trust funds. The Plans are discussed more fully in Note 9.

The Town is the administrator of the Other Post Employment Benefits Program (the “OPEB Plan”), which is a single-employer defined benefit other post employment benefits plan. The OPEB Plan does not issue stand-alone financial statements and is a part of the Town’s financial reporting entity. As such, balances of the OPEB Plan as of and for the year ended June 30, 2011 are accounted for in the fiduciary fund financial statements as an other post employment benefits trust fund. The OPEB Plan is discussed more fully in Note 10.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are in substance, part of the government’s operations and therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

In February 2009, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("Statement No. 54"). Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds and clarified the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The application of Statement No. 54 was effective for the Town as of July 1, 2010. Based on the interpretations of certain terms within the definitions of certain fund types provided for in Statement No. 54, the Town has determined that certain activities previously reported in special revenue funds and capital projects funds are required to be reported in other fund types. Accordingly, fund balance reclassifications made by the Town have resulted in an increase in the beginning fund balance of the Town's General Fund in the amount of \$153,139 and a corresponding decrease in the beginning fund balance of the Town's Other Governmental Funds in order to conform to the provisions of Statement No. 54.

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Sewer Assessment Fund - This fund is used to account for the financing of sanitary sewer improvements that benefit certain properties. Revenues in this fund include sewer assessment charges and investment earnings committed to repayment of sewer related debt.

CDBG Small Cities Fund - This fund was created pursuant to federal requirements to account for the expenditures of federal housing funds for rehabilitation loans to property owners. Loan repayments are also deposited in this fund. Revenues in this fund include grant and related revenues restricted to allowable expenditure per the grant agreement.

Capital and Nonrecurring Fund - This fund accounts for financial revenues used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

In addition, the Town reports the following proprietary and fiduciary fund types:

Internal Service Fund (proprietary) - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk financing activities for employee medical insurance benefits, as permitted by GASB Statement No. 10.

Pension and Other Post Employment Benefits Trust Funds - This fund type is used to account for resources held in trust for the members and beneficiaries of the Employee Retirement Plan and the Volunteer Firefighters and Ambulance Plan, both of which are defined benefit pension plans and the Other Post Employment Benefits Program, which is a defined benefit plan. These plans are discussed more fully in Notes 9 and 10.

Private Purpose Trust Funds - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes private purpose trust funds to account for activities of the Julia Wheelock Private Purpose Trust Fund and the School Scholarships Private Purpose Trust Fund.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance bonds fund. The student activities funds account for monies generated by student activities in the Town's school system. The performance bonds fund accounts for monies received to ensure that driveways and lawns are installed to correct specifications for new home construction.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements (except for Agency Funds) are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund consists of charges for services. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (*Continued*)

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes and grants and contracts associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents as of June 30, 2011 consist of pooled fixed income accounts which totaled \$10,293,407. The Town's pooled fixed income accounts were invested in 2a-7 like pools registered with the Securities and Exchange Commission. The balance in the pools are reported at net asset value, which is representative of the value of the pool shares.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value.

Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements.

Restricted Assets

The Amelia Dyer, Canton Gate, Cemetery, and Open Space Endowment Funds are restricted to expenditure of the investment income only for donor-designated purpose. Any appreciation of the funds is also restricted.

The Town allocates investment income in accordance with donor restrictions and Connecticut law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Upon completion of projects, sewer assessments are levied and assessed to the users. Usage charges are billed either annually or semi-annually depending upon the bill amount. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets placed in service after June 30, 1980 (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$100,000 for infrastructure assets and more than \$5,000 for all other assets. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Intangible assets are recorded at historical cost and are only amortized to the extent that there are finite lives associated with the assets.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 50
Improvements other than buildings	15 - 30
Equipment	5 - 23
Vehicles	4 - 30
Furniture and fixtures	15
Infrastructure	25 - 75

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Compensated Absences

Town and noncertified Board of Education employees are granted vacation and sick leave, and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

The government-wide statement of net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

During the year ended June 30, 2011, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications for all governments that report governmental funds. The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Fund Equity (*Continued*)

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- In May, the Board of Finance submits proposed operating budgets for the fiscal year commencing July 1 to a Town Meeting, at which taxpayer comments are obtained. The operating budgets include proposed expenditures and the means of financing them.
- Prior to July 1, the budgets are legally enacted through passage of a resolution.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Chief Administrative Officer is authorized to approve transfers of unexpended balances not to exceed \$1,000 in the aggregate in one fiscal year within and between departments. The Board of Selectmen is authorized to approve transfers of unexpended balances in excess of \$1,000 within and between departments.
- The Board of Finance is authorized to make additional appropriations of up to \$25,000 in the aggregate and, with approval of five members, may authorize additional appropriations in excess of \$25,000, but not to exceed \$50,000, in the aggregate from fund balance or as a transfer from the contingency fund. If five members do not agree, a majority of those present and voting may recommend the appropriation for Town Meeting approval. Additional appropriations in excess of \$50,000 require approval at a Town Meeting. During the year ended June 30, 2011, the Board of Finance and Town Meeting approved additional appropriations of \$46,045 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and, if necessary, Town Meeting approval.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

BUDGETARY INFORMATION (Continued)

- The budget is prepared on the modified accrual basis of accounting. "On behalf" payments made by the State of Connecticut into the State Teacher's Retirement System (*see Note 9*) are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2011:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Budgetary basis	\$ 33,421,093	\$ 32,881,725	\$ 5,239,592
Encumbrances	-	348,146	171,726
Reimbursement for certain special education costs recorded as a reduction to expenditures for budgetary purposes	422,387	422,387	-
"On-behalf" payments - State Teachers Retirement Fund (<i>see Note 9</i>)	1,646,389	1,646,389	-
GAAP basis	\$ 35,489,869	\$ 35,298,647	\$ 5,411,318

DONOR RESTRICTED ENDOWMENTS

The Town has received endowments for the maintenance of cemeteries. These amounts are reflected in net assets as restricted for endowments. Investment income is approved for expenditures by the individual Board responsible for each fund. The Town has also received endowments for maintenance of open space located at Griswold Farms and for maintenance and repair of a metal sculpture located at Mills Pond Recreation Area. The investment income from these endowments will be used by the Town to perform general maintenance.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

CAPITAL PROJECTS AUTHORIZATIONS

The following is a summary of capital projects as of June 30, 2011:

<u>Capital Project</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance - June 30, 2011</u>
Bonded Capital Projects Fund:				
School study expansion fund	\$ 22,500,000	\$ -	\$ 22,113,138	\$ 386,862
BOE - capital improvements	275,829	-	271,830	3,999
Capital and Nonrecurring Fund:				
Rails to Trails III	2,200,000	769,524	807,796	1,392,204
Town wide sidewalk replacement	40,000	-	-	40,000
Highway-Road maintenance program	30,000	28,426	28,426	1,574
Collinsville traffic light installation	156,000	-	-	156,000
Open space acquisitions	230,284	8,406	55,456	174,828
DEP storm water management plan	144,200	-	26,866	117,334
Marked patrol vehicle	38,063	29,131	29,131	8,932
Police Department assessment study	22,000	22,000	22,000	-
Fire and EMS vehicles	448,392	-	-	448,392
Fire and EMS equipment	81,826	54,523	54,523	27,303
Highway/Parks Trucks and Equipment	170,700	103,011	103,011	67,689
Review of Zoning regulations	71,500	-	49,729	21,771
Review of Zoning maps	16,000	-	-	16,000
Town ordinance codification	16,200	-	11,540	4,660
Plan of conservation of development	25,000	-	-	25,000
Mills Pond main pool evaluation	30,000	-	-	30,000
Recreation improvements	20,000	7,579	13,277	6,723
Town/BOE athletic fields	23,000	-	9,546	13,454
BOE - DeSimas field	6,000	-	4,090	1,910
Library roof replacement	130,000	-	-	130,000
Community center improvements	100,000	-	-	100,000
Shelter generator	120,000	119,606	119,606	394
BOE-CIS Windows	259,789	-	-	259,789
Town Hall- Windows and Doors	114,205	889	889	113,316
Town Hall - interior office renovations	159,605	-	109,103	50,502
Town Garage - facilities plan	450,000	9,293	242,894	207,106
Town wide exterior gutter replacement	13,000	-	-	13,000
Transfer Station Improvements	15,000	8,043	8,043	6,957
Sewer Plant - RBC Repair project	263,200	206,285	206,285	56,915
Sewer Plant - Admin & Digester Building	75,000	-	-	75,000
Sewer Plant - SCADA (Phase I-III)	218,700	82,263	142,978	75,722
	<u>\$ 28,463,493</u>	<u>\$ 1,448,979</u>	<u>\$ 24,430,157</u>	<u>\$ 4,033,336</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2011 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 12,758,284
Less: cash equivalents considered investments under GASB Statement No. 40	<u>10,047,841</u>
	<u>2,710,443</u>
Statement of fiduciary net assets:	
Cash and cash equivalents	766,755
Less: cash equivalents considered investments under GASB Statement No. 40	<u>245,566</u>
	<u>521,189</u>
	<u><u>\$ 3,231,632</u></u>

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$1,329,435 of the Town's bank balance of \$2,493,060 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>\$ 1,329,435</u>
	<u><u>\$ 1,329,435</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut General Statutes. Under Connecticut General Statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

INVESTMENTS

A reconciliation of the Town's investments as of June 30, 2011 is as follows:

Government-wide statement of net assets:	
Investments	\$ -
Add: cash equivalents considered investments under GASB Statement No. 40	<u>10,047,841</u>
	<u>10,047,841</u>
Statement of fiduciary net assets:	
Investments	13,271,232
Add: cash equivalents considered investments under GASB Statement No. 40	<u>245,566</u>
	<u>13,516,798</u>
	<u><u>\$ 23,564,639</u></u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

As of June 30, 2011, the Town's investments consisted of the following:

Investment type	Credit Rating	Fair Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Pooled fixed income accounts	AAA	\$ 10,293,407	\$ 10,293,407	\$ -	\$ -	\$ -
Guaranteed interest contract	n/a	467,355	467,355	-	-	-
Bond mutual funds	AAA	1,099,780	-	-	-	1,099,780
Bond mutual funds	AA	1,189,558	-	-	1,189,558	-
Bond mutual funds	BBB	1,747,896	-	-	1,747,896	-
Money market mutual funds	Unrated	371,330	371,330	-	-	-
Certificates of deposit	Unrated	13,527	-	13,527	-	-
		15,182,853	<u>\$ 11,132,092</u>	<u>\$ 13,527</u>	<u>\$ 2,937,454</u>	<u>\$ 1,099,780</u>
Other investments:						
Equity mutual funds		8,381,786				
Total		<u>\$ 23,564,639</u>				

Because the pooled fixed income accounts and money market mutual funds had weighted average maturities of less than 90 days, they were presented as investments with maturities of less than one year.

Interest Rate Risk

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

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investments in pooled fixed income accounts and bond mutual funds were rated by Standard & Poor's as presented above.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2011, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5 percent of the Town's investments are in pooled fixed income accounts and bond mutual funds, however, investments in these types of accounts are considered to be diversified by nature.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,256,308	\$ 133,560	\$ -	\$ 2,389,868
Development rights	319,407	-	-	319,407
Construction in progress	132,457	1,195,844	(152,103)	1,176,198
Total capital assets, not being depreciated	<u>2,708,172</u>	<u>1,329,404</u>	<u>(152,103)</u>	<u>3,885,473</u>
Capital assets, being depreciated:				
Buildings	45,467,414	119,357	-	45,586,771
Improvements other than buildings	3,096,418	-	-	3,096,418
Equipment	2,699,358	385,776	(71,820)	3,013,314
Vehicles	3,512,948	30,674	(99,652)	3,443,970
Furniture and fixtures	848,722	-	-	848,722
Infrastructure	39,158,071	-	-	39,158,071
Total capital assets, being depreciated	<u>94,782,931</u>	<u>535,807</u>	<u>(171,472)</u>	<u>95,147,266</u>
Less accumulated depreciation and amortization for:				
Buildings	(9,527,555)	(792,650)	-	(10,320,205)
Improvements other than buildings	(1,224,596)	(109,033)	-	(1,333,629)
Equipment	(1,199,654)	(169,783)	71,820	(1,297,617)
Vehicles	(1,525,087)	(210,689)	97,652	(1,638,124)
Furniture and fixtures	(439,846)	(56,183)	-	(496,029)
Infrastructure	(5,980,360)	(541,699)	-	(6,522,059)
Total accumulated depreciation and amortization	<u>(19,897,098)</u>	<u>(1,880,037)</u>	<u>169,472</u>	<u>(21,607,663)</u>
Total capital assets, being depreciated, net	<u>74,885,833</u>	<u>(1,344,230)</u>	<u>(2,000)</u>	<u>73,539,603</u>
Governmental activities capital assets, net	<u>\$ 77,594,005</u>	<u>\$ (14,826)</u>	<u>\$ (154,103)</u>	<u>\$ 77,425,076</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:

General government	\$ 45,556
Finance	5,898
Public safety	251,573
Public works	718,132
Human services	226,349
Education	632,529
Total depreciation and amortization expense - governmental activities	<u><u>\$ 1,880,037</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital and Nonrecurring Fund	\$ 315,744
	Sewer Assessment Fund	71,299
	CDBG - Small Cities Fund	10,879
	Other Governmental Funds	<u>121,610</u>
		<u>519,532</u>
Capital and Nonrecurring Fund	General Fund	114,667
	Sewer Assessment Fund	<u>18,200</u>
		<u>132,867</u>
Other Governmental Funds	General Fund	134,048
	Sewer Assessment Fund	<u>13,925</u>
		<u>147,973</u>
		<u><u>\$ 800,372</u></u>
Proprietary Fund		
Internal Service Fund	General Fund	<u><u>\$ 27,452</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital and Nonrecurring Fund	\$ 1,000
Capital and Nonrecurring Fund	General Fund	513,030
	Sewer Assessment Fund	267,577
		<u>780,607</u>
Other Governmental Funds	General Fund	65,950
	Sewer Assessment Fund	38,925
		<u>104,875</u>
Total transfers		<u>\$ 886,482</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 12,665,000	\$ -	\$ (1,745,000)	\$ 10,920,000	\$ 1,660,000
Unamortized amounts:					
Premium on bonds issued	11,793	-	(5,898)	5,895	-
Other liabilities:					
Farmington WPCA loan	33,284	-	(8,321)	24,963	8,321
Clean water loan	1,692,123	-	(243,545)	1,448,578	186,889
Compensated absences	1,718,038	175,918	(124,777)	1,769,179	171,032
Net pension obligation (<i>Note 9</i>)	560,199	-	(14,992)	545,207	-
	<u>\$ 16,680,437</u>	<u>\$ 175,918</u>	<u>\$ (2,142,533)</u>	<u>\$ 14,713,822</u>	<u>\$ 2,026,242</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 7 - LONG-TERM LIABILITIES (Continued)

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are secured by the full faith and credit of the Town but are substantially liquidated by the General Fund via taxes collected from the levy on all taxable properties located within the Town. Sewer loans payable are liquidated by the Sewer Assessment Fund. The remaining liabilities above typically have been liquidated in the general and other governmental funds.

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2011 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
General Obligation Bonds	8/15/1998	\$ 3,720,000	4.0-6.0%	8/15/2013	\$ 675,000
General Obligation Bonds	11/1/2001	1,995,000	2.25-4.0%	11/1/2011	200,000
School Obligation Bonds	5/1/2003	10,000,000	3.0-5.0%	5/1/2023	6,375,000
School Obligation Bonds	5/1/2003	5,140,000	2.0-4.0%	10/15/2012	870,000
School Obligation Bonds	10/15/2004	4,000,000	2.75-4.4%	10/15/2024	2,800,000
					\$ 10,920,000

Annual debt service requirements to maturity on general obligation and school bonds are as follows as of June 30, 2011:

<u>Year ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 1,660,000	\$ 410,807	\$ 2,070,807
2013	1,385,000	355,363	1,740,363
2014	950,000	312,169	1,262,169
2015	750,000	279,832	1,029,832
2016	750,000	250,132	1,000,132
2017-2021	3,750,000	804,496	4,554,496
2022-2026	1,675,000	126,126	1,801,126
	\$ 10,920,000	\$ 2,538,925	\$ 13,458,925

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 7 - LONG-TERM LIABILITIES (Continued)

LOANS PAYABLE

The State of Connecticut made two project loans to the Town under the Clean Water Fund Program. Proceeds from one of the loans financed the Water Treatment Plant Construction project. This obligation will be paid from future taxation, matures in fiscal year 2013 and bears interest at a rate of 2.0%. Proceeds from the second loan financed the Dowd Avenue sewer replacement project. This obligation will be paid from future taxation, matures in fiscal year 2030 and bears interest at a rate of 2.0%.

The Town entered into an agreement with the Town of Farmington for the upgrade and expansion of the Farmington Treatment Plant from 375,000 gallons per day to 800,000 gallons per day. The Town is obligated to pay the Town of Farmington for its share of payments on the State of Connecticut Clean Water Loan made to Farmington to fund this project through fiscal year 2014.

Annual debt service requirements to maturity on the loans payable are as follows as of June 30, 2011:

Year ending June 30:	State of Connecticut Clean Water Loans		Farmington Water Pollution
	Principal	Interest	Principal
2012	\$ 186,889	\$ 27,265	\$ 8,321
2013	190,665	23,489	8,321
2014	57,030	20,901	8,321
2015	58,181	19,750	-
2016	59,357	18,574	-
2017-2021	315,247	74,407	-
2022-2026	348,370	41,282	-
2027-2031	232,839	7,447	-
	<u>\$ 1,448,578</u>	<u>\$ 233,115</u>	<u>\$ 24,963</u>

STATUTORY DEBT LIMITATIONS

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$202,930,959 as of June 30, 2011. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2011.

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The total amount of reimbursement for the year ended June 30, 2011 was \$203,716. Additional reimbursements of principal and interest aggregating \$338,028 and \$8,702, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net assets. The long term portion of \$159,301 will be realized by the Town through fiscal year 2013.

AUTHORIZED BUT UNISSUED BONDS PAYABLE

The amount of authorized but unissued bonds is \$8,500,000 for school purposes.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes receivable	\$ 539,907	\$ -	\$ 539,907
Advance collection of property taxes	-	32,081	32,081
	<u>539,907</u>	<u>32,081</u>	<u>571,988</u>
Sewer Assessment Fund:			
Special assessments	-	1,507	1,507
CDBG Small Cities Fund:			
Mortgage notes receivable	576,941	-	576,941
Capital and Nonrecurring Fund:			
Grant drawdowns prior to meeting eligibility	-	389,727	389,727
Nonmajor Governmental Funds:			
Sewer usage fees	48,662	375	49,037
Park and recreation fees paid in advance	-	34,174	34,174
Charges for services collected in advance	-	10,001	10,001
Grant drawdowns prior to meeting eligibility	-	80,097	80,097
	<u>48,662</u>	<u>124,647</u>	<u>173,309</u>
Total	<u>\$ 1,165,510</u>	<u>\$ 547,962</u>	<u>\$ 1,713,472</u>

NOTE 9 - PENSION PLANS

DEFINED BENEFIT PLANS

The Town is the administrator of the following two single-employer defined benefit pension plans: the Employee Retirement Plan and the Volunteer Firefighters and Ambulance Plan (the "Plans"). Plan provisions are recommended by the Pension Commission and are approved and established, and can be amended, by the Board of Selectmen. The Employee Retirement Plan covers eligible Town employees, non-certified employees of the Board of Education and members of the Visiting Nurses Association employed prior to September 10, 1979. The Volunteer Firefighters and Ambulance Plan covers all firefighter and ambulance volunteers. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, balances of the Plans as of and for the year ended June 30, 2011 are accounted for in the fiduciary fund financial statements as pension trust funds.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Descriptions

Employee Retirement Plan

Full-time employees hired prior to January 1, 2003 and who work at least 20 hours per week and five months per year are eligible to participate in the Plan following the completion of one month of service. Board of Education full-time employees who work at least 20 hours per week and more than five months per year and who are not covered by the State Teacher's Retirement Plan are eligible to participate in the Plan on the first day of the month following one year of employment. Employees are 100% vested after five years of continuous service. This Plan was closed to new employees as of January 1, 2003.

Volunteer Firefighters and Ambulance Plan

All volunteer firefighters and ambulance personnel are eligible to participate in the Plan based upon earned points. Points are earned based upon the number of calls, drills, or other training activities per volunteer. After four years of service, benefits are 40% vested and increase 10% for each year up to ten years, at which time benefits are 100% vested. Members are also 100% vested upon normal retirement age, date of disability or date of death. This Plan was closed to new employees as of July 1, 1994.

Plan Membership

Membership of the Plans consisted of the following as of the date of the latest actuarial valuations:

	Employee Retirement Plan	Volunteer Firefighters and Ambulance Plan
Retirees and beneficiaries currently receiving benefits	81	7
Vested terminated employees	19	18
Active employees	41	9
	141	34

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (*Continued*)

DEFINED BENEFIT PLANS (*Continued*)

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments are recorded at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Administrative costs of both Plans are generally financed through investment earnings.

Contributions

The contribution requirements of plan members and the Town are established and may be amended by the Board of Selectmen. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs of the Plans were determined using the entry age normal cost method.

Required employee contribution rates under the Employee Retirement Plan are 7.0% of covered payroll for police employees and 4.0% for Town employees, Board of Education custodians and Board of Education Secretaries. Participants in the Volunteer Firefighters and Ambulance Plan are not required or allowed to make contributions.

Benefit Provisions

Employee Retirement Plan

The normal retirement benefit is calculated at 2.0 percent (2.25% with 60% of pay cap for Police) of the participant's average annual compensation for the highest three of the last ten calendar years, multiplied by years of credited service.

Normal retirement age is the later of age 62 or 5 years of services. Normal retirement age for Police is the earliest of age 55 and 10 years of service, age 65 and 5 years of service, or when age plus service equal 70 or more. Members can retire as early as 10 years prior to the normal retirement age (police can retire as early as age 45 and 10 years of service).

Volunteer Firefighters and Ambulance Plan

The normal retirement benefit is calculated as \$10 per month for each year of service (up to a maximum of 35 years). Service prior to July 1, 1990 is credited as 1 ½ years for each year of service (up to a maximum of 15 years). Service after July 1, 1990 is credited as one year of service for each year.

Normal retirement age is age 65 and 4 years of service.

Concentrations

Investments in equity and bond mutual funds exceeded 5% or more of Plan net assets in both plans.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Funded Status and Funding Progress

The funded status of the Plans as of January 1, 2011 (the most recent actuarial date) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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Employee Retirement Plan

January 1, 2011	\$ 13,043,277	\$ 19,781,869	\$ 6,738,592	65.9%	\$ 2,305,570	292.3%
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Volunteer Firefighters and Ambulance Plan

January 1, 2011	\$ 245,885	\$ 429,725	\$ 183,840	57.2%	N/A	N/A
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The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
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Employee Retirement Plan

2011	\$ 847,175	\$ 847,175	100%
2010	644,860	644,860	100%
2009	538,373	576,146	107%
2008	580,831	638,000	110%
2007	558,491	521,919	93%
2006	520,966	464,877	89%

Volunteer Firefighters and Ambulance Plan

2011	\$ 28,492	\$ 28,492	100%
2010	20,369	20,369	100%
2009	19,723	19,723	100%
2008	19,723	30,150	153%
2007	28,489	32,015	112%
2006	28,489	27,597	97%

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Additional Information and Actuarial Assumptions

	Employee Retirement	Volunteer Firefighters and Ambulance
Valuation date	January 1, 2011	January 1, 2011
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level dollar	Level dollar
Remaining amortization period	14 years, closed	14 years, closed
Asset valuation method	Expected assets plus 20% of the difference between expected and actual market value	Market Value
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.0%	N/A

Annual Pension Cost and Net Pension Obligations

	Employee Retirement Plan	Volunteer Firefighters and Ambulance Plan
Annual required contribution	\$ 847,175	\$ 28,492
Interest on net pension obligation	37,782	4,232
Adjustment to annual required contribution	(51,263)	(5,743)
Annual pension cost	833,694	26,981
Contributions made	847,175	28,492
Decrease in net pension obligation	(13,481)	(1,511)
Net pension obligation, beginning of year	503,766	56,433
Net pension obligation, end of year	\$ 490,285	\$ 54,922

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
Employee Retirement Plan				
2009	\$ 527,765	\$ 576,146	109.2%	\$ 515,944
2010	632,682	644,860	101.9%	503,766
2011	833,694	847,175	101.6%	490,285
Volunteer Firefighters and Ambulance Plan				
2009	18,493	19,723	106.7%	57,797
2010	19,005	20,369	107.2%	56,433
2011	26,981	28,492	105.6%	54,922

Plan Financial Statements

	Employee Retirement Plan	Firefighters and Ambulance Defined Benefit Plan	Firefighters and Ambulance Defined Contribution Plan	Total
ASSETS				
Cash and cash equivalents	\$ 11,521	\$ 207	\$ 345	\$ 12,073
Investments, at fair value				
Guaranteed investment contract	467,355	-	-	467,355
Mutual funds:				
Short-term investments	363,331	2,988	5,011	371,330
Equity mutual funds	7,947,542	162,198	272,046	8,381,786
Fixed income mutual funds	3,847,545	70,852	118,837	4,037,234
Total investments	<u>12,625,773</u>	<u>236,038</u>	<u>395,894</u>	<u>13,257,705</u>
Total assets	<u>12,637,294</u>	<u>236,245</u>	<u>396,239</u>	<u>13,269,778</u>
LIABILITIES				
Accounts payable	24,028	441	739	25,208
Total liabilities	<u>24,028</u>	<u>441</u>	<u>739</u>	<u>25,208</u>
NET ASSETS				
Held in trust for pension benefits	12,613,266	235,804	395,500	13,244,570
Total net assets	<u>\$ 12,613,266</u>	<u>\$ 235,804</u>	<u>\$ 395,500</u>	<u>\$ 13,244,570</u>

(See Schedule of Funding Progress on page 57)

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Financial Statements (Continued)

TOWN OF CANTON, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Funds			Total
	Employee Retirement Plan	Volunteer Firefighters and Ambulance Defined Benefit Plan	Volunteer Firefighters and Ambulance Defined Contribution Plan	
ADDITIONS				
Contributions				
Employer	\$ 847,175	\$ 28,492	\$ 18,000	\$ 893,667
Plan members	118,229	-	-	118,229
Total contributions	<u>965,404</u>	<u>28,492</u>	<u>18,000</u>	<u>1,011,896</u>
Investment earnings:				
Net appreciation in fair value of investments	1,697,018	32,158	52,469	1,781,645
Interest and dividends	386,315	6,782	11,065	404,162
Net investment earnings	<u>2,083,333</u>	<u>38,940</u>	<u>63,534</u>	<u>2,185,807</u>
Total additions	<u>3,048,737</u>	<u>67,432</u>	<u>81,534</u>	<u>3,197,703</u>
DEDUCTIONS				
Benefit payments	1,164,201	17,355	-	1,181,556
Administrative expenses	47,697	5,952	-	53,649
Total deductions	<u>1,211,898</u>	<u>23,307</u>	<u>-</u>	<u>1,235,205</u>
NET INCREASE	1,836,839	44,125	81,534	1,962,498
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of year	<u>10,776,427</u>	<u>191,679</u>	<u>313,966</u>	<u>11,282,072</u>
End of year	<u>\$ 12,613,266</u>	<u>\$ 235,804</u>	<u>\$ 395,500</u>	<u>\$ 13,244,570</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (*Continued*)

DEFINED CONTRIBUTION PLANS

Plan Descriptions

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

The Town is the administrator of the Volunteer Firefighters and Ambulance Personnel Pension Plan, a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan covers Volunteer Firefighters and Volunteer Ambulance personnel with service beginning after July 1, 1994. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, balances of the Plan as of and for the year ended June 30, 2011 are accounted for in the fiduciary fund financial statements as pension trust funds.

Town of Canton Defined Contribution Retirement Plan

The Town sponsors a defined contribution plan for Town employees. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan covers all eligible Town employees. The Pension Committee makes recommendations for Plan provisions, which are approved by the Board of Selectmen. The Town submits all contributions directly to a third-party administrator who holds the assets in trust; therefore, this plan is not included in the Town's financial statements. The plan does not issue stand alone financial statements.

Plan Provisions

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

A volunteer shall become a participant in the Plan on the first eligibility date immediately following the plan year in which he earns at least 50 points. Points are earned by performing certain duties during the Plan year. A volunteer's status as a participant shall continue for each plan year thereafter until he incurs a break in service. If a participant incurs a break in service, he shall cease to be a participant and shall become a terminated participant. A terminated participant shall again become a participant in this plan on the eligibility date immediately following the plan year in which he earns at least 50 points. Normal retirement date shall be the date on which the participant attained his 65th birthday and received credit for at least seven years of service under the Plan. Plan provisions and the authority to amend the provisions are established by the Board of Selectmen.

Town of Canton Defined Contribution Retirement Plan

Any employee hired since January 1, 2003, other than an employee whose employment is part-time or season, working at least 30 hours a week or five months per year shall become a participant in the Plan after completing one month of service. Participation is mandatory. Participants' interest in their contribution, rollovers and Town contributions is fully vested at all times.

Contributions

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

The Town shall contribute \$400 on behalf of each participant who elects the new benefit. The maximum number of plan years for which the Town will make a contribution on behalf of any participant is 35 plan years. The total Town contribution during the year ended June 30, 2011 was \$18,000. Participants are not required or allowed to make contributions.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - PENSION PLANS (Continued)

DEFINED CONTRIBUTION PLANS (Continued)

Contributions (Continued)

Town of Canton Defined Contribution Retirement Plan

The Town and the participants are required to make contributions. For a general Town employee, the Town is required to make a 6.0% contribution and the employee is required to make a 4.0% contribution. For full-time police employees, the Town is required to make a contribution up to 12% and police employees are required to make a 7.0% contribution. The total Town contribution during the year ended June 30, 2011 was \$300,000, and the employee contribution was \$206,297.

TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2011, Town teachers contributed \$750,712 to the plan and covered payroll for the year was \$10,354,648.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$1,646,389 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town of Canton administers the Town of Canton Other Post-Employment Benefits Program (the "Plan"), which is a single-employer defined benefit plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Town and the General Statutes of the State of Connecticut. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments are recorded at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Administrative costs of the Plan are generally financed through investment earnings.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Provisions

Teachers and administrators: Teachers or administrators retiring under the Connecticut State Teachers Retirement System are eligible to receive health benefits for self and spouse. Normal retirement for teachers and administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

School secretaries: Grandfathered secretaries who are at least 55 years old and with 10 years of service are eligible to continue health insurance coverage for self and spouse. Normal retirement age for school secretaries is age 62 with 5 years of service.

BOE Custodians: Grandfathered custodians who were hired prior to July 1, 2007 are eligible to continue health insurance coverage for self and spouse. Normal retirement age for custodians is age 62 with 5 years of service.

BOE Central office staff: Retired central office employees are eligible to continue health insurance coverage for self and spouse.

Funding Policy

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Plan members receiving benefits contribute 100 percent of their premium costs. For fiscal year 2011, plan member contributions totaled \$111,000. For fiscal year 2011, Town contributions totaled \$76,000. The Town is funding these benefits in an Other Post Employment Benefits Trust Fund.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("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 normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows 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 (asset).

Annual required contribution	\$ 187,000
Interest on net OPEB obligation	(2,078)
Adjustment to annual required contribution	2,030
Annual OPEB cost (expense)	<u>186,952</u>
Contributions made	<u>187,000</u>
Increase in net OPEB asset	(48)
Net OPEB asset, beginning of year	<u>(25,974)</u>
Net OPEB asset, end of year	<u>\$ (26,022)</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset) (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for 2009, 2010 and 2011 (the only years with available data) is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2009	\$ 229,000	70.7%	\$ 67,000
2010	187,126	149.7%	(25,974)
2011	186,952	100.0%	(26,022)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ 169,000	\$ 1,579,000	\$ 1,410,000	10.7%	N/A	N/A

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present 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 are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

Valuation date:	July 1, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percent, closed
Remaining amortization period:	20 years decreasing
Asset valuation method:	N/A
Actuarial assumptions:	
Discount rate	8.00%
Healthcare cost trend rate	6.70% initial
	4.70% final

Plan Financial Statements

TOWN OF CANTON, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2011

	<u>Other Post Employment Benefits Fund</u>
ASSETS	
Cash and cash equivalents	\$ 245,566
Total assets	<u>245,566</u>
NET ASSETS	
Held in trust for other post employment benefits	<u>\$ 245,566</u>

TOWN OF CANTON, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Other Post Employment Benefits Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 76,000
Total contributions	<u>76,000</u>
Investment earnings:	
Interest	299
Total investment earnings	<u>299</u>
Total additions	<u>76,299</u>
NET INCREASE	76,299
NET ASSETS HELD IN TRUST FOR OTHER POST EMPLOYMENT BENEFITS	
Beginning of year	<u>169,267</u>
End of year	<u>\$ 245,566</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Town established an internal service fund, the medical insurance fund, to account for and finance the risk of loss for the Town's employee medical benefits claims. The Town purchases commercial insurance for all other risks of loss. During the year ended June 30, 2011, deductibles paid by the Town were insignificant. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2011. There were no significant reductions in insurance coverage from amounts held in the prior year.

A third party administers the medical insurance plan for which the Town pays a fee. The medical insurance fund provides coverage for all eligible Town and Board of Education employees. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$150,000 for hospital, major medical and century preferred.

The medical insurance fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported at June 30, 2011 is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claims payable is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. Claims payable does not include other allocated or unallocated claims adjustment expenses.

A schedule of changes in the claims liability for the years ended June 30, 2009, 2010 and 2011 is presented below:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2009	\$ 261,702	3,051,511	3,019,740	\$ 293,473
2010	293,473	2,837,513	2,897,371	233,615
2011	233,615	3,326,402	3,310,456	249,561

NOTE 12 - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

As of June 30, 2011, the Town had authorized ongoing construction projects with unexpended amounts totaling approximately \$4,000,000. As of June 30, 2011, the Town has recorded \$171,726 in encumbrances. Such encumbrances have been included as part of the assigned fund balance designation in accordance with the provisions of GASB Statement No. 54.

**Required
Supplementary
Information**

**TOWN OF CANTON, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2011**

Employee Retirement Plan

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
January 1, 2006	\$ 10,835,600	\$ 14,280,094	\$ 3,444,494	75.9%	\$ 3,055,946	112.7%
January 1, 2007	11,951,014	15,106,925	3,155,911	79.1%	3,183,917	99.1%
January 1, 2008	12,770,552	16,974,368	4,203,816	75.2%	2,900,970	144.9%
January 1, 2009	11,872,580	17,914,804	6,042,224	66.3%	2,760,198	218.9%
January 1, 2010	12,351,707	18,738,636	6,386,929	65.9%	2,423,055	263.6%
January 1, 2011	13,043,277	19,781,869	6,738,592	65.9%	2,305,570	292.3%

Volunteer Firefighters and Ambulance Plan

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
July 1, 2005	\$ 170,114	\$ 396,511	\$ 226,397	42.9%	N/A	N/A
January 1, 2007	296,989	414,625	117,636	71.6%	N/A	N/A
January 1, 2008	297,469	427,627	130,158	69.6%	N/A	N/A
January 1, 2009	206,020	408,972	202,952	50.4%	N/A	N/A
January 1, 2010	233,592	425,701	192,109	54.9%	N/A	N/A
January 1, 2011	245,885	429,725	183,840	57.2%	N/A	N/A

Other Post Employment Benefits Program

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
July 1, 2006	\$ -	\$ 1,671,000	\$ 1,671,000	0.0%	N/A	N/A
July 1, 2008	-	1,591,000	1,591,000	0.0%	N/A	N/A
July 1, 2010	169,000	1,579,000	1,410,000	10.7%	N/A	N/A

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Current year tax collections	\$ 28,650,174	\$ 28,650,174	\$ 28,693,877	\$ 43,703
Prior year tax collections	150,000	150,000	180,801	30,801
Tax interest and liens	100,000	100,000	137,621	37,621
Total property taxes	<u>28,900,174</u>	<u>28,900,174</u>	<u>29,012,299</u>	<u>112,125</u>
INTERGOVERNMENTAL REVENUES				
State miscellaneous	1,750	1,750	1,439	(311)
Town aid road - paved	122,660	122,660	122,624	(36)
Town aid road - unpaved	7,500	7,500	7,852	352
Equalized cost-sharing	3,348,790	3,348,790	2,887,258	(461,532)
Transportation	71,653	71,653	46,151	(25,502)
Special education excess cost	-	-	37,513	37,513
Mashantucket Pequot grant	20,279	20,279	21,093	814
FEMA grant proceeds	-	27,997	32,645	4,648
School construction bond - principal	192,092	192,092	192,092	-
School construction bond - interest	11,624	11,624	11,624	-
State PILOT - elderly freeze	2,000	2,000	-	(2,000)
State PILOT - elderly supplement	51,500	51,500	49,349	(2,151)
State PILOT - disabled	500	500	678	178
State PILOT - veterans	2,000	2,000	2,244	244
State PILOT - State property	31,897	31,897	31,366	(531)
State PILOT - manufacturing	10,000	10,000	6,344	(3,656)
Housing Authority	10,000	10,000	12,882	2,882
Total intergovernmental revenues	<u>3,884,245</u>	<u>3,912,242</u>	<u>3,463,154</u>	<u>(449,088)</u>
CHARGES FOR SERVICES				
Telecom tax	50,000	50,000	31,670	(18,330)
BOE tuition fees	128,000	128,000	101,999	(26,001)
Hunting and fishing licenses	200	200	126	(74)
Town clerk miscellaneous permits and licenses	7,500	7,500	9,514	2,014
Dog licenses	1,175	1,175	963	(212)
Fire Marshall permits and fire reports	500	500	723	223
Building licenses and permits	90,000	90,000	114,591	24,591
Land use licenses and permits	1,000	1,000	1,097	97
Zoning applications	3,000	3,000	6,025	3,025
Aquifer Protection applications	-	-	-	-
Planning applications	1,000	1,000	1,750	750
ZBA appeal fee	1,000	1,000	600	(400)
Inland wetlands	1,000	1,000	1,780	780
Newsletter advertising	6,000	6,000	6,430	430
BOE facilities rental	-	-	786	786
BOE miscellaneous revenue	-	-	32,204	32,204
Town clerk conveyance tax	177,000	177,000	186,462	9,462
Tax and town clerk printing services	8,000	8,000	10,192	2,192
Transfer station	250,000	250,000	226,636	(23,364)
Assessor printing and duplicating services	250	250	464	214
Bad check fees	500	500	590	90
Police printing and duplicating services	900	900	970	70
Private duty - administration	1,500	1,500	15,268	13,768
Police gun permits	500	500	3,150	2,650
Police raffle tickets	50	50	55	5

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
CHARGES FOR SERVICES (Continued)				
Alarm registration fees	\$ -	\$ -	\$ 25	\$ 25
Vendor permits	50	50	155	105
Traffic fines	1,800	1,800	2,808	1,008
Rental town property	3,600	3,600	3,997	397
AT&T tower	25,000	25,000	26,565	1,565
Town hall donation	-	-	1,200	1,200
BOS miscellaneous revenue	1,000	1,000	36,471	35,471
C.R.R.A. transportation revenue	17,500	17,500	21,930	4,430
Scrap metal	-	-	4,134	4,134
Collect solid waste fee- Ord 223	2,000	2,000	2,000	-
Dial-a-Ride tickets	1,000	1,000	1,824	824
Swimming pool fees	26,000	26,000	31,800	5,800
Pool daily attendance fee	7,000	7,000	6,768	(232)
Building printing and duplicating services	-	-	15	15
Land use printing and duplicating services	500	500	499	(1)
Zoning comm regulations services	100	100	-	(100)
Planning comm regulation	25	25	-	(25)
Inland wetland agency regulation	20	20	-	(20)
Library printing and duplicating services	2,880	2,880	2,957	77
Library income	14,460	14,460	13,064	(1,396)
Total charges for services	<u>832,010</u>	<u>832,010</u>	<u>910,257</u>	<u>78,247</u>
INVESTMENT INCOME	<u>40,000</u>	<u>40,000</u>	<u>34,383</u>	<u>(5,617)</u>
Total revenues	<u>33,656,429</u>	<u>33,684,426</u>	<u>33,420,093</u>	<u>(264,333)</u>
OTHER FINANCING SOURCES				
Operating transfers in	-	-	1,000	1,000
Appropriation of fund balance	-	46,045	-	(46,045)
Total other financing sources	<u>-</u>	<u>46,045</u>	<u>1,000</u>	<u>(45,045)</u>
Total revenues and other other financing sources	<u>\$ 33,656,429</u>	<u>\$ 33,730,471</u>	<u>\$ 33,421,093</u>	<u>\$ (309,378)</u>

Combining and Individual Fund Statements and Schedules

General Fund

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Board of Selectmen	\$ 45,164	\$ 45,164	\$ 40,625	\$ (4,539)
Chief Administrator	304,429	306,748	292,949	(13,799)
Election	24,750	24,750	21,125	(3,625)
Probate court	5,000	11,409	11,409	-
Town counsel	140,000	53,269	53,269	-
Town clerk	132,616	134,285	128,335	(5,950)
Expenses, donations and contributions	71,150	71,204	17,808	(53,396)
Contingency	62,197	11,835	-	(11,835)
Information Technologies	40,756	40,969	40,969	-
Total general government	<u>826,062</u>	<u>699,633</u>	<u>606,489</u>	<u>(93,144)</u>
FINANCE				
Board of Finance	116,350	116,350	50,486	(65,864)
Finance	195,191	202,365	195,857	(6,508)
Assessor	128,669	128,669	124,272	(4,397)
Tax collector	89,985	91,299	88,397	(2,902)
Board of Tax Review	3,200	3,200	45	(3,155)
Total finance	<u>533,395</u>	<u>541,883</u>	<u>459,057</u>	<u>(82,826)</u>
PUBLIC SAFETY				
Police	1,725,570	1,758,152	1,704,983	(53,169)
Service incentive	37,090	37,090	37,090	-
Fire services	252,320	264,679	264,679	-
Fire marshal	78,156	79,573	75,581	(3,992)
Emergency services	45,790	45,790	45,224	(566)
Total public safety	<u>2,138,926</u>	<u>2,185,284</u>	<u>2,127,557</u>	<u>(57,727)</u>
PUBLIC WORKS				
Town hall	278,480	281,501	269,728	(11,773)
Park department	83,334	84,337	81,876	(2,461)
General highway	996,183	1,125,015	1,125,015	-
Town garage	35,080	35,735	35,735	-
Transfer station	279,347	280,263	264,791	(15,472)
Utilities	186,500	186,500	185,572	(928)
Community center	127,500	127,500	112,461	(15,039)
Total public works	<u>1,986,424</u>	<u>2,120,851</u>	<u>2,075,178</u>	<u>(45,673)</u>
HUMAN SERVICES				
Health district	42,942	42,942	42,942	-
Farmington Valley VNA	24,425	26,465	26,465	-
Senior services	124,099	124,098	112,654	(11,444)
Park and recreation	203,937	206,809	206,809	-
Library	527,363	534,945	530,220	(4,725)
Total human services	<u>922,766</u>	<u>935,259</u>	<u>919,090</u>	<u>(16,169)</u>

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
INSURANCE	\$ 245,660	\$ 291,705	\$ 289,829	\$ (1,876)
PLANNING AND DEVELOPMENT				
Building official	65,703	65,703	51,227	(14,476)
Town planner	219,838	224,188	218,484	(5,704)
Total planning and development	<u>285,541</u>	<u>289,891</u>	<u>269,711</u>	<u>(20,180)</u>
FRINGE BENEFITS	<u>1,745,864</u>	<u>1,694,172</u>	<u>1,694,172</u>	<u>-</u>
EDUCATION	<u>22,283,809</u>	<u>22,283,811</u>	<u>21,752,660</u>	<u>(531,151)</u>
DEBT SERVICE				
Principal	1,745,000	1,745,000	1,745,000	-
Interest	472,032	472,032	472,032	-
Total debt service	<u>2,217,032</u>	<u>2,217,032</u>	<u>2,217,032</u>	<u>-</u>
Total expenditures	<u>33,185,479</u>	<u>33,259,521</u>	<u>32,410,775</u>	<u>(848,746)</u>
OTHER FINANCING USES				
Transfers out:				
Emergency Services Fund	39,920	39,920	39,920	-
Animal Control Fund	21,630	21,630	21,630	-
Youth Services Bureau	4,400	4,400	4,400	-
Capital and Nonrecurring Fund	405,000	405,000	405,000	-
Total other financing uses	<u>470,950</u>	<u>470,950</u>	<u>470,950</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 33,656,429</u>	<u>\$ 33,730,471</u>	<u>\$ 32,881,725</u>	<u>\$ (848,746)</u>

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011

Grand List Year	Balance Uncollected June 30, 2010	Current Levy	Lawful Corrections		Transfers To Suspende	Balance To Be Collected	Collections			Balance Uncollected June 30, 2011
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
1994	\$ 26,336	\$ -	\$ -	\$ 26,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	26,903	-	-	-	-	26,903	-	-	-	26,903
1996	27,432	-	-	-	-	27,432	-	-	-	27,432
1997	28,354	-	-	-	-	28,354	-	-	-	28,354
1998	28,983	-	-	-	25	28,958	-	-	-	28,958
1999	17,505	-	-	-	38	17,467	-	-	-	17,467
2000	18,531	-	-	492	-	18,039	-	159	159	18,039
2001	19,650	-	-	847	-	18,803	169	278	447	18,634
2002	22,079	-	-	893	-	21,186	1,542	507	2,049	19,644
2003	24,952	-	-	726	247	23,979	1,226	1,091	2,317	22,753
2004	25,150	-	-	731	159	24,260	250	466	716	24,010
2005	39,736	-	-	1,092	1,941	36,703	5,771	2,144	7,915	30,932
2006	69,261	-	-	1,055	6,429	61,777	7,998	5,238	13,236	53,779
2007	155,920	-	192	1,578	18,574	135,960	41,831	15,592	57,423	94,129
2008	322,917	-	14,624	14,046	15,654	307,841	91,717	38,189	129,906	216,124
Suspende Collections	-	-	-	-	-	-	5,084	7,458	12,542	-
Total prior years	853,709	-	14,816	47,796	43,067	777,662	155,588	71,122	226,710	627,158
2009	-	29,069,980	48,802	60,540	5,126	29,053,116	28,696,728	66,699	28,763,427	356,388
Total	\$ 853,709	\$ 29,069,980	\$ 63,618	\$ 108,336	\$ 48,193	\$ 29,830,778	\$ 28,852,316	\$ 137,821	\$ 28,990,137	\$ 983,546

**TOWN OF CANTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2011**

Total cash collections for the year ended

June 30, 2011:

Taxes	\$ 28,852,316
Interest and lien fees	137,821
	<u>28,990,137</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	-
Base	<u>\$ 28,990,137</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 65,227,808	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	130,455,617	-	-	-
3-3/4 times base	-	-	108,713,014	-	-
3-1/4 times base	-	-	-	94,217,945	-
3 times base	-	-	-	-	86,970,411
Total debt limitation	<u>65,227,808</u>	<u>130,455,617</u>	<u>108,713,014</u>	<u>94,217,945</u>	<u>86,970,411</u>
Indebtedness:					
Bonds payable	875,000	10,045,000	-	-	-
Clean water loans	-	-	1,448,578	-	-
Farmington WPCA loan	-	-	24,963	-	-
Authorized but not issued	-	8,500,000	-	-	-
	<u>875,000</u>	<u>18,545,000</u>	<u>1,473,541</u>	<u>-</u>	<u>-</u>
Less: school building grant	-	338,028	-	-	-
Total indebtedness	<u>875,000</u>	<u>18,206,972</u>	<u>1,473,541</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 64,352,808</u>	<u>\$ 112,248,645</u>	<u>\$ 107,239,473</u>	<u>\$ 94,217,945</u>	<u>\$ 86,970,411</u>
Total capacity of borrowing (7 times base)	\$ 202,930,959				
Total present indebtedness	<u>20,555,513</u>				
Margin for additional borrowing	<u>\$ 182,375,446</u>				

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are restricted, committed, or assigned for specified purposes. Nonmajor special revenue funds include the following:

Animal Control Fund – A fund created to account for revenues and expenditures related to animal control services.

Federal/State Education Grants Fund – A fund created to account for revenues and expenditures of State and Federal education grants.

School Cafeteria Fund – A fund created to account for the operations of school cafeterias.

BOE Consolidated Fund – A fund established to account for various Board of Education proceeds of specific revenue sources that are committed for specified purposes but not recorded in another special revenue fund.

WPCA Operations Fund – A fund established to account for the collection of sewer use charges and inspection fees that finance the operating expenditures of the wastewater treatment facility.

Miscellaneous Grants Fund – To account for miscellaneous grant revenue and expenditures.

Parks and Recreation Fund – To account for recreational, social and cultural programs to meet the needs of all segments of the community, including youths, teens, adults, seniors and individuals with special needs.

Senior Services Fund – To account for the operations of senior services and programs.

Drug Forfeiture DARE Fund – To account for revenues and expenditures related to substance abuse education, prevention and related programs from funds received from state and federal programs.

Emergency Services Fund – To account for revenues and expenditures related to the provision of emergency medical services and the receipt of fees for such services.

Library Special Revenue Fund – To account for gifts, donations and bequests made to the library for collection development and technology infrastructure.

Youth Services Fund – To account for the proceeds from grants and sales from events sponsored by the Youth Services Bureau for counseling, programming and youth services activities.

Donations Special Revenue Fund – To account for miscellaneous donations given to the Town.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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 the reporting government's programs.

Amelia Dyer Fund – A fund established to provide for maintenance of the Dyer Cemetery.

Canton Gate Fund – A fund established to account for donations and expenditures related to maintenance and repair of a metal sculpture entitled "Canton Gate" located at Mills Pond Recreation Area.

Cemetery Fund – A fund established to account for revenue and expenditures related to the Town's cemeteries. The interest on the investment of the fund is used for expenses on the Town's cemeteries.

Open Space Endowment Fund – To maintain open space at Griswold Farms. The interest from the endowment will be used to mow grassed areas within the Green and perform general maintenance.

*Nonmajor
Governmental
Funds*

**TOWN OF CANTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Nonmajor Special Revenue Funds						
	Animal Control Fund	Federal/State Education Grants Fund	School Cafeteria Fund	BOE Consolidated Fund	WPCA Operations Fund	Miscellaneous Grants Fund	Parks and Recreation Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 434,202	\$ 11,477	\$ 78,986	\$ 715,010	\$ -	\$ 111,061
Receivables:							
Sewer user charges	-	-	-	-	57,220	-	-
Intergovernmental	-	3,907	10,439	-	-	7,497	-
Other	-	-	-	-	6,389	-	154
Due from other funds	24,944	-	-	-	13,925	13,740	3,202
Inventories	-	-	12,904	-	-	-	-
Prepaid assets	-	-	-	-	2,866	-	1,433
Total assets	<u>\$ 24,944</u>	<u>\$ 438,109</u>	<u>\$ 34,820</u>	<u>\$ 78,986</u>	<u>\$ 795,410</u>	<u>\$ 21,237</u>	<u>\$ 115,850</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5,997	\$ -	\$ 18,027	\$ -	\$ 45,232	\$ -	\$ 4,879
Accrued liabilities:							
Salaries and benefits payable	-	-	-	-	10,004	-	3,940
Due to other funds	-	107,519	-	-	14,091	-	-
Unearned/deferred revenue	1,871	67,485	7,970	9,389	49,037	3,223	34,174
Due to funding source	-	195,806	-	-	-	-	-
Other liabilities	-	-	-	-	16,242	-	-
Total liabilities	<u>7,868</u>	<u>370,810</u>	<u>25,997</u>	<u>9,389</u>	<u>134,606</u>	<u>3,223</u>	<u>42,993</u>
Fund Balances:							
Nonspendable:							
Inventory	-	-	12,904	-	-	-	-
Prepaid assets	-	-	-	-	2,866	-	1,433
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
Education	-	67,299	-	-	-	-	-
Grant program purposes	-	-	-	-	-	18,014	-
Donor purpose restrictions	-	-	-	-	-	-	-
Committed to:							
Public safety	17,076	-	-	-	-	-	-
Sewer operations	-	-	-	-	657,938	-	-
Human services	-	-	-	-	-	-	71,424
Education	-	-	-	69,597	-	-	-
Unassigned	-	-	(4,081)	-	-	-	-
Total fund balances	<u>17,076</u>	<u>67,299</u>	<u>8,823</u>	<u>69,597</u>	<u>660,804</u>	<u>18,014</u>	<u>72,857</u>
Total liabilities and fund balances	<u>\$ 24,944</u>	<u>\$ 438,109</u>	<u>\$ 34,820</u>	<u>\$ 78,986</u>	<u>\$ 795,410</u>	<u>\$ 21,237</u>	<u>\$ 115,850</u>

TOWN OF CANTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2011

	Nonmajor Special Revenue Funds						
	Senior Services Fund	Drug Forfeiture DARE Fund	Emergency Services Fund	Library Special Revenue Fund	Youth Services Fund	Donations Special Revenue Fund	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 20,939	\$ 38,825	\$ -	\$ -	\$ 1,410,500
Receivables:							
Sewer user charges	-	-	-	-	-	-	57,220
Intergovernmental	-	-	-	-	-	-	21,843
Other	-	-	24,378	-	-	-	30,921
Due from other funds	3,544	5,196	42,561	14,369	8,624	17,868	147,973
Inventories	-	-	-	-	-	-	12,904
Prepaid assets	-	-	1,483	115	-	-	5,897
Total assets	<u>\$ 3,544</u>	<u>\$ 5,196</u>	<u>\$ 89,361</u>	<u>\$ 53,309</u>	<u>\$ 8,624</u>	<u>\$ 17,868</u>	<u>\$ 1,687,258</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 378	\$ -	\$ 11,942	\$ 1,614	\$ -	\$ -	\$ 88,069
Accrued liabilities:							
Salaries and benefits payable	-	-	15,888	-	-	-	29,832
Due to other funds	-	-	-	-	-	-	121,610
Unearned/deferred revenue	160	-	-	-	-	-	173,309
Due to funding source	-	-	-	-	-	-	195,806
Other liabilities	-	-	-	-	-	-	16,242
Total liabilities	<u>538</u>	<u>-</u>	<u>27,830</u>	<u>1,614</u>	<u>-</u>	<u>-</u>	<u>624,868</u>
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	-	12,904
Prepaid assets	-	-	1,483	115	-	-	5,897
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
Education	-	-	-	-	-	-	67,299
Grant program purposes	-	5,196	-	-	-	-	23,210
Donor purpose restrictions	-	-	-	51,580	-	17,868	69,448
Committed to:							
Public safety	-	-	60,048	-	-	-	77,124
Sewer operations	-	-	-	-	-	-	657,938
Human services	3,006	-	-	-	8,624	-	83,054
Education	-	-	-	-	-	-	69,597
Unassigned	-	-	-	-	-	-	(4,081)
Total fund balances	<u>3,006</u>	<u>5,196</u>	<u>61,531</u>	<u>51,695</u>	<u>8,624</u>	<u>17,868</u>	<u>1,062,390</u>
Total liabilities and fund balances	<u>\$ 3,544</u>	<u>\$ 5,196</u>	<u>\$ 89,361</u>	<u>\$ 53,309</u>	<u>\$ 8,624</u>	<u>\$ 17,868</u>	<u>\$ 1,687,258</u>

TOWN OF CANTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2011

	Permanent Funds					Total Nonmajor Governmental Funds
	Amelia Dyer Fund	Canton Gate Fund	Cemetery Fund	Open Space Endowment Fund	Total	
ASSETS						
Cash and cash equivalents	\$ 3,658	\$ 580	\$ 6,454	\$ 22,999	\$ 33,691	\$ 1,444,191
Receivables:						
Sewer user charges	-	-	-	-	-	57,220
Intergovernmental	-	-	-	-	-	21,843
Other	-	-	-	-	-	30,921
Due from other funds	-	-	-	-	-	147,973
Inventories	-	-	-	-	-	12,904
Prepaid assets	-	-	-	-	-	5,897
Total assets	<u>\$ 3,658</u>	<u>\$ 580</u>	<u>\$ 6,454</u>	<u>\$ 22,999</u>	<u>\$ 33,691</u>	<u>\$ 1,720,949</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,069
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	29,832
Due to other funds	-	-	-	-	-	121,610
Unearned/deferred revenue	-	-	-	-	-	173,309
Due to funding source	-	-	-	-	-	195,806
Other liabilities	-	-	-	-	-	16,242
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,868</u>
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	-	12,904
Prepaid assets	-	-	-	-	-	5,897
Permanent fund principal	2,000	580	3,100	20,000	25,680	25,680
Restricted for:						
Education	-	-	-	-	-	67,299
Grant program purposes	-	-	-	-	-	23,210
Donor purpose restrictions	1,658	-	3,354	2,999	8,011	77,459
Committed to:						
Public safety	-	-	-	-	-	77,124
Sewer operations	-	-	-	-	-	657,938
Human services	-	-	-	-	-	83,054
Education	-	-	-	-	-	69,597
Unassigned	-	-	-	-	-	(4,081)
Total fund balances	<u>3,658</u>	<u>580</u>	<u>6,454</u>	<u>22,999</u>	<u>33,691</u>	<u>1,096,081</u>
Total liabilities and fund balances	<u>\$ 3,658</u>	<u>\$ 580</u>	<u>\$ 6,454</u>	<u>\$ 22,999</u>	<u>\$ 33,691</u>	<u>\$ 1,720,949</u>

TOWN OF CANTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Special Revenue Funds						
	Animal Control Fund	Federal/State Education Grants Fund	School Cafeteria Fund	BOE Consolidated Fund	WPCA Operations Fund	Miscellaneous Grants Fund	Parks and Recreation Fund
REVENUES							
Intergovernmental	\$ -	\$ 1,216,800	\$ 94,398	\$ -	\$ -	\$ 25,793	\$ -
Charges for services	9,179	-	299,253	120,975	785,573	-	182,978
Investment earnings	-	-	-	-	745	-	83
Miscellaneous	-	31,500	5,000	18,519	300	2,975	-
Total revenues	<u>9,179</u>	<u>1,248,300</u>	<u>398,651</u>	<u>139,494</u>	<u>786,618</u>	<u>28,768</u>	<u>183,061</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	3,000	-
Public safety	31,793	-	-	-	-	4,358	-
Public works	-	-	-	-	648,077	-	-
Human services	-	-	-	-	-	21,410	133,244
Education	-	1,251,159	392,551	125,661	-	-	-
Total expenditures	<u>31,793</u>	<u>1,251,159</u>	<u>392,551</u>	<u>125,661</u>	<u>648,077</u>	<u>28,768</u>	<u>133,244</u>
Excess (deficiency) of revenues over expenditures	(22,614)	(2,859)	6,100	13,833	138,541	-	49,817
OTHER FINANCING SOURCES							
Transfers in	21,630	-	-	-	38,925	-	-
Total other financing sources	<u>21,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,925</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(984)	(2,859)	6,100	13,833	177,466	-	49,817
Fund balances - beginning, as restated (<i>see Note 1</i>)	<u>18,060</u>	<u>70,158</u>	<u>2,723</u>	<u>55,764</u>	<u>483,338</u>	<u>18,014</u>	<u>23,040</u>
Fund balances - ending	<u>\$ 17,076</u>	<u>\$ 67,299</u>	<u>\$ 8,823</u>	<u>\$ 69,597</u>	<u>\$ 660,804</u>	<u>\$ 18,014</u>	<u>\$ 72,857</u>

TOWN OF CANTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Special Revenue Funds						Total
	Senior Services Fund	Drug Forfeiture DARE Fund	Emergency Services Fund	Library Special Revenue Fund	Youth Services Fund	Donations Special Revenue Fund	
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 14,782	\$ 19,000	\$ -	\$ 1,370,773
Charges for services	6,069	-	292,795	1,581	-	-	1,698,403
Investment earnings	-	-	35	76	-	-	939
Miscellaneous	82	-	19,249	61,606	-	14,146	153,377
Total revenues	<u>6,151</u>	<u>-</u>	<u>312,079</u>	<u>78,045</u>	<u>19,000</u>	<u>14,146</u>	<u>3,223,492</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	3,000
Public safety	-	-	-	-	-	887	37,038
Public works	-	-	-	-	-	-	648,077
Human services	4,293	-	351,797	68,612	23,400	5,294	608,050
Education	-	-	-	-	-	-	1,769,371
Total expenditures	<u>4,293</u>	<u>-</u>	<u>351,797</u>	<u>68,612</u>	<u>23,400</u>	<u>6,181</u>	<u>3,065,536</u>
Excess (deficiency) of revenues over expenditures	1,858	-	(39,718)	9,433	(4,400)	7,965	157,956
OTHER FINANCING SOURCES							
Transfers in	-	-	39,920	-	4,400	-	104,875
Total other financing sources	<u>-</u>	<u>-</u>	<u>39,920</u>	<u>-</u>	<u>4,400</u>	<u>-</u>	<u>104,875</u>
Net change in fund balances	1,858	-	202	9,433	-	7,965	262,831
Fund balances - beginning, as restated (<i>see Note 1</i>)	<u>1,148</u>	<u>5,196</u>	<u>61,329</u>	<u>42,262</u>	<u>8,624</u>	<u>9,903</u>	<u>799,559</u>
Fund balances - ending	<u>\$ 3,006</u>	<u>\$ 5,196</u>	<u>\$ 61,531</u>	<u>\$ 51,695</u>	<u>\$ 8,624</u>	<u>\$ 17,868</u>	<u>\$ 1,062,390</u>

TOWN OF CANTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

	Permanent Funds				Total	Total Nonmajor Governmental Funds
	Amelia Dyer Fund	Canton Gate Fund	Cemetery Fund	Open Space Endowment Fund		
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,370,773
Charges for services	-	-	-	-	-	1,698,403
Investment earnings	10	2	17	32	61	1,000
Miscellaneous	-	-	-	-	-	153,377
Total revenues	<u>10</u>	<u>2</u>	<u>17</u>	<u>32</u>	<u>61</u>	<u>3,223,553</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	3,000
Public safety	-	-	-	-	-	37,038
Public works	-	-	-	-	-	648,077
Human services	-	-	-	-	-	608,050
Education	-	-	-	-	-	1,769,371
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065,536</u>
Excess (deficiency) of revenues over expenditures	10	2	17	32	61	158,017
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	104,875
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,875</u>
Net change in fund balances	10	2	17	32	61	262,892
Fund balances - beginning, as restated (<i>see Note 1</i>)	<u>3,648</u>	<u>578</u>	<u>6,437</u>	<u>22,967</u>	<u>33,630</u>	<u>833,189</u>
Fund balances - ending	<u>\$ 3,658</u>	<u>\$ 580</u>	<u>\$ 6,454</u>	<u>\$ 22,999</u>	<u>\$ 33,691</u>	<u>\$ 1,096,081</u>

*Fiduciary
Funds*

PENSION AND OTHER POST EMPLOYMENT BENEFITS FUNDS

Pension and Other Post Employment Benefits Trust Funds are used to report resources held in trust for the members and beneficiaries of the Town's defined benefit pension and post employment benefits plan. Pension and Other Post Employment Benefits Trust Funds include the following:

Pension Trust Funds - To account for Plan net assets and changes in Plan net assets of the Town of Canton Employee Retirement Plan and the Town of Canton Volunteer Firefighters and Ambulance Plan.

Other Post Employment Benefits Trust Fund – To account for Plan net assets and changes in Plan net assets of the Town of Canton Other Post Employment Benefits Program.

**TOWN OF CANTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER POST EMPLOYMENT
BENEFITS TRUST FUNDS
JUNE 30, 2011**

	Pension Trust Funds	Other Post Employment Benefits Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 12,073	\$ 245,566	\$ 257,639
Investments, at fair value:			
Guaranteed interest contract	467,355	-	467,355
Short-term investments	371,330	-	371,330
Equity mutual funds	8,381,786	-	8,381,786
Fixed income mutual funds	4,037,234	-	4,037,234
Total assets	<u>13,269,778</u>	<u>245,566</u>	<u>13,515,344</u>
LIABILITIES			
Accounts payable	<u>25,208</u>	-	<u>25,208</u>
Total liabilities	<u>25,208</u>	<u>-</u>	<u>25,208</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 13,244,570</u>	<u>\$ 245,566</u>	<u>\$ 13,490,136</u>

**TOWN OF CANTON, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION AND OTHER POST EMPLOYMENT
 BENEFIT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Pension Trust Funds	Other Post Employment Benefits Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 893,667	\$ 76,000	\$ 969,667
Plan members	118,229	-	118,229
Total contributions	<u>1,011,896</u>	<u>76,000</u>	<u>1,087,896</u>
Investment earnings:			
Interest	404,162	299	404,461
Net increase in the fair value of investments	<u>1,781,645</u>	<u>-</u>	<u>1,781,645</u>
Total investment earnings	<u>2,185,807</u>	<u>299</u>	<u>2,186,106</u>
Total additions	<u>3,197,703</u>	<u>76,299</u>	<u>3,274,002</u>
DEDUCTIONS			
Benefit payments	1,181,556	-	1,181,556
Administrative expenses	53,649	-	53,649
Total deductions	<u>1,235,205</u>	<u>-</u>	<u>1,235,205</u>
Change in net assets	1,962,498	76,299	2,038,797
Net assets - beginning	<u>11,282,072</u>	<u>169,267</u>	<u>11,451,339</u>
Net assets - ending	<u>\$ 13,244,570</u>	<u>\$ 245,566</u>	<u>\$ 13,490,136</u>

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources held under trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Private Purpose Trust Funds include the following:

Julia Wheelock Private Purpose Trust Fund – To account for a charity fund established as a result of a contribution made by Julia Wheelock to be used for specific purposes.

School Scholarships Trust Fund – Fund established to account for various contributions made to be used for the specific purpose of giving school scholarships to individuals meeting certain criteria.

**TOWN OF CANTON, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2011**

	Julia Wheelock Private Purpose Trust Fund	School Scholarships Private Purpose Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,082	\$ 1,612	\$ 2,694
Investments, at fair value:			
Certificates of deposit	-	13,527	13,527
Total assets	1,082	15,139	16,221
 NET ASSETS			
Held in trust	\$ 1,082	\$ 15,139	\$ 16,221

**TOWN OF CANTON, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Julia Wheelock Private Purpose Trust Fund	School Scholarships Private Purpose Trust Fund	Total
ADDITIONS			
Contributions	\$ -	\$ 1,612	\$ 1,612
Total contributions	<u>-</u>	<u>1,612</u>	<u>1,612</u>
Investment earnings:			
Interest	3	51	54
Total investment earnings	<u>3</u>	<u>51</u>	<u>54</u>
Total additions	<u>3</u>	<u>1,663</u>	<u>1,666</u>
DEDUCTIONS			
Awards expense	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	3	1,663	1,666
Net assets - beginning	<u>1,079</u>	<u>13,476</u>	<u>14,555</u>
Net assets - ending	<u>\$ 1,082</u>	<u>\$ 15,139</u>	<u>\$ 16,221</u>

AGENCY FUNDS

Agency funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds include the following:

Student Activities Funds - To account for monies from various self-funding school activity funds.

Performance Bonds Fund - To account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

TOWN OF CANTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	Student Activities	Performance Bonds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 176,075	\$ 330,347	\$ 506,422
Other assets	-	14,000	14,000
Total assets	\$ 176,075	\$ 344,347	\$ 520,422
LIABILITIES			
Due to student groups	\$ 176,075	\$ -	\$ 176,075
Due to others	-	344,347	344,347
Total liabilities	\$ 176,075	\$ 344,347	\$ 520,422

**TOWN OF CANTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Student Activities				
Assets				
Cash and cash equivalents	\$ 159,945	\$ 439,744	\$ 423,614	\$ 176,075
Total assets	<u>\$ 159,945</u>	<u>\$ 439,744</u>	<u>\$ 423,614</u>	<u>\$ 176,075</u>
Liabilities				
Due to student groups	\$ 159,945	\$ 439,744	\$ 423,614	\$ 176,075
Total liabilities	<u>\$ 159,945</u>	<u>\$ 439,744</u>	<u>\$ 423,614</u>	<u>\$ 176,075</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 327,024	\$ 10,338	\$ 7,015	\$ 330,347
Other assets	-	14,000	-	14,000
Total assets	<u>\$ 327,024</u>	<u>\$ 24,338</u>	<u>\$ 7,015</u>	<u>\$ 344,347</u>
Liabilities				
Due to others	\$ 327,024	\$ 24,338	\$ 7,015	\$ 344,347
Total liabilities	<u>\$ 327,024</u>	<u>\$ 24,338</u>	<u>\$ 7,015</u>	<u>\$ 344,347</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 486,969	\$ 450,082	\$ 430,629	\$ 506,422
Other assets	-	14,000	-	14,000
Total assets	<u>\$ 486,969</u>	<u>\$ 464,082</u>	<u>\$ 430,629</u>	<u>\$ 520,422</u>
Liabilities				
Due to student groups	\$ 159,945	\$ 439,744	\$ 423,614	\$ 176,075
Due to others	327,024	24,338	7,015	344,347
Total liabilities	<u>\$ 486,969</u>	<u>\$ 464,082</u>	<u>\$ 430,629</u>	<u>\$ 520,422</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town's 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.

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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.	82
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	87
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.	90
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 and to help make comparisons over time and with other governments.	92
Operating Information	
These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	94

Sources: Unless otherwise noted, the information in the accompanying tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* in fiscal year 2003; tables presenting government-wide information include information beginning in that year. The Town implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* in fiscal year 2011: tables presenting fund balance of governmental funds will be adjusted prospectively.

TOWN OF CANTON, CONNECTICUT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

(Accrual Basis of Accounting - Unaudited)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 3,947,861	\$ 16,464,262	\$ 23,352,045	\$ 33,133,204	\$ 55,257,947	\$ 56,914,809	\$ 62,724,243	\$ 63,191,805	\$ 65,050,035
Restricted	1,585,561	9,995,365	25,100	25,100	25,100	25,100	32,972	33,052	195,690
Unrestricted	13,423,833	(1,353,332)	9,282,129	7,238,740	8,644,931	9,439,995	9,328,198	10,579,419	10,430,810
Total governmental activities net assets	<u>\$ 18,957,255</u>	<u>\$ 25,106,295</u>	<u>\$ 32,659,274</u>	<u>\$ 40,397,044</u>	<u>\$ 63,927,978</u>	<u>\$ 66,379,904</u>	<u>\$ 72,085,413</u>	<u>\$ 73,804,276</u>	<u>\$ 75,676,535</u>
Primary government									
Invested in capital assets, net of related debt	\$ 3,947,861	\$ 16,464,262	\$ 23,352,045	\$ 33,133,204	\$ 55,257,947	\$ 56,914,809	\$ 62,724,243	\$ 63,191,805	\$ 65,050,035
Restricted	1,585,561	9,995,365	25,100	25,100	25,100	25,100	32,972	33,052	195,690
Unrestricted	13,423,833	(1,353,332)	9,282,129	7,238,740	8,644,931	9,439,995	9,328,198	10,579,419	10,430,810
Total primary government net assets	<u>\$ 18,957,255</u>	<u>\$ 25,106,295</u>	<u>\$ 32,659,274</u>	<u>\$ 40,397,044</u>	<u>\$ 63,927,978</u>	<u>\$ 66,379,904</u>	<u>\$ 72,085,413</u>	<u>\$ 73,804,276</u>	<u>\$ 75,676,535</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF CANTON, CONNECTICUT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 631,570	\$ 755,152	\$ 476,633	\$ 686,851	\$ 880,879	\$ 904,950	\$ 965,557	\$ 1,049,539	\$ 894,897
Finance	564,443	627,564	528,327	547,980	532,570	571,027	571,582	530,141	628,901
Public safety	2,170,312	2,272,338	2,527,436	2,711,302	2,703,196	2,981,212	3,020,255	3,017,307	3,331,099
Public works	3,186,507	3,089,950	3,590,385	3,382,763	3,889,524	3,831,917	4,173,433	3,912,772	4,025,525
Human services	1,274,891	1,381,847	1,483,980	1,658,135	1,640,698	1,824,390	2,116,473	2,264,851	2,075,242
Planning and development	265,171	287,875	456,140	341,642	415,140	391,637	412,130	425,578	412,522
Board of Education	16,383,429	17,316,585	18,700,738	20,862,877	21,500,303	29,340,911	25,473,213	25,838,498	26,812,865
Interest expense	528,018	734,549	819,928	777,113	720,701	664,889	607,148	570,075	518,332
Total governmental activities expenses	<u>25,004,341</u>	<u>26,465,860</u>	<u>28,583,567</u>	<u>30,968,663</u>	<u>32,283,011</u>	<u>40,510,933</u>	<u>37,339,791</u>	<u>37,608,761</u>	<u>38,699,383</u>
Program Revenues									
Governmental activities:									
Charges for services	2,950,707	4,415,283	4,044,519	3,640,405	2,600,492	2,626,355	3,325,170	3,447,911	3,612,213
Operating grants and contributions	3,927,494	3,595,287	3,855,200	5,583,326	4,752,021	11,216,414	5,868,359	6,323,597	6,443,116
Capital grants and contributions	127,851	4,411,482	6,207,806	279,005	2,606,614	216,093	5,164,222	718,075	1,161,429
Total governmental activities program revenue:	<u>7,006,052</u>	<u>12,422,052</u>	<u>14,107,525</u>	<u>9,502,736</u>	<u>9,959,127</u>	<u>14,058,862</u>	<u>14,357,751</u>	<u>10,489,583</u>	<u>11,216,758</u>
Net (Expense)/Revenue	(17,998,289)	(14,043,808)	(14,476,042)	(21,465,927)	(22,323,884)	(26,452,071)	(22,982,040)	(27,119,178)	(27,482,625)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes	18,766,912	19,865,871	21,563,112	23,912,946	25,834,964	27,832,178	28,213,781	28,584,549	29,064,965
Grants and contributions not restricted to specific programs	147,535	120,036	117,988	121,883	153,562	119,776	128,618	136,949	244,971
Unrestricted investment earnings	115,977	165,865	287,701	409,890	638,811	556,515	219,004	61,622	44,948
Miscellaneous	22,405	41,076	60,220	155,783	229,625	395,528	126,146	54,921	-
Special item - gain on sale	7,872	-	-	4,760,653	-	-	-	-	-
Total governmental activities general revenues and other changes in net assets	<u>19,060,701</u>	<u>20,192,848</u>	<u>22,029,021</u>	<u>29,361,155</u>	<u>26,856,962</u>	<u>28,903,997</u>	<u>28,687,549</u>	<u>28,838,041</u>	<u>29,354,884</u>
Change in Net Assets	<u>\$ 1,062,412</u>	<u>\$ 6,149,040</u>	<u>\$ 7,552,979</u>	<u>\$ 7,895,228</u>	<u>\$ 4,533,078</u>	<u>\$ 2,451,926</u>	<u>\$ 5,705,509</u>	<u>\$ 1,718,863</u>	<u>\$ 1,872,259</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF CANTON, CONNECTICUT
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program									
Governmental activities:									
General government	\$ 370,553	\$ 497,908	\$ 555,794	\$ 529,006	\$ 202,063	\$ 263,751	\$ 458,271	\$ 430,403	\$ 624,356
Finance							9,796	9,993	10,456
Public safety	53,926	177,813	142,041	293,804	98,717	70,164	133,743	161,275	163,215
Public works	1,788,214	3,210,437	3,803,445	2,320,764	4,065,725	1,426,453	5,879,215	1,321,463	1,940,735
Human services	362,334	501,451	496,853	536,609	551,888	550,795	780,661	958,782	622,891
Planning and development	354,601	844,638	735,706	324,987	197,685	226,209	137,741	115,277	145,160
Education	4,076,424	7,189,805	8,373,686	5,497,566	4,843,049	11,521,490	6,958,324	7,492,390	7,709,945
Total governmental activities	<u>\$ 7,006,052</u>	<u>\$ 12,422,052</u>	<u>\$ 14,107,525</u>	<u>\$ 9,502,736</u>	<u>\$ 9,959,127</u>	<u>\$ 14,058,862</u>	<u>\$ 14,357,751</u>	<u>\$ 10,489,583</u>	<u>\$ 11,216,758</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF CANTON, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting - Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property taxes	\$ 17,808,981	\$ 18,754,688	\$ 20,286,598	\$ 21,472,063	\$ 23,861,906	\$ 26,203,584	\$ 28,054,531	\$ 28,602,409	\$ 28,397,389	\$29,012,299
Intergovernmental	4,479,384	4,523,875	7,411,765	8,889,045	6,199,592	5,148,672	11,565,867	6,687,249	7,344,248	7,784,900
Charges for services	2,285,655	3,035,919	4,497,281	4,076,286	3,030,754	2,588,692	2,830,724	2,512,647	2,561,045	2,625,660
Interest and investment income	145,837	108,212	161,273	282,076	399,841	601,943	527,666	210,074	59,575	43,867
Miscellaneous	136,567	22,405	41,076	60,198	155,783	171,586	185,645	71,066	118,274	153,403
Total revenues	24,856,424	26,445,099	32,397,993	34,779,668	33,647,876	34,714,477	43,164,433	38,083,445	38,480,531	39,620,129
Expenditures										
General government	410,460	438,976	582,214	462,493	510,027	586,257	619,111	678,673	841,363	614,887
Finance	389,896	397,623	369,812	423,028	424,645	421,696	420,932	419,322	423,753	459,057
Public safety	1,516,583	1,577,243	1,724,543	1,816,419	1,996,799	2,029,422	2,127,992	2,091,141	2,160,428	2,161,670
Public works	2,576,432	2,755,454	2,742,754	3,169,670	2,890,886	3,017,382	2,820,909	3,059,736	2,837,724	2,718,606
Human services	924,019	942,924	1,076,021	1,124,105	1,332,067	1,372,763	1,391,833	1,663,133	1,819,578	1,532,965
Insurance	134,651	156,993	162,347	157,516	178,944	179,370	238,699	233,676	243,542	289,829
Planning and development	183,201	190,641	211,533	379,881	251,079	258,537	1,239,649	283,471	301,573	270,406
Fringe benefits	735,089	766,804	833,210	861,030	1,032,299	1,255,522	1,427,885	1,359,350	1,452,715	1,694,173
Board of Education	15,424,062	16,123,305	16,689,414	17,983,278	20,039,751	21,371,639	28,674,418	24,178,119	25,061,999	25,832,404
Capital outlays	2,421,282	1,987,245	10,936,585	10,377,857	2,348,162	509,624	1,005,769	1,751,044	790,516	1,544,891
Miscellaneous	1,321	86,124	-	-	-	-	-	-	-	-
Debt service:										
Interest	527,592	551,401	724,136	748,012	766,900	712,844	659,613	604,573	565,202	513,892
Principal	1,069,462	1,046,646	1,538,873	1,521,145	1,759,932	1,807,297	1,784,710	1,895,365	1,870,237	1,996,866
Total expenditures	26,314,050	27,021,379	37,591,442	39,024,434	33,531,491	33,522,353	42,411,520	38,217,603	38,368,630	39,629,646
Excess of revenues over (under) expenditures	(1,457,626)	(576,280)	(5,193,449)	(4,244,766)	116,385	1,192,124	752,913	(134,158)	111,901	(9,517)
Other Financing Sources (Uses)										
Issuance of capital lease	-	-	-	-	87,470	-	-	-	-	-
Sale of capital asset	-	17,200	-	-	-	-	-	-	2,400	21,797
Issuance of note payable	-	-	-	-	-	-	-	-	1,295,791	-
Issuance of bonds	1,995,000	10,000,000	-	4,000,000	-	-	-	-	-	-
Issuance of refunding bonds	-	5,140,000	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(5,159,446)	-	-	-	-	-	-	-	-
Bond premium	-	58,977	-	-	-	-	-	-	-	-
Transfers in	874,720	788,863	738,600	694,380	678,702	809,530	1,083,988	1,157,638	1,083,768	886,482
Transfers out	(874,720)	(788,863)	(738,600)	(694,380)	(678,702)	(809,530)	(1,083,988)	(1,157,638)	(1,083,768)	(886,482)
Total other financing sources (uses)	1,995,000	10,056,731	-	4,000,000	87,470	-	-	-	1,298,191	21,797
Net change in fund balances	537,374	9,480,451	(5,193,449)	(244,766)	203,855	1,192,124	752,913	(134,158)	1,410,092	12,280
Fund balance, beginning of year	2,003,643	2,541,017	12,021,468	6,828,019	6,583,253	6,787,108	7,979,232	8,732,145	8,597,987	10,008,079
Fund balance, end of year	\$ 2,541,017	\$ 12,021,468	\$ 6,828,019	\$ 6,583,253	\$ 6,787,108	\$ 7,979,232	\$ 8,732,145	\$ 8,597,987	\$ 10,008,079	\$10,020,359
Debt service as a percentage of noncapital expenditures	6.68%	6.38%	8.49%	7.92%	8.10%	7.63%	5.90%	6.86%	6.48%	6.59%
Total debt service	\$ 1,597,054	\$ 1,598,047	\$ 2,263,009	\$ 2,269,157	\$ 2,526,832	\$ 2,520,141	\$ 2,444,323	\$ 2,499,938	\$ 2,435,439	\$ 2,510,758
Noncapital expenditures	23,892,768	25,034,134	26,654,857	28,646,577	31,183,329	33,012,729	41,405,751	36,466,559	37,578,114	38,084,755

TOWN OF CANTON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30,	Real Property		Personal Property		Tax Exempt Property	Total Taxable Assessed Value	(1) Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicle	Other					
2002	\$ 415,081,990	\$ 57,250,360	\$ 62,301,746	\$ 20,563,750	\$ 37,093,003	\$ 555,197,846	31.24	\$ 927,128,979	59.80%
2003	426,044,710	57,686,530	64,366,091	21,528,100	38,710,350	569,625,431	32.27	1,033,687,600	55.10%
2004	437,594,920	57,859,390	65,168,880	20,987,150	41,805,870	581,610,340	34.02	1,155,276,520	50.30%
2005	595,010,650	75,266,220	62,968,479	27,109,060	51,480,310	760,354,409	27.66	1,121,684,968	67.80%
2006	623,544,640	105,802,180	68,202,600	31,126,080	52,104,190	828,675,500	27.84	1,299,591,480	63.70%
2007	659,483,450	116,300,270	73,412,833	41,415,960	52,752,800	890,612,513	28.91	1,513,230,210	58.80%
2008	682,784,540	117,135,210	76,965,908	43,560,940	54,115,210	920,446,598	29.92	1,626,580,756	56.60%
2009	697,454,530	117,700,450	79,368,900	41,214,490	54,957,850	935,738,370	30.43	1,654,361,950	56.56%
2010	848,480,140	149,300,840	72,977,695	40,188,160	68,645,740	1,110,946,835	25.64	1,658,129,604	67.00%
2011	855,154,780	145,149,260	73,111,883	40,184,710	72,187,140	1,113,600,633	26.09	1,637,647,990	68.00%

(1) The Total Direct Tax Rate shown above is the mill rate. The mill rate is divided by 1,000 and then multiplied by the taxable assessed value in arriving at the current property tax levy.

Source: Town of Canton, Office of the Assessor

Note: By State law, property is assessed at 70% of actual value with periodic revaluation of real property. The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

**TOWN OF CANTON, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

(Unaudited)

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Grand List</u>	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Grand List</u>
	<u>Value</u>			<u>Value</u>		
W/S Peak Canton Properties LLC	\$ 33,539,420	1	3.01%	\$ -	-	-
CL&P	14,562,440	2	1.31%	6,341,390	1	1.14%
Kohls	6,295,720	3	0.57%	-	-	-
Shaw's	6,082,310	4	0.55%	-	-	-
New Horizons Inc.	5,219,400	5	0.47%	4,272,140	3	0.77%
Henry Bahre et al	3,990,570	6	0.36%	4,997,820	2	0.90%
Connecticut Water Company	3,586,360	7	0.32%	1,510,520	7	0.27%
Collinsville Savings Society	2,868,690	8	0.26%	-	-	-
Takapa Group LLC	2,417,390	9	0.22%	-	-	-
Maple Glen Associates	2,368,380	10	0.21%	1,896,400	6	0.34%
Inertia Dynamics	-	-	0.00%	1,997,650	4	0.36%
Leo Reiner et al	-	-	0.00%	1,908,350	5	0.34%
Collinsville Company	-	-	0.00%	1,366,880	8	0.25%
Whitehall Realty Corp	-	-	0.00%	1,107,540	9	0.20%
Robert Cirilli	-	-	0.00%	985,580	10	0.18%
	<u>\$ 80,930,680</u>		<u>7.27%</u>	<u>\$ 26,384,270</u>		<u>4.75%</u>

Source: Town of Canton, Offices of the Tax Collector and the Assessor

TOWN OF CANTON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 17,575,112	\$ 17,323,574	98.57%	\$ 212,341	\$ 17,535,915	99.78%
2003	18,565,477	18,290,301	98.52%	235,239	18,525,540	99.78%
2004	20,045,447	19,792,162	98.74%	210,038	20,002,200	99.78%
2005	21,453,783	21,175,364	98.70%	219,495	21,394,859	99.73%
2006	23,946,672	23,671,042	98.85%	88,053	23,759,095	99.22%
2007	26,157,302	25,878,675	98.93%	242,028	26,120,703	99.86%
2008	27,750,623	27,484,464	99.04%	205,643	27,690,107	99.78%
2009	28,640,303	28,315,851	98.87%	206,429	28,522,280	99.59%
2010	28,383,440	28,060,523	98.86%	91,717	28,152,240	99.19%
2011	29,069,980	28,696,728	98.72%	-	28,696,728	98.72%

Source: Town of Canton, Office of the Tax Collector.

TOWN OF CANTON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Actual Property Value (1)	Percentage of Personal Income	Per Capita (2)
	General Obligation Bonds	Notes Payable	Capital Leases	Other				
2002	\$ 10,650,000	\$ 1,443,919	\$ -	\$ 37,262	\$ 12,131,181	1.31%	3.27%	\$ 1,324
2003	19,968,079	1,325,249	-	29,286	21,322,614	2.06%	5.37%	2,327
2004	18,388,625	1,204,352	-	21,310	19,614,287	1.70%	4.52%	2,084
2005	21,013,172	1,081,183	-	13,335	22,107,690	1.97%	4.89%	2,301
2006	19,485,000	955,695	62,105	8,890	20,511,690	1.58%	5.42%	2,171
2007	17,810,000	827,843	33,280	4,445	18,675,568	1.23%	4.77%	2,001
2008	16,160,000	1,040,982	2,639	-	17,203,621	1.06%	4.34%	1,828
2009	14,400,000	1,464,785	-	-	15,864,785	0.96%	4.06%	1,686
2010	12,665,000	1,725,407	-	-	14,390,407	0.87%	3.60%	1,499
2011	10,920,000	1,473,541	-	-	12,393,541	0.76%	3.17%	1,284

(1) See Table 5 for taxable property value data.

(2) See Table 10 for population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF CANTON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 124,217,723	\$ 130,639,446	\$ 141,465,548	\$ 150,142,041	\$ 167,855,464	\$ 183,134,098	\$ 196,036,414	\$ 200,794,975	\$ 198,782,101	\$ 202,930,959
Total net debt applicable to limit	8,347,674	17,902,131	16,737,697	28,066,622	26,652,000	25,190,435	25,841,748	24,146,935	22,360,700	20,555,513
Legal Debt Margin	<u>\$ 115,870,049</u>	<u>\$ 112,737,315</u>	<u>\$ 124,727,851</u>	<u>\$ 122,075,419</u>	<u>\$ 141,203,464</u>	<u>\$ 157,943,663</u>	<u>\$ 170,194,666</u>	<u>\$ 176,648,040</u>	<u>\$ 176,421,401</u>	<u>\$ 182,375,446</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>6.72%</u>	<u>13.70%</u>	<u>11.83%</u>	<u>18.69%</u>	<u>15.88%</u>	<u>13.76%</u>	<u>13.18%</u>	<u>12.03%</u>	<u>11.25%</u>	<u>10.13%</u>

Note: Connecticut General Statutes, Section 7-374(b) limits the amount of general obligation debt a government entity may use to 7 times total tax collections, including interest and lien fees and the tax relief for the elderly freeze grant. The calculation of the 2010 debt limit can be found on page 63 of this report.

Table 11

TOWN OF CANTON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(1) Median Age	Education Level in Years of Schooling	(2) School Enrollment	(3) Unemployment Rate
2002	9,162	\$ 370,795,302	\$ 40,471	37	N/A	1,627	2.6%
2003	9,162	396,714,600	43,300	37	N/A	1,637	3.0%
2004	9,413	434,212,277	46,129	37	N/A	1,639	3.2%
2005	9,606	451,664,514	47,019	42	N/A	1,716	3.8%
2006	9,448	378,335,712	40,044	42	N/A	1,723	3.1%
2007	9,332	391,720,032	41,976	42	N/A	1,734	2.9%
2008	9,409	396,467,033	42,137	42	N/A	1,764	4.4%
2009	9,409	391,235,629	41,581	42	N/A	1,783	6.5%
2010	9,602	399,702,454	41,627	42	N/A	1,785	7.5%
2011	9,652	391,340,340	40,545	42	N/A	1,786	6.8%

(1) CERC

(2) Town of Canton, Board of Education

(3) State of Connecticut, Labor Department, Office of Research and Statistics

TOWN OF CANTON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>(1)</u> <u>Employees</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total Town</u> <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total Town</u> <u>Employment</u>
Town of Canton, including BOE	454	1	13.51%	281	1	11.33%
ShopRite	192	2	5.71%	-		-
Farmington Valley ARC	175	3	5.21%	-		-
Cherry Brook Health Center	143	4	4.25%	175	3	7.06%
Kohl's Department Store	113	5	3.36%	-		-
Mitchell Auto Group	87	6	2.59%	43	6	1.73%
Dick's Sporting Goods	54	7	1.61%	-		-
Martel Transportation	47	8	1.40%	-		-
Acura of Avon	46	9	1.37%	35	7	1.41%
Barnes & Noble	40	10	1.19%	-		-
Panera Bread	40	10	1.19%	-		-
Suburban Sanitation Service	-		-	44	5	1.77%
Inertia Dynamics	-		-	196	2	7.90%
Funny Bone Interactive	-		-	53	4	2.14%
Margarita's	-		-	30	8	1.21%
Canton Village Construction	-		-	25	9	1.01%
Horton Electric	-		-	24	10	0.97%
Total (2)	3,361		40.20%	2,480		21.53%

(1) Telephone Survey - Local Businesses

(2) State of Connecticut Department of Labor

TOWN OF CANTON, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

(Unaudited)

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government:										
General government:										
Management services	3.4	3.4	3.4	3.4	3.4	3.4	3.4	2.8	3.3	3.8
Finance	7.6	7.5	7.6	7.6	7.6	7.6	7.4	7.0	6.9	7.2
Planning	4.0	3.9	3.9	4.8	4.6	4.6	4.7	4.5	4.5	4.3
Building	1.3	1.1	1.2	1.4	1.5	1.5	1.5	1.7	1.3	1.0
Other	2.8	2.7	3.0	2.7	2.9	2.8	2.7	2.8	2.6	2.6
Public safety:										
Officers	14.0	15.0	15.0	15.0	15.0	15.0	15.0	13.0	11.0	14.0
Civilians	5.5	5.5	5.4	5.4	5.5	5.8	5.5	5.4	5.7	5.9
Fire services	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Public works	16.3	16.4	16.2	16.0	16.3	16.2	16.1	16.4	14.9	14.6
Parks and recreation	6.2	5.9	6.0	6.0	6.4	6.4	6.9	5.9	4.7	7.1
Public libraries	11.0	10.3	10.7	10.4	11.0	13.2	10.2	10.9	11.1	11.4
Human Services	0.5	0.5	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.4
Town properties	20.5	21.0	24.2	24.5	24.5	24.5	22.8	22.7	21.6	21.6
Board of Education:										
Certified	141.0	139.0	141.0	145.0	146.0	147.0	146.0	147.0	148.0	146.0
Non-certified	84.5	90.0	96.5	95.5	91.5	108.0	95.0	96.0	105.0	118.0
Total	<u>318.7</u>	<u>322.3</u>	<u>334.9</u>	<u>338.5</u>	<u>337.3</u>	<u>357.1</u>	<u>338.2</u>	<u>337.2</u>	<u>341.6</u>	<u>359.0</u>

Source: Town of Canton, Various Town Departments

Note: A full-time employee is scheduled to work either 1,820 hours per year (35 hour work week) or 2,080 hours per year (40 hour work week) (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by either 1,820 or 2,080.

TOWN OF CANTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program										
General Government										
Marriage licenses issued	20	25	36	36	53	45	40	38	37	32
Boards and Agencies										
Registered voters	5,594	5,712	6,329	6,368	6,519	6,496	6,690	6,822	6,846	6,737
Elections and referenda	1	2	2	2	3	3	2	1	2	2
Planning and Development										
Building permits issued	463	548	865	422	271	650	671	706	498	510
Building inspections conducted	N/A	N/A	N/A	N/A	N/A	1,488	1,142	1,022	1,068	550
Value of building permits	N/A	N/A	44,970,565	50,137,089	23,216,399	13,057,172	14,470,616	7,718,473	6,546,923	8,288,890
Public Safety										
Arrests	171	121	119	137	141	122	226	193	139	217
Parking violations	50	998	69	57	27	42	61	65	26	70
Traffic violations	1,535	1,613	1,575	1,056	1,086	2,460	2,488	2,888	1,766	1,807
Emergency responses	-	-	-	-	-	2,954	2,954	2,962	2,685	2,825
Inspections	48	45	50	55	135	128	250	225	250	237
Calls for service	31	22	25	32	27	10,213	10,839	11,701	11,057	11,627
Public Works										
Street resurfacing (in miles)	N/A	7.98	7.98	6.76	8	7.5	10.5	7.1	7.1	5.8
Potholes repaired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miles of roads maintained	65.1	65.1	66.2	67.5	69.2	70.7	70.8	70.8	70.8	70.8
Acres of grounds maintained	N/A	N/A	110	110	110	110	110	110	110	110
Refuse collected (tons per day)	15.2	16.0	15.8	16.3	16.1	15.8	14.7	14.2	13.5	10.5
Recyclables collected (tons per day)	3.4	4.5	5.0	4.4	4.0	4.1	2.8	5.4	2.6	2.8
Parks and recreation										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community center admissions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Summer season programs	66	77	71	85	163	165	160	155	100	117
Indoor season programs	124	128	140	134	115	115	115	110	98	94
Public libraries										
Volumes in collection	55,609	60,755	65,256	69,626	73,548	78,428	79,001	75,888	79,034	83,428
Items circulated	117,644	146,907	146,626	147,644	154,798	159,565	168,644	184,152	186,419	183,447
Human services										
Meals on wheels provided	6,440	6,890	6,528	6,068	6,286	6,136	7,222	7,980	6,430	9,064
Senior mini-bus trips	2,317	2,355	2,560	2,884	2,536	2,856	2,468	2,264	2,400	1,836
Households provided energy assistance	N/A	N/A	20	19	19	38	49	213	159	193
Households provided food voucher assistance	14	8	11	17	18	13	16	34	28	36
Education										
Elementary schools	2	2	2	2	2	2	2	2	2	2
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Sewer										
Average daily sewage treatment (thousands of gallons)	0.48	0.62	0.58	0.68	0.77	0.69	0.63	0.71	0.71	0.70

Source: Various Town departments

Table 15

TOWN OF CANTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Function/Program</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Police vehicles	6	6	7	7	7	7	7	7	9	9
Fire vehicles	9	9	9	9	9	9	9	9	9	9
Ambulances	1	2	2	2	2	2	2	2	2	2
<u>Public Works</u>										
Miles of town roads	65.1	65.1	66.2	67.5	69.2	70.7	70.8	70.8	70.8	70.8
Linear feet of sidewalks	-	-	-	-	-	-	-	-	-	-
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic signals	-	-	-	-	-	-	-	-	-	-
Public works vehicles	N/A	N/A	N/A	N/A	N/A	N/A	14	14	15	15
<u>Parks and recreation</u>										
Acreage	-	-	-	-	-	110	110	110	110	110
Parks and greens	-	-	-	-	-	3	3	3	3	3
Athletic fields	-	-	-	-	-	12	12	12	12	12
Swimming pools	1	1	1	1	1	1	1	1	1	1
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Human Services</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	1	1	1	1	1	1	1	1	1	1
<u>Education</u>										
Schools	4	4	4	4	4	4	4	4	4	4
<u>Water</u>										
Fire hydrants	-	-	-	-	-	-	-	-	-	-
<u>Sewer</u>										
Sanitary sewers (miles)	17	19	21	22	22	22	22	22	22	22
Storm sewers (miles)	N/A	N/A	10	10.25	10.50	10.50	10.50	12.47	12.47	12.47
Catch basins	-	-	-	-	-	1,500	1,550	1,560	1,560	1,560
Treatment capacity (thousands of gallons)	800	800	800	800	800	800	800	800	800	950

Source: Various Town departments