

FINAL OFFICIAL STATEMENT DATED MARCH 5, 2015

In the opinion of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. (See "Tax Exemption" and Appendix C.)

**\$3,689,150
TOWN OF CANTON
MASSACHUSETTS**

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

Dated: March 15, 2015

Due: March 15, 2016 – 2028

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND/OR YIELDS

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2016	\$394,150	3.00%	0.40%	2020	\$340,000	3.00%	1.30%
2017	390,000	3.00	0.60	2021	340,000	3.00	1.45
2018	385,000	3.00	0.90	2022	340,000	3.00	1.70
2019	380,000	3.00	1.10	2023	340,000	3.00	1.85

\$780,000 Term Bonds Maturing on March 15, 2028 at 2.50% per annum, at 2.18% yield

Principal of the Bonds will be payable March 15 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on September 15, 2015 and semi-annually thereafter on each March 15 and September 15 until maturity. The Bonds will be subject to redemption prior to their stated dates of maturity as described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, with the exception of one principal amount of \$4,150 of the Bonds that will mature in 2016. (See "Book-Entry Transfer System" herein.)

The legality of the Bonds will be approved by Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, serves as financial advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to DTC, or the offices of its custodial agent, on or about March 18, 2015 against payment in Federal Reserve funds.

SUNTRUST ROBINSON HUMPHREY

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

ISSUE SUMMARY STATEMENT

Issuer: Town of Canton, Massachusetts

Date of Sale: Thursday, March 5, 2015 until 11:30 A.M. (Eastern Standard Time)

Method of Sale: Sealed and Electronic Bids

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, MA

Issue: \$3,689,150 General Obligation Municipal Purpose Loan of 2015 Bonds, Book-Entry Only (See "Book-Entry Transfer System," herein.)

Dated Date of Bonds: March 15, 2015

Maturity Date of Bonds: March 15, 2016-2028, inclusive, as detailed herein.

Credit Rating: Standard & Poor's Ratings Services rating is pending.

Redemption: The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

Security: The Bonds are valid general obligations of the Town of Canton, Massachusetts and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property within the territorial limits of the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws (Proposition 2 ½).

Basis of Award: Lowest true interest cost (TIC) as of the dated date.

Tax Exemption: Refer to Tax Exemption and Appendix C – "Proposed Form of Legal Opinion" herein.

Continuing Disclosure: Refer to Continuing Disclosure and Appendix D – "Proposed Form of Continuing Disclosure Certificate" herein.

Bank Qualification: **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.**

Paying Agent: U.S. Bank National Association, Boston, Massachusetts

Legal Opinion: Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to DTC, or the offices of its custodial agent, against payment to the account of the Town in Federal Reserve funds on or about March 18, 2015.

Issue Contacts: James R. Murgia, Finance Director/Treasurer, Town of Canton, Telephone # (781) 575-6612
Lisa N. Dickinson, Senior Vice President, UniBank Fiscal Advisory Services, Inc., Telephone # (508) 849-4221
Richard A. Manley, Jr., Esq., Locke Lord LLP, Boston, MA, Telephone # (617) 239-0384

Additional Information: Refer to the Preliminary Official Statement dated February 24, 2015.

NOTICE OF SALE

**TOWN OF CANTON
Massachusetts**

\$3,689,150

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

The Town of Canton, Massachusetts, will receive electronic and sealed proposals until 11:30 A.M. (Eastern Standard Time), on

March 5, 2015

at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

\$3,689,150 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS payable March 15 of the years and in the amounts as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2016	\$394,150	2023	\$340,000
2017	390,000	2024	335,000
2018	385,000	2025	145,000
2019	380,000	2026	100,000
2020	340,000	2027	100,000
2021	340,000	2028	100,000
2022	340,000		

**Preliminary, subject to change.*

The Bonds will be dated March 15, 2015. Interest from the date of the Bonds will be payable on September 15, 2015 and semi-annually thereafter on each March 15 and September 15. Principal of and interest on the Bonds will be paid as described below.

The Bonds maturing in the years 2016 through 2023, inclusive, are not subject to redemption prior to their stated dates of maturity.

The Bonds maturing on and after March 15, 2024 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after March 15, 2023 either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

For Bonds maturing on and after March 15, 2024, bidders may specify that all of the principal amounts of such Bonds, may in lieu of having separate maturity dates, be combined to comprise Term Bonds, and shall be subject to mandatory redemption or mature at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond having the nearest subsequent maturity date.

Term Bonds, if any, shall be subject to mandatory redemption on March 15 in the year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be

redeemed to be selected by lot), as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York, ("DTC"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with the exception of one principal amount of \$4,150 of the Bonds that will mature in 2016, with transfers of ownership affected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of, and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The legality of the Bonds will be approved by Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge. (On January 10, 2015, Edwards Wildman Palmer LLP merged with the law firm of Locke Lord LLP. The legal name of the merged firm is Locke Lord LLP.)

Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Other bids, including bids by delivered telegram, should be sealed, marked "Proposal for Bonds" and addressed to **Mr. James R. Murgia, Finance Director/Treasurer, Town of Canton, c/o UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts 01588.** Proposals delivered as specified will be accepted. Blank bid forms with signature may be sent to UniBank Fiscal Advisory Services, Inc. or faxed to (508) 234-1938 prior to submitting the bids, with actual bids telephoned to (508) 849-4221 at least one-half hour prior to the 11:30 A.M. (Eastern Standard Time) sale. UniBank Fiscal Advisory Services, Inc. will act as agent for the bidder in submitting the bid but neither UniBank Fiscal Advisory Services, Inc., nor the Town is responsible for any errors with respect to bids submitted in this manner. A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having a like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%.

No bid of less than par plus accrued interest to date of delivery will be considered.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of March 15, 2015, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, which accrued interest shall be paid by the successful bidder. The

award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of March 5, 2015 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, the closing date, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

Within the limits set forth herein, the Town reserves the right to adjust the principal amount of individual maturities of the Bonds.

Any adjustment in the principal amount of the individual maturities of the Bonds will be in an amount of \$5,000 or an integral multiple thereof and will be made only as necessary to effect Town's objective to have a level debt service stream of repayment.

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the principal amount of the individual maturities of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for the issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of the contractual obligations arising from the acceptance of a proposal for the purchase of the Bonds. Should the successful bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's Ratings Services for the rating on the Bonds. Any such fee paid to Standard & Poor's Ratings Services would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), of Boston, Massachusetts, substantially in the form of Appendix C of the Preliminary Official Statement dated February 24, 2015 included herein, (see "Tax Exemption" and Appendix C in the Preliminary Official Statement), (b) a certificate in form satisfactory to said firm dated as of the date of delivery of the Bonds and receipt of payment consequently to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the

effect that, to the best of his knowledge and belief, both as of the date of sale and of the date of delivery of the Bonds, the Preliminary Official Statement referred to above does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement, the proposed form of which is attached thereto as Appendix D.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause of a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

In order to assist bidders in complying with Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or the offices of its custodial agent, on or about March 18, 2015 against payment in Federal Reserve funds.

Additional information concerning the Town of Canton and the Bonds is contained in the Preliminary Official Statement dated February 24, 2015, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Such Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates and any other items of the Bonds depending on such matters and the identity of the underwriters. Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained from Lisa N. Dickinson, Senior Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, Massachusetts, telephone (508) 849-4221. Within seven (7) business days following the award of the Bonds in accordance herewith, 50 copies of a Final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

**TOWN OF CANTON
MASSACHUSETTS**

/s/ James R. Murgia
Finance Director/Treasurer

Dated: February 24, 2015

OFFICIAL STATEMENT

**TOWN OF CANTON
MASSACHUSETTS**

\$3,689,150

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Canton, Massachusetts (the "Town") in connection with the sale of the \$3,689,150 General Obligation Municipal Purpose Loan of 2015 Bonds, dated March 15, 2015 (the "Bonds") of the Town.

The Bonds are being offered for sale at a public bidding and a Notice of Sale dated February 24, 2015, has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the "Commonwealth") or any other entity. The security for the Bonds is more fully described under the captions Security and Remedies and Opinion of Bond Counsel herein.

Questions regarding information contained in this Official Statement or other matters should be directed to the following: James R. Murgia, Finance Director/Treasurer, (781) 575-6612, Lisa N. Dickinson, Senior Vice President, UniBank Fiscal Advisory Services, Inc. (508) 849-4221, or Richard A. Manley, Jr., Esq., Locke Lord LLP (617) 239-0384.

The information contained herein has been obtained from the sources indicated or from the Town.

PART I

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated March 15, 2015 and will mature on March 15 of the years and in the principal amounts as follows:

<u>March 15</u>	<u>Principal Amount</u>	<u>March 15</u>	<u>Principal Amount</u>
2016	\$394,150	2020	\$340,000
2017	390,000	2021	340,000
2018	385,000	2022	340,000
2019	380,000	2023	340,000

\$780,000 Term Bonds Maturing on March 15, 2028

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder. The Bonds are subject to optional redemption prior to their stated dates of maturity as described herein.

Principal and semi-annual interest on the Bonds will be paid to The Depository Trust Company ("DTC"), New York, New York by U.S. Bank National Association, Boston, Massachusetts, or its successor, acting as paying agent (the "Paying Agent"). Interest from the date of the Bonds will be payable on September 15, 2015 and semi-annually thereafter on each March 15 and September 15 until maturity. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments of principal and interest on the Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, with the exception of one principal amount of \$4,150 of the Bonds that will mature in 2016. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

RECORD DATE

The record date for each payment of interest on the Bonds is the last business day of the month preceding the interest payment date, provided that, under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

BOOK-ENTRY TRANSFER SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

AUTHORIZATION AND USE OF PROCEEDS

<u>Amount</u>	<u>Purpose</u>	<u>Statutory Authorization</u>	<u>Vote Date</u>
\$ 130,000	Rodman Heating System/HS Boiler	MGL, Ch. 44, s. 7(3B), 7(3A)	04/27/11//5/12/14
81,000	Shepard Pond Dam	MGL, Ch. 44, s. 8(25)	04/27/11//5/12/14
153,000	Sewer Water Resource Mgmt. Plan	MGL, Ch. 44, s. 7(22)	05/13/13
378,750	Water Meters (Sewer Supported)	MGL, Ch. 44 s. 8(7A)	05/13/13
631,250	Water Meters (Water Supported)	MGL, Ch. 44, s. 8(7A)	05/13/13
810,000	Fire Ladder Truck	MGL, Ch. 44, s. 7(9)	05/13/13
191,000	DPW Catch Basin Truck	MGL, Ch. 44, s. 7(9)	05/13/13
205,000	DPW Truck	MGL, Ch. 44, s. 7(9)	05/12/14
85,000	School Tennis Courts	MGL, Ch. 44, s. 7(25)	05/12/14
158,200	Galvin School Gym Floor	MGL, Ch. 44, s. 7(3A)	05/12/14
411,950	Galvin School Window Replace	MGL, Ch. 70B	05/02/12
342,000	Hansen School Window Replace	MGL, Ch. 70B	05/02/12
112,000	School HVAC/HS Boiler	MGL, Ch. 44, s. 7(3A)	04/30/12//5/12/14
<u>\$3,689,150</u>			

Proceeds of the Bonds in the amount of \$2,885,950 will be used, in addition to \$30,000 of current revenues, to redeem a like amount of the bond anticipation notes issued at various times and now maturing March 27, 2015 (the "Maturing Notes") and proceeds of the Bonds in the amount of \$803,200 will be used to provide permanent financing for the projects on a "new money" basis. The water and sewer debt is expected to be self-supporting through system revenues. The debt service on the \$810,000 fire ladder truck is expected to be paid from ambulance receipts.

OPTIONAL REDEMPTION

Bonds maturing in the years 2016 through 2023, inclusive, are not subject to redemption prior to their stated dates of maturity.

Bonds maturing on and after March 15, 2024 are subject to redemption prior to maturity, at the option of the Town, on and after March 15, 2023, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds, prior to their maturities, specifying the Bonds (or portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. If moneys for the redemption are held by the Paying Agent on the redemption date and if notice of the redemption shall have been duly mailed, then from and after the redemption date interest on the Bonds (or portions thereof) called for redemption shall cease to accrue.

MANDATORY REDEMPTION

The Bonds maturing on March 15, 2028, the "Term Bonds", will be subject to mandatory redemption on March 15 in each year or years immediately prior to the stated maturity of such Term Bonds (the particular portion of the Term Bonds of such maturity to be redeemed to be selected by lot) as indicated herein.

The Bonds maturing on March 15, 2028 are subject to mandatory redemption or mature on March 15 in each of the years 2024, 2025, 2026, 2027 and 2028, inclusive, at the price of par, plus accrued interest to the redemption date, in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2024	\$335,000
2025	145,000
2026	100,000
2027	100,000
2028 [†]	100,000

[†] Denotes final maturity.

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" (see "Serial Bonds and Notes" herein) and setoffs of state distributions (see "State Distributions" herein), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for (and) all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation (see "Tax Limitations" herein.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit. **The Town has voted to exclude the debt service on \$10,437,740 of currently outstanding bonds from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.**

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit (see Debt Limits herein). Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law (see "Tax Limitations" under "TAX LEVIES" herein). In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current

operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (see "Serial Bonds and Notes" under "TYPES OF OBLIGATIONS" herein) and any other sums due and payable by the city or town to the Commonwealth, or certain other public entities, including any unpaid assessments for costs of any public transportation authority such as the Massachusetts Bay Transportation Authority (the "MBTA") or a regional transit authority of which it is a member or for costs of the Massachusetts Water Resources Authority (the "MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water treatment services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy Laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Bond Counsel to the Town ("Bond Counsel") of Boston, Massachusetts (see Appendix C), will be furnished to the successful bidder of the Bonds. (On January 10, 2015, Edwards Wildman Palmer LLP merged with the law firm of Locke Lord LLP. The legal name of the merged firm is Locke Lord LLP.) The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. **In the opinion of Bond Counsel, the Bonds are designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that

interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market

value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

RATING

Application has been made to Standard & Poor's Ratings Services for a rating on the Bonds. Such rating, if obtained, will reflect only the rating agency's view and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the original purchasers of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year, (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town is the only "obligated person" with respect to the Bonds within the meaning of the Rule. In each of the last five years, the Town has complied in all material respects with all previous undertaking to provide annual reports or notices of significant events in accordance with the Rule.

PART II

THE TOWN

The Town of Canton, settled in 1650 and incorporated in 1797, is located in Norfolk County approximately 18 miles south of downtown Boston. The Town covers an area of approximately 18 square miles and is bordered by the Towns of Milton, Randolph, Stoughton, Sharon, Norwood, Westwood and Dedham.

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades K through 12, water and sewer, streets, parks and recreation. The principal services provided by Norfolk County are space for courts, a jail and house of correction and registry of deeds. The MBTA provides bus service to the Town and commuter rail at two central locations within the Town. The Blue Hills Regional Vocational High School provides vocational technical education in grades nine through twelve. The Canton Housing Authority provides housing for eligible low income families, elderly and handicapped persons.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of five selectmen, elected for staggered three-year terms on an at-large basis. Local taxes are assessed by a board of three assessors elected for staggered three-year terms. The affairs of the schools are generally administered by a School Committee of five members, elected for staggered three-year terms on an at-large basis.

The following are the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	Victor D. DelVecchio, Chairman	Elected/3 years	2017
	Avril T. Elkort, Vice Chair	Elected/3 years	2015
	John J. Connolly, Clerk	Elected/3 years	2016
	Robert E. Burr, Jr.	Elected/3 years	2017
	Gerald A. Salvatori, Jr.	Elected/3 years	2015
Town Administrator	William T. Friel	Appointed/1 year	2015
Finance Director	James R. Murgia	Appointed/1 year	2015
Accountant	Kathleen Dooley Butters	Appointed/1 year	2015
Treasurer/Collector	James R. Murgia	Appointed/1 year	2015
Town Clerk	Tracy Kenney	Elected/3 years	2015
Town Counsel	Paul DeRensis	Appointed/1 year	2015

AUTHORIZATION OF GENERAL OBLIGATION BOND AND NOTES

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council or the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the treasurer with the approval of the selectmen, mayor or city manager as the case may be.

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see "Taxation to Meet Deficits" herein). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of

principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms vary from one year to forty years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue (“DOR”). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes, and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restriction on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These must generally mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original date of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may under statute be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and town having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds subject to the approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT (1)

The following shows the direct debt outstanding as of March 15, 2015, including the Bonds:

General Obligation Bonds:

 Within General Debt Limit (2)

Sewers and Drains (3)	\$ 3,056,900	
Land Acquisition	538,500	
Schools (5)	11,045,900	
Other Building	8,923,300	
Departmental Equipment	1,256,200	
Athletic & Recreational Facilities	35,000	
Other Inside General	240,400	
Architectural & Engineering Services	417,000	
These Bonds	<u>2,829,150</u>	
		\$28,342,350

 Outside General Debt Limit:

Schools (5)	\$ 3,539,000	
Sewers (3)	5,555,590	
Water (3)	20,853,800	
These Bonds	<u>1,010,000</u>	
		<u>30,958,390</u>
Total General Obligation Bonds		\$59,300,740 (4)

Temporary Loans in Anticipation of:

Revenue	\$ 0	
Bonds (6)	892,786	
Grants	<u>0</u>	
Total Temporary Loans		<u>892,786</u>

Total Direct Debt \$60,193,526

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.

(2) At the present time, the normal general debt limit is \$204,182,895 and the double general debt limit is \$408,365,790.

(3) Water and sewer debt is self-supporting through user fees.

(4) **\$10,437,740 has been excluded from the provisions of Proposition 2 1/2.**

(5) The Massachusetts School Building Authority has approved a grant for 61% of approved construction and interest costs of the Luce School project to be payable in equal installments over the life of the bonds.

(6) Does not include \$2,915,000 of bond anticipation notes maturing on March 27, 2015 to be redeemed with \$2,885,950 of the proceeds of the Bonds and \$30,000 of current revenues.

Revenue Anticipation Borrowing

The Town has not borrowed in anticipation of revenue since fiscal 1991, and has no plans to do so at the present time.

Authorized Unissued Debt and Prospective Financing

After the issuance of these Bonds, the Town will have the following authorized unissued debt:

<u>Amount</u>	<u>Purpose</u>	<u>Expected Issuance</u>	<u>Expected Repayment</u>
\$2,119,095	Sewer	Various	User fee supported (1)
150,000	Rodman Center Heating	None	State grant portion
200,000	Septic	None	Betterment (2)
290,000	Water	Various	User fee supported (1)
1,891,458	School Remodeling	Various	Levy
50,000	Drainage	Various	Levy
50,000	ADA Renovations	Various	Levy
388,786	Fire Equipment/Remodeling	Various	Levy
245,000	Rink Equipment	Various	User fee supported (1)
25,000	Fiber Network	Various	Levy
<u>\$5,409,339</u>			

(1) While all debt issued by the Town is general obligation debt, it is anticipated that debt service on these projects will be supported by user fees.

(2) While all debt issued by the Town is general obligation debt, it is anticipated that the debt service on this project will be supported by betterments to be assessed.

Capital Expenditures Projection

The Town's By-Laws established a Capital Planning Committee which is required to prepare annually a capital needs analysis which is submitted to the Annual Town Meeting. The Finance Department's five-year plan earmarks 6% of the projected general fund revenues each year for capital purposes. The table below summarizes the Town Meeting appropriations for fiscal year 2015 and a current capital needs analysis and Finance Committee recommendation for fiscal 2016 through 2019. This analysis is updated and revised annually.

	(000 omitted)				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police	\$ 126	\$ 148	\$ 188	\$ 148	\$ 148
Fire/Ambulance	467	180	68	285	820
DPW	347	570	529	390	0
Schools	743	1,958	512	830	750
Library	20	20	25	35	110
Recreation	51	10	75	60	0
Senior Services	0	0	0	55	0
Finance Dept./MIS	75	49	50	47	150
Building/Property Maintenance	0	33	0	0	0
Total	1,829	2,968	1,447	1,850	1,978
Enterprise Funds (1):					
Water	1,697	2,585	1,395	2,564	0
Sewer	1,070	1,305	1,165	490	34,500
Skating Rink	360	55	0	0	0
Total	<u>3,127</u>	<u>3,945</u>	<u>2,569</u>	<u>3,054</u>	<u>34,500</u>
Total Capital Expenditures	<u>\$4,956</u>	<u>\$6,913</u>	<u>\$4,007</u>	<u>\$4,904</u>	<u>\$36,478</u>

(1) Capital expenditures are expected to be paid from user fees and enterprise fund surplus.

Five Years Outstanding Debt (1)

	As of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Within the General Debt Limit					
Sewers & Drains (2)	\$ 3,476,000	\$ 3,444,770	\$ 3,709,825	\$ 3,610,470	\$ 4,048,990
Land Acquisition	721,500	1,109,120	1,361,505	1,617,540	1,876,180
Schools	12,193,500	19,375,665	19,799,350	20,002,802	21,213,000
Other Building	9,809,600	11,769,140	12,789,748	13,019,057	13,346,115
Departmental Equipment	1,478,200	1,864,000	2,373,000	2,964,016	2,737,829
Architectural/Engineering Services	477,000	551,000	122,000	270,000	402,000
Athletic & Recreational Facilities	40,000	45,000	50,000	55,000	60,000
Other Inside General	<u>329,700</u>	<u>422,000</u>	<u>319,000</u>	<u>391,000</u>	<u>464,000</u>
Total Within the General Debt Limit	<u>\$28,525,500</u>	<u>\$38,580,695</u>	<u>\$40,524,428</u>	<u>\$41,929,885</u>	<u>\$44,148,114</u>
Outside the General Debt Limit					
Sewers (2)	\$ 5,900,455	\$ 5,948,885	\$ 6,260,844	\$ 4,469,695	\$ 819,040
Schools	3,576,000	4,117,159	4,280,500	4,802,000	5,365,000
Water (2)	<u>21,786,300</u>	<u>20,298,105</u>	<u>18,192,980</u>	<u>14,839,115</u>	<u>9,981,715</u>
Total Outside the General Debt Limit	<u>31,262,755</u>	<u>30,364,149</u>	<u>28,734,324</u>	<u>24,110,810</u>	<u>16,165,755</u>
Total Long-Term Indebtedness	<u>\$59,788,255</u>	<u>\$68,944,844</u>	<u>\$69,258,752</u>	<u>\$66,040,695</u>	<u>\$60,313,869</u>
Short-Term Indebtedness					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0				1,400,000
Bonds Anticipation Notes	<u>2,915,000</u>	<u>2,209,800</u>	<u>5,280,331</u>	<u>1,825,308</u>	<u>7,237,500</u>
Total Short-Term Indebtedness	<u>2,915,000</u>	<u>2,209,800</u>	<u>5,280,331</u>	<u>1,825,308</u>	<u>8,637,500</u>
Total Outstanding Indebtedness	<u>\$62,704,205</u>	<u>\$71,154,644</u>	<u>\$74,539,083</u>	<u>\$67,866,003</u>	<u>\$68,951,369</u>

(1) Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) All water and sewer debt are paid from water and sewer revenues.

Bonded Debt vs. Population, Valuations and Income

	As of June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Amount (1)	\$59,788,255	\$68,944,844	\$69,258,752	\$66,040,695	\$60,313,869
Per Capita (2)	\$2,690	\$3,144	\$3,158	\$3,042	\$2,797
Percent of Assessed Valuation (3)	1.54%	1.74%	1.75%	1.66%	1.51%
Percent of Equalized Valuation (4)	1.45%	1.67%	1.58%	1.51%	1.34%
Per Capita as a percent of Personal Income per Capita (2)	5.84%	6.84%	6.87%	6.61%	6.08%

(1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census - latest applicable actuals or estimates.

(3) Source: Board of Assessors - assessed valuation as of the prior January 1.

(4) Source: Massachusetts Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

Annual Debt Service (1)

<u>Fiscal Year</u>	<u>Outstanding as of 03/15/15</u>		<u>The Bonds</u>			<u>Cumulative % Principal Retired (4)</u>
	<u>Principal (2)</u>	<u>Interest (2)</u>	<u>Principal</u>	<u>Interest (3)</u>	<u>Total</u>	
2015	\$1,960,000	358,523	\$ 0	\$ 0	\$ 2,318,523	3.3%
2016	6,139,965	1,823,704	394,150	101,452	8,459,271	14.4
2017	5,793,332	1,621,137	390,000	90,613	7,895,082	24.8
2018	5,326,767	1,428,927	385,000	79,888	7,220,582	34.5
2019	5,060,271	1,240,845	380,000	69,300	6,750,416	43.7
2020	4,700,546	1,057,057	340,000	58,850	6,156,453	52.2
2021	4,409,194	897,872	340,000	49,500	5,696,566	60.2
2022	3,776,915	732,176	340,000	40,150	4,889,241	67.2
2023	3,440,711	592,692	340,000	30,800	4,404,203	73.6
2024	2,784,584	472,507	335,000	21,450	3,613,541	78.8
2025	2,094,535	392,943	145,000	12,238	2,644,716	82.6
2026	1,843,566	326,800	100,000	8,250	2,278,616	85.9
2027	1,752,679	266,554	100,000	5,500	2,124,733	89.0
2028	1,656,874	208,358	100,000	2,750	1,967,982	92.0
2029	1,591,154	152,815	0	0	1,743,969	94.7
2030	1,320,521	99,255	0	0	1,419,776	96.9
2031	1,079,976	55,419	0	0	1,135,395	98.8
2032	580,000	23,269	0	0	603,269	99.7
2033	150,000	4,500	0	0	154,500	100.0%
	<u>\$55,461,590</u>	<u>\$11,755,352</u>	<u>\$3,689,150</u>	<u>\$570,739</u>	<u>\$71,476,832</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liabilities.

(2) **Principal totaling \$10,437,740 and interest totaling \$1,761,845 has been exempted from the provisions of Proposition 2 1/2.**

(3) Assumes average coupon rate of 2.75%

(4) Includes the Bonds.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric light department.

Cities and towns are authorized to lease (as lessee) off-street parking facilities, school buildings, hospital equipment, data process equipment, energy conservation equipment and educational equipment for periods ranging up to 10 years. They may also lease equipment, with the option to purchase, for a period up to 10 years. Contracts may also be made for the installment purchase of energy conservation equipment over a period up to 10 years. Cities and towns may also lease various properties as lessor. The Town has not entered into any lease or installment purchase contracts of a substantial nature.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town entered into a long term (27 years) contract with Southeastern Massachusetts Resource Recovery Facility (“SEMASS”) (a resource recovery facility located in Rochester, MA), which expired in December, 2014, for the disposal of solid waste. The Town is only using Allied Waste for disposal for a contract of three to five years. The current cost for disposal is \$64.52 per ton. The total cost for collection, transportation and disposal for fiscal year 2011 was \$1,360,331, for fiscal 2012 was \$1,423,668, for fiscal 2013 was \$1,453,522, for fiscal 2014 was \$1,484,613 and the amount budgeted for fiscal year 2015 is \$1,552,000. The fiscal 2015 cost for the Solid Waste Program is shown below:

<u>Category</u>	<u>Vendor</u>	<u>Fiscal 2015 Appropriations</u>
<u>Rubbish</u>		
Collection & Transportation	Allied Waste	\$1,165,000
Disposal	SEMASS/Allied Waste	312,000
Landfill Monitoring	Woodard & Curran	25,000
<u>Yard Waste</u>		
Collection, Transportation and Disposal	American Earth Products	35,000
<u>Hazardous Waste</u>		
CRT Recycling	Clean Harbors	<u>15,000</u>
Total		<u>\$1,552,000</u>

OVERLAPPING DEBT

Counties

County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part response to a default by the county in the payment of general obligation notes of the county. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth’s expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in other counties.

Massachusetts Water Resources Authority

The Massachusetts Water Resources Authority (the “MWRA”) provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

Massachusetts Bay Transportation Authority

The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth’s transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA’s enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See “*Tax Limitations*” under “TAX LEVIES” herein.)

The following table sets forth the portion of overlapping debt relating to the Town (1):

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Assessments for Operations and Debt Service Fiscal Year 2015</u>
Norfolk County (2)	\$ 12,235,000	\$0	\$199,266
Blue Hills Regional Vocational Technical School District (3)	0	\$0 (3)	\$1,098,642
Massachusetts Water Resources Authority (4)	\$5,605,988,000	(See Above)	Water \$991,292 Sewer \$3,547,316
Massachusetts Bay Transportation Authority (5)	\$5,499,989,000	(See Above)	\$466,735

(1) Principal amount only. Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(2) Source: Treasurer, Norfolk County. Debt is as of March 15, 2015. Authorized debt includes debt authorized by the County Commissioners under general laws and debt permitted by special enabling acts whether or not yet voted by County Commissioners. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Amount shown here is based on most recent equalized valuations.

(3) Source: Blue Hills Regional Vocational Technical School District. Debt is as of March 15, 2015. Towns may organize regional school districts to carry out general or specialized educational functions. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts subject to the provisions of the Education Reform Act of 1993. The other members of the District are the Towns of Avon, Braintree, Dedham, Holbrook, Milton, Norwood, Randolph and Westwood. The Commonwealth of Massachusetts in July of 1986 took over the Blue Hills Technical Institute and made it a part of Massasoit Community College. As part of this arrangement, the state agreed to be responsible for 100% of the remaining outstanding debt of the School District.

(4) Source: The MWRA. Debt is as of June 30, 2014.

(5) Source: The MBTA. Debt is as of June 30, 2014.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. Norfolk County Retirement System's last actuarial study, as of January 1, 2012, indicates that the system is expected to be fully funded by June 30, 2031.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent

of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the contributory retirement system of Norfolk County. The annual contributions of the Town to the Norfolk County Retirement System for the most recent fiscal years and the amount budgeted for fiscal 2015 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015 (budgeted)	\$3,570,734
2014	3,169,146
2013	3,041,784
2012	2,898,532
2011	2,933,187
2010	2,875,438

As of January 1, 2014 (the most recent date available), the Norfolk County Retirement system had assets valued at \$696,682,779, using an 8.25% rate of return to support an actuarial accrued liability of \$1,247,596,772, leaving an estimated unfunded actuarial liability in the amount of \$550,913,993. The Town's share of this liability is approximately 7.39% or \$40,712,540. For additional information regarding the System go to the website <http://www.mass.gov/perac/norfolk/norfolkval14.pdf>.

The foregoing data do not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

Other Post-Employment Benefits (OPEB). In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The cost paid by the Town in fiscal 2010 was \$4,842,461, in fiscal 2011 was \$4,261,852, in fiscal 2012 was \$4,457,155, in fiscal 2013 was \$4,526,092, in fiscal 2014 was \$5,179,872 and a projection for fiscal 2015 is \$5,400,000.

The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, which requires public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town hired an outside firm to perform an actuarial valuation of its post-employment benefit liability. The actuarial accrued liability of this obligation to the Town of Canton, as of January 1, 2013, is \$142,752,366 on a pay-as-you-go basis (assuming a 4.20% discount rate). This required an annual contribution by the Town of \$12,935,961 in fiscal 2014 on a pay-as-you-go basis. At the Town's 2013 Annual Town Meeting an OPEB Trust Fund was established pursuant MGL Chapter 32B Section 20. The current balance

in the fund as of June 30, 2014 was \$580,000. The Town contributed an additional \$551,000 from the fiscal 2015 budget to this fund. (See Appendix B for more information on “Other Post-Employment Benefits”.)

PROPERTY TAXATION AND VALUATION

Tax Rate and Valuation-General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer’s principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized valuation". See “Debt Limits” herein.

VALUATIONS (1)

The following shows the assessed and equalized valuations for the current and most recent fiscal years:

	Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013 (4)</u>	<u>2012</u>	<u>2011</u>
Real Property(2)	\$3,917,103,100	\$3,742,671,140	\$3,845,104,570	\$3,830,344,470	\$3,847,763,570
Personal Property(2)	<u>152,768,400</u>	<u>141,947,970</u>	<u>126,558,890</u>	<u>124,249,390</u>	<u>126,905,510</u>
Total	<u>\$4,069,871,500</u>	<u>\$3,884,619,110</u>	<u>\$3,971,663,460</u>	<u>\$3,954,593,860</u>	<u>\$3,974,669,080</u>
Equalized Value(3)	\$4,083,657,900	\$4,131,231,300	\$4,131,231,300	\$4,386,215,300	\$4,386,215,300
Percent of Total Assessed to Equalized Valuation	99.7%	94.0%	96.1%	90.2%	90.6%

(1) Source: Massachusetts Department of Revenue.
 (2) As of January 1, of the prior fiscal year.
 (3) The equalized valuations in effect for each year.
 (4) Revaluation.

The following table shows the breakdown of the total assessed valuation for fiscal years 2013 through 2015 by classification:

<u>Class</u>	<u>Fiscal 2015 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2014 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Fiscal 2013 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Residential	\$3,150,088,016	77.4	\$2,971,728,949	76.5	\$3,080,898,534	77.6
Commercial	421,047,184	10.3	427,533,191	11.0	433,793,536	10.9
Industrial	345,967,900	8.5	343,409,000	8.8	330,412,500	8.3
Personal	<u>152,768,400</u>	<u>3.8</u>	<u>141,947,970</u>	<u>3.7</u>	<u>126,558,890</u>	<u>3.2</u>
Total	<u>\$4,069,871,500</u>	<u>100.0</u>	<u>\$3,884,619,110</u>	<u>100.0</u>	<u>\$3,971,663,460</u>	<u>100.0</u>

TAX RATES

The following shows the actual tax rates per \$1,000 of assessed valuation, the average tax rate and the estimated full value rate based on the equalized valuation in effect for the current and most recent fiscal years:

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Average Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
2015	\$12.82 (Residential/Open Space) 26.36 (All Other)	\$15.88	\$15.83
2014	12.87 (Residential/Open Space) 26.53 (All Other)	16.08	15.12
2013	12.30 (Residential/Open Space) 24.99 (All Other)	15.15	13.71
2012	11.91 (Residential/Open Space) 24.23 (All Other)	14.69	13.24
2011	11.55 (Residential/Open Space) 23.04 (All Other)	14.24	12.90
2010	10.83 (Residential/Open Space) 21.77 (All Other)	13.46	11.96

LARGEST TAXPAYERS

The following shows the ten largest taxpayers for fiscal 2015 (1):

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2015 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Tax Levy</u>
NSTAR	Utility	\$ 55,235,950	\$1,456,099	2.25%
Reebok	Offices	40,820,700	1,086,768	1.68
Medical Information Tech, Inc.	Office	33,325,800	878,099	1.36
Canton Village Shoppes	Retail	27,680,200	737,368	1.14
Boston Mutual	Offices	26,890,800	715,877	1.11
Atlantic Specialty Insurance	Offices	26,863,400	715,174	1.11
250 Royall LLC	Offices	22,433,400	597,232	0.92
Spirit Canton LLC	Offices	16,530,000	440,062	0.68
Computershare	Offices	16,437,270	433,286	0.67
Verizon	Utility	<u>13,679,400</u>	<u>360,589</u>	<u>0.56</u>
Total		<u>\$279,896,920</u>	<u>\$7,420,553</u>	<u>11.48%</u>

(1) For fiscal 2015. All of the largest taxpayers set forth above are current on their real estate and personal property taxes.

TAX LEVIES

Levy - General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" herein. As to the inclusion of debt service and final judgments, see "Security and Remedies" herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" herein) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

In the opinion of Bond Counsel, cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as Proposition 2 1/2, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 1/2 percent by majority vote of the voters, or to less than 7 1/2 percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the

“growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **As noted above, debt service on \$10,437,740 of currently outstanding bonds is excluded from the limitations of Proposition 2 1/2, subject to the provisions of Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2 1/2 limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the Mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2 1/2 limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 1/2 limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2 1/2 percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's district may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2 1/2 any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. The Town does not have any such districts.

Initiative Petitions. Various other proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

CALCULATION OF TAX LEVIES AND LEVY LIMITS

The following table shows the details of the calculation of the tax levies for the current and most recent fiscal years:

	(000 omitted)				
	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Gross Amount to be Raised:					
Appropriations	\$93,964	\$89,373	\$86,098	\$83,018	\$80,323
Other Local Expenditures	41	41	249	67	65
State & County Charges	951	946	909	853	960
Overlay Reserve	<u>1,499</u>	<u>1,767</u>	<u>1,321</u>	<u>1,019</u>	<u>995</u>
Total Gross Amount to be Raised	<u>96,456</u>	<u>92,127</u>	<u>88,577</u>	<u>84,957</u>	<u>82,343</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	7,686	7,545	7,319	6,457	6,284
Estimated Receipts - Local	19,451	18,954	18,224	17,725	16,923
Available Funds Appropriated:					
Free Cash	2,852	1,915	600	290	640
Other Available Funds	1,836	1,248	2,279	2,411	1,900
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Estimated Receipts & Revenue	<u>31,826</u>	<u>29,662</u>	<u>28,422</u>	<u>26,883</u>	<u>25,747</u>
Net Amount To Be Raised (Tax Levy)	<u>\$64,630</u>	<u>\$62,465</u>	<u>\$60,155</u>	<u>\$58,074</u>	<u>\$56,596</u>

The following shows the calculation of levy limits for the current and most recent fiscal years:

	(000 omitted)				
	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Primary Levy Limit (1)	\$101,747	\$97,115	\$99,292	\$98,865	\$99,367
Prior Fiscal Year Levy Limit	61,056	58,592	56,500	54,456*	52,765
2.5% Levy Growth	1,527	1,465	1,412	1,361	1,319
New Growth (2)	1,568	999	680	682	369
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	64,151	61,056	58,592	56,499	54,453
Debt Exclusions	1,643	2,020	2,111	2,142	2,261
Capital Expenditure Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	65,794	63,076	60,703	58,641	56,714
Tax Levy	<u>64,630</u>	<u>62,465</u>	<u>60,155</u>	<u>58,074</u>	<u>56,596</u>
Unused Levy Capacity (3)	<u>1,164</u>	<u>\$ 611</u>	<u>\$ 548</u>	<u>\$ 567</u>	<u>\$ 118</u>
Unused Primary Levy Capacity (4)	<u>\$ 37,596</u>	<u>\$36,059</u>	<u>\$40,700</u>	<u>\$42,366</u>	<u>\$44,914</u>

(1) 2.5% of assessed valuation.

(2) Allowed addition for new valuations certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy. The additional amount which may be levied without voter approval.

(4) Primary Levy Limit less Growth Levy Limit.

* Recalculated due to certification of retroactive growth.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The taxes for each fiscal year generally are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1, unless a city or town accepts a statute providing for quarterly tax payments. The Town has accepted this provision. Under the statute, preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the current and most recent fiscal years:

	<u>For Fiscal Year</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Tax Levy	\$64,629,621	\$62,465,128	\$60,155,267	\$58,074,485	\$56,595,429
Overlay Reserve for Abatements	<u>1,498,711</u>	<u>1,767,642</u>	<u>1,320,810</u>	<u>1,019,524</u>	<u>995,018</u>
Net Tax Levy (1)	<u>\$63,130,910</u>	<u>\$60,697,486</u>	<u>\$58,834,457</u>	<u>\$57,054,961</u>	<u>\$55,600,411</u>
Amount Collected During					
Fiscal Year Payable (2)	N/A	\$61,056,268	\$58,747,142	\$56,783,097	\$54,980,240
Percent of Net Tax Levy	N/A	100.6%	99.9%	99.5%	98.9%
Amount Collected Through					
01/01/15 (2)	\$32,385,464	\$61,484,022	\$59,469,162	\$57,411,362	\$55,623,935
Percent of Net Tax Levy	51.3%	101.3%	101.1%	100.6%	100.0%

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable, but including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits. Collections for fiscal 2015 are for the first half of the fiscal year.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during each fiscal year as well as through a more recent date for the current and most recent fiscal years:

	For Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Levy	\$64,629,621	\$62,465,128	\$60,155,267	\$58,074,485	\$56,595,429
Overlay Reserve for Abatements	1,498,711	1,767,642	1,320,810	1,019,524	995,018
Percent of Tax Levy	2.3%	2.8%	2.2%	1.8%	1.8%
Abatements Granted					
During Fiscal Year of Levy	N/A	\$743,501	\$591,984	\$443,866	\$709,469
Through 01/01/15	\$255,848	\$746,759	\$643,515	\$498,363	\$797,814

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Sale of Tax Receivables. Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Taxes Outstanding

	For Fiscal Year				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Aggregate (1)	\$ 496,947	\$ 616,500	\$ 690,345	\$ 801,749	\$1,185,082
For Current Fiscal Year (1)	400,449	516,737	586,947	728,636	1,107,255
Tax Titles and Tax Possessions	1,388,624	1,531,790	1,330,045	1,104,284	978,933

(1) Excludes abated taxes and includes taxes in litigation, if any.

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in May. Appropriations may also be voted at special meetings. The Finance Committee (or the Board of Selectmen if authorized by by-law or if there is no committee) is required to submit a budget of proposed expenditures at the annual Town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The Town's net school spending has always exceeded the minimum required local contribution.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

Budget Comparison

The following table sets forth the actual budgets for fiscal years 2011-2015:

<u>Category</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Property Taxes	\$63,173,500	\$60,602,472	\$59,323,367	\$57,309,364	\$55,544,530
State Aid	7,599,730	8,151,749	7,106,407	6,800,664	6,809,660
Local Receipts	5,834,907	5,574,543	5,234,686	4,940,391	4,936,363
Interfund Transfers	<u>3,071,348</u>	<u>2,258,580</u>	<u>2,239,456</u>	<u>2,922,592</u>	<u>3,531,336</u>
Total Available Revenue	<u>\$79,679,485</u>	<u>\$76,587,344</u>	<u>\$73,903,916</u>	<u>\$71,973,011</u>	<u>\$70,821,889</u>

Appropriations

General Government					
Services	\$ 3,342,838	\$ 3,156,306	\$ 3,059,405	\$ 2,952,526	\$ 2,894,588
Public Safety Services	9,583,290	9,400,426	8,843,050	8,735,299	8,669,683
Educational Services	34,548,305	33,320,505	31,920,505	30,440,978	30,502,315
Public Works Service	2,106,500	2,064,147	1,967,716	1,973,648	1,977,611
Public Works Fixed Services	2,109,896	1,963,727	1,913,727	1,880,335	1,822,713
Human Services	867,151	774,792	741,136	686,506	659,504
Cultural/Recreational					
Services	1,698,049	1,605,553	1,460,891	1,414,089	1,385,618
Debt Service	4,880,575	5,947,464	6,119,892	6,008,252	6,112,415
Regional School	1,108,642	1,069,042	1,183,074	1,337,865	1,387,713
State & County Charges	948,532	947,279	894,551	967,186	933,118
Employee Benefits	15,249,366	14,094,153	14,193,019	13,838,377	13,050,611
Miscellaneous	<u>1,486,341</u>	<u>1,277,950</u>	<u>877,950</u>	<u>787,950</u>	<u>765,000</u>
Subtotal	<u>77,929,485</u>	<u>75,621,344</u>	<u>73,174,916</u>	<u>71,023,011</u>	<u>70,160,889</u>
Capital/Articles	<u>1,750,000</u>	<u>966,000</u>	<u>729,000</u>	<u>950,000</u>	<u>661,000</u>
Total Appropriations	<u>\$79,679,485</u>	<u>\$76,587,344</u>	<u>\$73,903,916</u>	<u>\$71,973,011</u>	<u>\$70,821,889</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects) the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The State annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limits the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

The following table sets forth the amount of state aid to the Town in recent years as well as the amount budgeted for 2015:

<u>Fiscal Year</u>	<u>Total State Aid (1)</u>
2015(budgeted)	\$20,000,000
2014	20,403,915
2013	17,977,813
2012	20,571,147
2011	17,825,334
2010	18,613,887

(1) Includes all Funds, not just General Funds.

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills are payable in 30 days of their issue, and when not paid when due bear interest at 12 per cent per annum. Provision is also made for suspension of registration by the registrar of motor vehicles, who may also, after a hearing, suspend the owner's operating license.

The following table sets forth the amount of motor vehicle excise taxes received in each of the most recent fiscal years and budgeted amount for fiscal 2015:

<u>Fiscal Year</u>	<u>Motor Excise Taxes</u>
2015 (budgeted)	\$3,100,000
2014	3,714,753
2013	3,473,978
2012	3,165,287
2011	3,289,549
2010	3,080,023

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the “CPA”) permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “TAX LEVIES” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual

obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged. In November, 2012, the Town voted to accept the provisions of the Community Preservation Act and has begun collecting these funds effective July 1, 2013. The balance in the account as of June 30, 2014 was \$476,621.

INVESTMENTS

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

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee and the funds are managed under contract by an investment firm under the supervision of the State Treasurer’s Office. According to the State Treasurer the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal instruments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems.

UNDESIGNATED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following shows the unassigned and undesignated general fund balance and free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Unassigned and Undesignated Fund Balance (1)</u>	<u>Free Cash</u>
2014	\$9,815,657	\$3,271,361
2013	8,276,920	2,924,558
2012	7,118,096	3,234,349
2011	5,825,529	2,180,097
2010	1,959,548	990,878

(1) Effective fiscal 2011, due to GASB 54, there are changes in how Fund Balances are categorized and the Stabilization Fund is now classified as “Unassigned” in the General Fund Balance.

Free cash amounts estimated for the enterprise funds of the Town as of July 1, 2014 are as follows:

Water	\$1,955,013
Sewer	800,665
Skating Rink	74,919

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two thirds vote of the Town Meeting. The following is the balance in the account at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Balance</u>
2014	\$5,074,180 (1)
2013	4,610,294
2012	4,210,832
2011	3,463,814
2010	3,234,212

(1) Included in the Stabilization Fund Balance is \$91,146 set aside for school special education. The Stabilization Fund is included in the "Unassigned" General Fund Balance.

OTHER TAXES

Three additional sources of revenue for local governments are the room occupancy excise tax, local meals excise tax and the aviation fuel tax. All of these taxes take effect only where accepted by individual municipalities. Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel, lodging house or bed and breakfast rooms to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. The Town has voted to impose the room occupancy excise tax. The Town's first hotel opened in December, 2011 so no room occupancy excise tax was budgeted for fiscal 2012. The amount of room occupancy excise tax collected in fiscal 2013 was \$224,236, fiscal 2014 was \$246,061 and the amount budgeted for fiscal 2015 is \$250,000.

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town voted to accept the local meals excise tax effective July 1, 2012. The amount of meals excise tax collected in fiscal 2013 was \$236,669, in fiscal 2014 was \$322,256 and the amount budgeted for fiscal 2015 is \$300,000.

The aviation fuel tax is a five percent tax (with a minimum of five cents per gallon) on the sale or use of jet fuel to or by jet aircraft. The tax is paid by the seller/user of the fuel to the Commissioner of Revenue, who in turn rebates the tax to the municipality in which the fuel being taxed was transferred into an aircraft. The Town did not vote to accept the aviation fuel tax.

COLLECTIVE BARGAINING

City and town employees (other than managerial or confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town has approximately 708 full and part-time employees, of which approximately 86 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of People</u>	<u>Contract Expires</u>
AFSCME, AFL-CIO State Council 93, Local 362	DPW, Library, Planning Board, Secretaries and Custodians	73	6/30/15
Administrative Employees Assoc.	Various	5	6/30/15
IAFF, AFL-CIO, Local 1580	Fire	50	6/30/15
Canton Police Association, IBPO	Police	39	6/30/15
Canton Police Superior Officers Association	Police	2	6/30/15
Canton Teachers Association	School	292	8/31/15
Canton School Maintenance & Custodians Association	School	25	6/30/15
Canton School Secretaries Association	School	18	6/30/15
Cafeteria Personnel	School	23	6/30/15
Educational Support Personnel Association	School	<u>82</u>	8/31/15
		<u>609</u>	

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town occupies a land area of approximately 19.38 square miles and is a residential community with significant commercial and industrial activity. Located in Norfolk County, approximately 18 miles south of downtown Boston, it is bordered on the east by the Town of Randolph, on the north by the Towns of Milton and Dedham, on the west by the Towns of Westwood and Norwood and on the south by the Towns of Sharon and Stoughton.

Economic Development

The Town takes a pro-active approach to encouraging well-planned economic development. The Town appreciates the significance of commercial and industrial growth and development (and redevelopment) especially in terms of long-term fiscal stability. The Town continues its focus on future growth, which is sustainable and complimentary to economic development including employment opportunities for its residents.

Municipal officials work closely with and receive valuable support from the State Office of Business Development as well as regional planning support from the Metropolitan Area Planning Council (MAPC). In addition, business advocacy organizations, such as Canton Association of Business and Industry (CABI), play a vital role.

The Town strives to take full advantage of the latest initiatives and incentives made available to it notably under Chapter 43D for expedited permit approvals and Tax Incremental Financing (TIF). The Town's continued accomplishments in promoting 43D sites in Town are discussed in greater detail below.

The Town's Economic Development Committee (EDC) is also a special resource. The Town regularly takes advantage of local talent from the community who specialize in finance, banking, development and real estate.

The Town continues to update and publish an economic development recruitment guide which includes pertinent information sought by private company CEOs when making siting and expansion decisions. The Board of Selectmen recently published a new business and community guide and has made that information available online as well.

The Town has surpassed its required 10% affordable housing goal as required by State regulation. The Town has incorporated a continued affordable housing unit goal, within the Housing Action Plan, to ensure the Town keeps pace with any new market rate unit starts. The recent construction by Avalon Development of additional affordable housing on Randolph Street further increased the Town's 40B compliance.

The Town continues to invest in infrastructure improvements such as roads, sewers, and water supply facilities, as well as various municipal and school facility upgrades. These include: Town Hall, Library, Public Safety Facilities, Public Works and School building improvement projects. Well underway is a renovation of a recently purchased facility to become a new Senior Center located at 500 Pleasant Street to address the growing aging population in need of expanded and updated senior services.

In addition, the Town has completed the construction of three important water/sewer projects - the Greenlodge Street Interceptor Rehabilitation Project and two (2) new water filtration plants. These water filtration plants will provide state-of-the-art water filtration capabilities and allow for the use of local source water to reduce operating costs, improve water availability (including redundancy) and filtrate water for customers with the most technologically advanced system available today. The sewer project has reduced MWRA treatment costs and limited sewer overflows in environmentally sensitive areas.

All these projects are necessary to support new economic development and community growth as well as minimize operational costs resulting from deferred maintenance and inefficient building "infrastructure" including HVAC systems. These projects also improve safety conditions for the users of municipal and school facilities.

The Town's commitment to sound economic development is further demonstrated by its partnerships with MAPC and Neponset Valley Chamber of Commerce to coordination with respect to resource allocation and key planning issues facing the Town. The Town reactivated the Economic Development Committee and created, with Town Meeting, the Permit Advisory Committee both of which provide technical assistance to businesses new to Canton.

The Town has instituted a Google-based web search device, which identifies Canton as a business friendly community. The web product highlights, via a series of videos, the Town of Canton as a solid and desirable business and family destination. The Town's continued status as a 43D Expedited Permitting Community has benefitted the Town greatly and has led to the actual designation of many new priority development sites. This 43D designation, which was granted to the Town in 2008, came with a \$150,000 grant to hire a permit specialist who has completed the administrative and organizational work necessary to implement the issuance of permits via an integrated and automated town wide permit system which better serves the public and the Town in terms of real time tracking of permits.

The Town has available a permit guidebook, which lays out the Town's permitting requirements in an easy to use format. The goal is to identify key requirements and improve communications, saving applicants time and money. The Permit Advisory Committee has been a successful endeavor by bringing together key permit granting agency representatives to counsel and guide any proponent of a proposed commercial endeavor. Participation and results continue to be overwhelmingly positive.

The Town has also published a Tax Incremental Financing Evaluation Policy document designed to provide a rational and consistent intake evaluation of TIF requests. The new approach allows the Town to quantify and better evaluate any request to reduce taxes for a business seeking to locate or expand. Also, the Town launched a Payment in Lieu of Taxes Program (PILOT) that encourages non-taxable property owners to voluntarily participate in the support of public services.

The Town has completed construction of the downtown revitalization project commonly referred to as the Streetscape Improvement Project. This work was funded as a result of a \$2.6 million dollar Commonwealth grant received due to the Town's "Smart Growth" efforts and rezoning of the Downtown. The Town has also completed safety and efficiency improvement work on two key intersections (\$2.2 million dollar Commonwealth grant) located in the heart of the Route 138 business district. These intersections are located at the Randolph and Washington Street Intersections with Route 138. These projects have improved both the safety and efficiency of this commercial roadway. The Board of Selectmen has also empanelled a multi-disciplined group of volunteers who have completed a visioning process which has led to a variety of re-zoning recommendations with a goal of improving the business climate and enhancing zoning flexibility to spur additional economic development potential along this vital commercial roadway.

In cooperation with NSTAR, a new 345 kV transmission line was installed under Route 138 to ensure an updated, reliable source of power is available to the Town and the region. The Route 138 Corridor Roadway Improvement project has completed all segments from Route 128 to Randolph Street. The Town has completed the under-grounding of all utilities in the Downtown, including fire alarm.

The Town was also a participant in a regional planning study to evaluate the effects of new growth in both residential and commercial construction. The study's focus was to identify growth related problems such as transportation, infrastructure, environmental, and economic development issues. In addition, a build-out analysis was completed to assist and improve public policy decision-making with regard to growth and development related to educational planning. These studies have been coordinated with other immediate area communities.

The Town is in the process of evaluating the opportunities and/or impacts of the South Coast Rail Project which is advancing through preliminary and environmental design. This Commonwealth initiative would provide rail service from Boston to Fall River/New Bedford via a route now determined by the Commonwealth, known as the Stoughton Alternative, which will impact Canton.

In 2010, the Town received a MORE grant in the amount of \$850,000 and completed infrastructure improvements along Dan Road, an important commercial area of the Town. After much effort, the Town secured the commitment of Organogenesis, a bio tech firm, now located on Dan Road, which was contemplating relocation. Their commitment to stay in Canton and expand was an important part of the Town's success in obtaining this new funding. They are currently expanding their facilities into an additional Dan Road location.

Canton's Master Plan Initiative required a careful review and analysis of existing conditions balanced with a vision for the future. The work program is designed to enlist public interest and participation in shaping the Town's future. Workshops, neighborhood meetings, leadership interviews and community surveys were conducted. The Town has conducted an extensive public outreach campaign to better assure good attendance at workshops and neighborhood focus groups. Existing planning, engineering reports and documents have been reviewed and a written report, which summarizes their major issues and relevant recommendations, was prepared and remains available in the Town. The overall objective of the Master Plan initiative was to develop a sustainable residential and business development strategy for the Town.

Another objective of the Master Plan Initiative was to address the often-conflicting goals of economic development and resource protection. Sustainable development providing for economic growth that is compatible with resource protection remains an important Town focus. The Town's approach includes promoting economic development that is supported by adequate infrastructure. Thus, the dual objectives of the Master Plan Initiative remain to provide for economic growth which is (1) compatible with resource protection and (2) supported by adequate infrastructure. To ensure this, the Town embarked on a four-town regional planning initiative, which is still ongoing. The Towns of Canton, Dedham, Norwood and Westwood share a common watershed and an interlinked highway system. The Towns continue to work together and meet regularly to discuss economic development on a regional basis. This regional planning initiative encourages and reminds area towns that, despite borders, what happens in another neighboring community may have an impact, both positive and potentially negative, on one another. The Towns plan and communicate to shape growth, protect water resources, transportation infrastructure and to ensure support and advocacy for growth in the Region to the community's benefit. This group continues to pursue State and Federal funding for the replacement of the I95/I93 Interchange, a source of safety concerns and traffic.

The Town's location has contributed to the continuation of new residential and commercial construction. Canton is 18 miles from downtown Boston and enjoys excellent access to commuter rail service from the Canton MBTA station. In addition, the Town's location along State Highway Route 128, Massachusetts "Technology Highway", provides excellent highway access to many of the Commonwealth's high technology firms. Assessed values of single family homes in the Town are currently averaging \$470,000.

The Town's pro-growth attitude ensures Canton will remain an attractive location for commercial and industrial development in the future. The success of the Town's business development efforts is repeatedly confirmed by such commitments as Reebok International locating its worldwide corporate headquarters in the Town. Residential developments such as Windsor Woods, Indian Woods, Pequit View and Blue Hill Commons are complemented by commercial developments such as Dunkin Brands with their worldwide corporate headquarters along with other top Canton companies such as Meditech, Network Engines, One Beacon, Boston Mutual, Computershare, LoJack and Pepsi.

The Town's planning focus includes improvements to the highway system that serves the Town and the region. The Route 128 Add-a-Lane Project was federally funded and completed in 2013. Also, recently approved by the Massachusetts Highway Division was the advancement of the planning of the I95/I93 interchange project along with corridor studies of both Routes 1 and Interstate 95. The ultimate improvements to these roadways will facilitate and provide transportation capacity for further economic development in the region with improved safety and efficiency for commuters, suppliers, employees, visitors and customers.

The Town recently entered into a long-term lease of its capped landfill to be used by a private entity to install solar panels on fifteen acres of the site at no cost to Canton. The lease provides the Town with guaranteed payments of \$20,000 per acre, per year, while allowing the Town the ability to purchase all the electricity generated by this 5.6 megawatt facility at a substantial savings. The Pine Street Solar Facility went online August 15, 2012 (one of the largest in the Northeast) and has provided to date over \$135,000 in net metering credits savings to the Town, as well as annual lease payments totaling \$300,000 in new recurring operating revenue increasing annually by 2.5%.

Some of the developments recently completed, currently underway or expected to begin in the near future are:

Recently Completed Developments			
<u>Name</u>	<u>Description</u>	<u>Completion Date</u>	<u>Anticipated Costs</u>
Avalon Development	Residential Development	August 2014	\$18,000,000

Future/In-Progress Developments			
<u>Name</u>	<u>Description</u>	<u>Anticipated Completion</u>	<u>Anticipated Costs</u>
Brightview Canton LLC	Assisted Living Facility	Spring 2016	\$26,650,000
Cornerstone at Canton	Assisted Living Facility	Summer 2015	8,350,000
Pequit View	Residential Development	24 Units Remaining (1)	2,076,000
Canton Pointe	Residential Development	Summer 2015	4,200,000
Premier Fence	Commercial Development	Fall 2015	1,650,000
	TOTAL		<u>\$42,926,000</u>

(1) Estimated completion date of remaining units currently unknown.

Principal Employers

The following are the principal employers, other than the Town itself, located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees (1)</u>
Reebok International	Footwear	1,107
Computershare	Operations Center/Transfer Agents	798
Meditech	Hospital Software	650
Dunkin Brands, Inc.	Food & Beverages	640
CB&I (Shaw Group)	Engineering	425
Organogenesis	Regenerative Medicine	354
Pollak Engineering Products	Automotive Engineering	280
Boston Mutual Insurance	Insurance Sales & Service	271
Lojack	Recovery Systems	250
One Beacon Insurance	Insurance Sales & Service	225

Source: The individual corporations as of January 2015.

Employment by Industry

Calendar Year Average

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Construction & Natural Resources	2,395	2,067	2,053	2,103	2,426
Manufacturing	1,672	1,665	1,773	1,942	2,066
Trade, Transportation & Utilities	4,293	4,235	4,331	4,387	4,473
Financial Activities	1,937	2,074	1,923	1,940	2,101
Professional & Business Services	5,985	5,141	4,261	4,190	4,211
Education & Health Services	2,669	2,467	2,493	2,563	2,513
Leisure & Hospitality	1,212	1,160	1,211	1,189	1,126
Information & Other Services	1,715	1,849	1,828	1,759	1,784
Public Administration	<u>498</u>	<u>392</u>	<u>382</u>	<u>395</u>	<u>397</u>
Total Employment	22,378	21,052	20,274	20,468	21,097
Number of Establishments	1,036	1,034	1,062	1,072	1,023
Total Annual Wage (000)	\$1,550,248	\$1,440,690	\$1,311,968	\$1,301,386	\$1,348,468
Average Weekly Wage	\$1,332	\$1,316	\$1,244	\$1,221	\$1,228

Source: Massachusetts Executive Office of Labor & Workforce Development.

Building Permits

Calendar

<u>Year</u>	<u>Number</u>	<u>Estimated Value</u>
2014	1,132	\$48,949,775
2013	882	48,014,121
2012	691	36,281,045
2011	655	39,973,850
2010	788	24,511,654

OTHER DATA

Unemployment (1)

<u>Year</u>	<u>Canton</u>	<u>Massachusetts</u>	<u>United States</u>
2014 (November)	4.7%	5.2%	5.5%
2013	5.9	7.1	7.4
2012	5.8	6.8	8.1
2011	6.2	7.3	8.9
2010	7.0	8.3	9.6

(1) Massachusetts Executive Office of Labor & Workforce Development. Full year annual averages except for 2014 which is for the month indicated.

Population (1)

<u>Year</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2013 (Estimate)	22,221	3.1%	687,802	2.5%	6,692,824	2.2%
2010	21,561	3.8	670,850	3.2	6,547,629	3.1
2000	20,775	12.1	650,308	5.6	6,349,097	5.5
1990	18,530	1.9	616,087	1.6	6,016,425	4.9
1980	18,182		606,587		5,737,037	

(1) Source: U.S. Department of Commerce for actuals and estimates.

Population Density (1)

<u>Year</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density (2)</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2013 (Estimate)	22,221	1,173.4	687,802	1,721.2	6,692,824	853.9
2010	21,561	1,138.5	670,850	1,678.8	6,547,629	835.4
2000	20,775	1,097.0	650,308	1,627.4	6,349,097	810.0
1990	18,530	978.5	616,087	1,541.7	6,016,425	767.6
1980	18,182	960.1	606,587	1,518.0	5,737,037	732.0

(1) Source: U.S. Department of Commerce for actuals and estimates.

(2) Based on 18.9 square miles.

Population Composition 2013 5-year estimates (1)

<u>Age</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	1,169	5.4%	37,497	5.5%	366,296	5.5%
5 Years to 19 Years	4,468	20.5	130,901	19.3	1,250,186	18.9
20 Years to 64 Years	12,424	57.0	408,438	60.3	4,054,796	61.4
65 Years & Over	3,720	17.1	100,460	14.8	933,780	14.1
Total	<u>21,781</u>	<u>100.0%</u>	<u>677,296</u>	<u>100.0%</u>	<u>6,605,058</u>	<u>100.0%</u>
Median Age	42.8		40.7		39.2	
Median Age (2000)	39.8		38.1		36.5	

(1) Source: U.S. Department of Commerce.

Income Levels (1)

<u>Year</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
Per Capita-Personal						
2013 (5-yr est.)	\$46,086	37.5%	\$44,692	37.6%	\$35,763	37.8%
1999	33,510	52.1	32,484	54.0	25,952	50.7
1989	22,035		21,091		17,224	
Median Family						
Income (2013)	\$115,595		\$108,943		\$84,900	
Median Household						
Income (2013)	\$89,900		\$84,916		\$66,866	
% Below Poverty						
Level (2013)	5.9%		6.6%		11.4%	

(1) Source: U.S. Department of Commerce.

Family Income Distribution 2013 5-year estimates (1)

<u>Income for Families</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	167	2.9%	3,896	2.3%	58,546	3.6%
\$10,000 - \$24,999	155	2.7	7,497	4.4	133,530	8.3
\$25,000 - \$49,999	625	10.9	19,926	11.8	262,275	16.3
\$50,000 - \$74,999	633	11.1	22,559	13.3	254,762	15.9
\$75,000 - \$99,999	839	14.7	22,706	13.4	230,134	14.3
\$100,000 - \$149,999	1,359	23.7	39,196	23.1	329,489	20.5
\$150,000 or more	1,946	34.0	53,595	31.6	338,346	21.1
Total	5,724	100.0%	169,375	100.0%	1,607,082	100.0%

(1) Source: U.S. Department of Commerce.

Household Income Distribution 2013 5-year estimates (1)

<u>Income for Households</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	282	3.3%	11,685	4.5%	156,920	6.2%
\$10,000 - \$24,999	756	8.9	25,520	9.9	351,310	13.9
\$25,000 - \$49,999	1,251	14.8	40,114	15.6	471,424	18.6
\$50,000 - \$74,999	1,263	14.9	38,198	14.8	407,803	16.1
\$75,000 - \$99,999	1,193	14.1	31,904	12.4	325,171	12.9
\$100,000 - \$149,999	1,601	18.9	49,501	19.2	420,563	16.6
\$150,000 or more	2,129	25.1	60,529	23.5	396,956	15.7
Total	8,475	100.0%	257,451	100.0%	2,530,147	100.0%

(1) Source: U.S. Department of Commerce.

Value Distribution Of Specified Owner-Occupied Housing Units 2013 5-year estimates (1)

Units	Canton		Norfolk County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	155	2.4%	4,283	2.4%	63,391	4.0%
\$100,000 - \$199,999	393	6.1	8,821	4.9	216,024	13.6
\$200,000 - \$299,999	721	11.1	31,888	17.9	400,460	25.3
\$300,000 - \$499,999	3,108	48.0	77,635	43.5	581,528	36.7
\$500,000 - \$999,999	1,872	28.9	43,660	24.5	269,517	17.0
\$1,000,000 or more	221	3.4	12,058	6.8	54,339	3.4
Total	<u>6,470</u>	<u>100.0%</u>	<u>178,345</u>	<u>100.0%</u>	<u>1,585,259</u>	<u>100.0%</u>
Median Value	\$425,800		\$391,100		\$330,100	

(1) Source: U.S. Department of Commerce.

Age Distribution Housing Units 2013 5-year estimates (1)

Year Built	Canton		Norfolk County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
2000 or later	891	10.0%	21,289	7.9%	214,896	7.7%
1980 to 1999	2,205	24.8	49,359	18.2	508,321	18.1
1940 to 1979	4,360	49.1	123,290	45.5	1,112,708	39.6
1939 or Earlier	1,430	16.1	76,970	28.4	972,624	34.6
Total	<u>8,886</u>	<u>100.0%</u>	<u>270,908</u>	<u>100.0%</u>	<u>2,808,549</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Housing Unit Inventory 2013 5-year estimates (1)

Units in Structure	Canton		Norfolk County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1, Detached	5,584	62.8%	156,665	57.8%	1,468,336	52.3%
1, Attached	540	6.1	12,429	4.6	143,933	5.1
2 to 4	715	8.0	37,403	13.8	598,191	21.3
5 to 9	639	7.2	14,564	5.4	167,093	5.9
10 to 19	776	8.7	12,333	4.6	118,438	4.2
20 or More	632	7.1	36,432	13.4	288,403	10.3
Mobil Home, Trailer, or Other	0	0.0	1,082	0.4	24,155	0.9
Total	<u>8,886</u>	<u>100.0%</u>	<u>270,908</u>	<u>100.0%</u>	<u>2,808,549</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Educational Attainment 2013 5-year estimates (1)

<u>Years of School Completed</u>	<u>Canton</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	147	1.0%	12,975	2.8%	218,530	4.8%
9th to 12th Grade, No Diploma	406	2.6	16,540	3.5	260,180	5.8
High School Graduate	3,039	19.7	101,754	21.7	1,163,738	25.8
Some College, No Degree	2,916	18.9	70,901	15.1	743,847	16.5
Associate's Degree	1,333	8.6	36,439	7.8	348,097	7.7
Bachelor's Degree	4,632	30.0	128,024	27.3	1,006,270	22.3
Graduate or Professional Degree	<u>2,992</u>	<u>19.3</u>	<u>103,144</u>	<u>22.0</u>	<u>770,052</u>	<u>17.1</u>
Total	<u>15,465</u>	<u>100.0%</u>	<u>469,777</u>	<u>100.0%</u>	<u>4,510,714</u>	<u>100.0%</u>
High School Graduate or Higher	14,912	96.4	440,262	93.7%	4,032,004	89.4%
Bachelor's Degree or Higher	7,624	49.3	231,168	49.2	1,776,322	39.4

(1) Source: U.S. Department of Commerce.

Public School Enrollments (1)

	<u>Actual</u>					<u>Projected</u>
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-2016</u>
Pre K – 4	1,332	1,337	1,328	1,346	1,328	1,318
Grades 5 - 8	1,032	1,031	1,036	1,051	1,086	1,070
Grades 9 - 12	855	883	898	858	914	956
Ungraded	<u>48</u>	<u>47</u>	<u>50</u>	<u>66</u>	<u>57</u>	<u>57</u>
Total	<u>3,267</u>	<u>3,298</u>	<u>3,312</u>	<u>3,321</u>	<u>3,385</u>	<u>3,401</u>

(1) Source: Massachusetts Dept. of Education - As of October 1, each school year.

School Facilities

<u>School</u>	<u>Capacity</u>	<u>Oct. 2014 Enrollment</u>
Canton High School	1,000	914
Galvin Middle School	800	801
Hansen Elementary	484	479
Kennedy Elementary	528	498
Luce Elementary	584	553
Rodman Pre-School	<u>80</u>	<u>83</u>
	<u>3,476</u>	<u>3,328</u>

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, none of the pending litigation is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

**TOWN OF CANTON
Massachusetts**

By: /s/ James R. Murgia
Finance Director/Treasurer

Dated: February 24, 2015

APPENDIX A

The following Balance Sheets for fiscal years ending June 30, 2010 through 2014, and the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2010 through 2014, have been taken from the audited financial statements of the Town. Powers & Sullivan, Certified Public Accountants audited the accounts for the Town for 2010 through 2012.

The Town engaged Roselli, Clark & Associates, Certified Public Accountants, to audit the accounts for the Town for the years ending June 30, 2013 and 2014. The June 30, 2014 audit is reproduced in Appendix B.

Certificate of Achievement for Excellence in Financial Reporting

The Certificate of Achievement for Excellence in Financial Reporting has been awarded to the Town by the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR) for June 30, 2006 through June 30, 2014. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

**TOWN OF CANTON
MASSACHUSETTS
GENERAL FUND
Balance Sheet
June 30,**

<u>Assets</u>	<u>2014 (1)</u>	<u>2013 (1)</u>	<u>2012 (2)</u>
Cash and Cash Equivalents	\$13,388,921	\$18,785,224	\$17,788,726
Investments	2,971,619	0	124,239
Receivables, net of uncollectibles:			
Real Estate & Personal Property Taxes	451,911	576,418	621,348
Tax Liens & Foreclosures	1,341,202	1,531,791	1,330,045
Motor Vehicle Excise Taxes	212,688	547,033	106,840
Intergovernmental	2,860,353	3,210,035	3,605,923
Due from Other Funds	39,618	472,315	436,899
Other Assets	<u>651,390</u>	<u>228,660</u>	<u>7,149</u>
Total Assets	<u>\$21,917,702</u>	<u>\$25,351,476</u>	<u>\$24,021,169</u>
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Warrants Payable	\$ 1,152,448	\$ 1,131,795	\$ 763,695
Accrued Payroll & Withholdings	3,562,869	3,148,230	2,821,074
Tax Refunds Payable	1,475,000	1,152,000	1,220,000
Other Liabilities	34,916	29,963	358,064
Deferred Revenues	<u>4,624,671</u>	<u>5,620,685</u>	<u>5,472,257</u>
Total Liabilities	<u>\$10,849,904</u>	<u>\$11,082,673</u>	<u>\$10,635,090</u>
 <u>Fund Balances (3)</u>			
Restricted	\$ 0	\$ 5,160,240	\$ 5,483,092
Committed	358,148	470,608	0
Assigned	893,993	361,035	784,891
Unassigned	<u>9,815,657</u>	<u>8,276,920</u>	<u>7,118,096</u>
Total Fund Balances	<u>\$11,067,798</u>	<u>\$14,268,803</u>	<u>\$13,386,079</u>
Total Liabilities and Fund Balances	<u>\$21,917,702</u>	<u>\$25,351,476</u>	<u>\$24,021,169</u>

(1) Excerpts from audited financial statements prepared by Roselli, Clark & Associates, Certified Public Accountants..

(2) Excerpts from audited financial statements prepared by Powers and Sullivan, Certified Public Accountants.

(3) Due to GASB 54, there are changes in how Fund Balances are categorized and the Stabilization Fund is now classified as part of the General Fund.

**TOWN OF CANTON
MASSACHUSETTS
GENERAL FUND
Balance Sheet (1)
June 30,**

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash and Short-Term Investments	\$16,940,144	\$14,563,128
Receivables-net of Uncollectible Amounts:		
Property Taxes	739,410	1,103,633
Tax Liens	846,362	788,169
Excise	170,863	173,803
Tax Foreclosures	257,922	190,764
Departmental & Other	0	74,027
Other Assets	8,134	10,575
Due from Other Funds	739,975	0
Due from Other Governments (2)	<u>4,001,029</u>	<u>4,396,135</u>
Total Assets	<u>\$23,703,839</u>	<u>\$21,300,234</u>
<u>Liabilities and Fund Equity</u>		
<u>Liabilities</u>		
Warrants Payable	\$ 1,034,789	\$ 1,037,871
Payroll Payable	2,722,580	2,602,887
Other Liabilities	448,654	367,778
Deferred Revenue (2)	5,823,790	6,549,227
Tax Refunds Payable	<u>446,000</u>	<u>584,000</u>
Total Liabilities	<u>\$10,475,813</u>	<u>\$11,141,763</u>
<u>Fund Equity (3)</u>		
Reserve for Encumbrances	\$ 0	\$ 463,609
Restricted (4)	6,033,902	0
Reserve for MSBA Grant	0	6,595,314
Unreserved Designated	0	1,140,000
Assigned	1,368,595	0
Unassigned	5,825,529	
Undesignated Fund Balance	<u>0</u>	<u>1,959,548</u>
Total Fund Equity	<u>\$13,228,026</u>	<u>\$10,158,471</u>
Total Liabilities and Fund Equity	<u>\$23,703,839</u>	<u>\$21,300,234</u>

(1) Excerpts from audited financial statements prepared by Powers and Sullivan, Certified Public Accountants.

(2) Includes State School Building Authority construction grant reimbursements.

(3) Effective fiscal 2011, due to GASB 54, there are changes in how Fund Balances are categorized and the Stabilization Fund is now classified as part of the Unassigned General Fund Balance.

(4) Reserved for MSBA Grant.

**TOWN OF CANTON
MASSACHUSETTS
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (1)
General Fund
(000 omitted)**

<u>Revenues</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Property Taxes	\$61,063	\$59,064	\$56,247	\$55,346	\$52,217
Payment in Lieu of Taxes	215	224	219	199	199
Tax Liens	783	220	372	225	194
Excises	3,715	3,474	3,204	3,290	3,080
Hotel & Meals Taxes	568	461	0	0	0
Penalties and Interest	344	324	263	306	317
Departmental and Other	951	789	485	501	1,068
Licenses and Permits	818	1,044	912	646	659
Intergovernmental - State	16,882	16,482	15,228	14,884	14,315
Fines and Forfeits	141	110	99	145	124
Earnings on Investments	145	82	122	145	126
MSBA Capital Grant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>85,625</u>	<u>82,274</u>	<u>77,151</u>	<u>75,687</u>	<u>72,299</u>
<u>Expenditures</u>					
General Government	4,256	3,589	3,464	3,447	3,819
Public Safety	9,745	9,438	8,887	8,903	8,615
Education	34,942	33,426	32,222	31,750	30,333
Public Works	4,649	4,308	3,790	4,209	4,064
Human Services	794	770	782	699	655
Culture and Recreation	1,703	1,513	1,465	1,477	1,382
Debt Service	6,140	6,063	5,967	5,868	5,904
Intergovernmental Charges	960	960	875	849	933
Employee Benefits	11,081	10,226	10,304	9,974	9,108
Pension Benefits	<u>11,915</u>	<u>11,733</u>	<u>11,325</u>	<u>11,105</u>	<u>10,483</u>
Total Expenditures	<u>86,185</u>	<u>82,026</u>	<u>79,081</u>	<u>78,281</u>	<u>75,296</u>
Excess (Deficiency) of Revenues Over Expenditures	(560)	248	(1,929)	(2,594)	(2,997)
Other Financing Sources (Uses)					
Premium from Issuance of Debt	2,259	101	55	175	9
Proceeds from Refunding Bonds	15,185	0	0	0	0
Payments of Refunded Bonds	21,740	0	0	0	0
Operating Transfers - In	2,677	2,260	2,380	2,630	2,158
Operating Transfers - Out	<u>(1,023)</u>	<u>(1,726)</u>	<u>(349)</u>	<u>(376)</u>	<u>(261)</u>
Total Other Financing Sources (Uses)	<u>(2,641)</u>	<u>635</u>	<u>2,088</u>	<u>2,429</u>	<u>1,906</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,201)	883	158	(165)	(1,091)
Fund Balance – Beginning (2)	<u>14,269</u>	<u>13,386</u>	<u>13,228</u>	<u>13,393</u>	<u>11,249</u>
Fund Balance - Ending	<u>\$11,068</u>	<u>\$14,269</u>	<u>\$13,386</u>	<u>\$13,228</u>	<u>\$10,158</u>

(1) Excerpts from audited financial statements of the Town. Totals may not add due to rounding.

(2) Effective fiscal 2011, due to GASB 54, there are changes in how Fund Balances are categorized and the Stabilization Fund is now classified as part of the General Fund.

APPENDIX B

There follows in this Appendix the audited financial statements of the Town of Canton, Massachusetts, as of June 30, 2014 prepared by Roselli, Clark & Associates, Certified Public Accountants.

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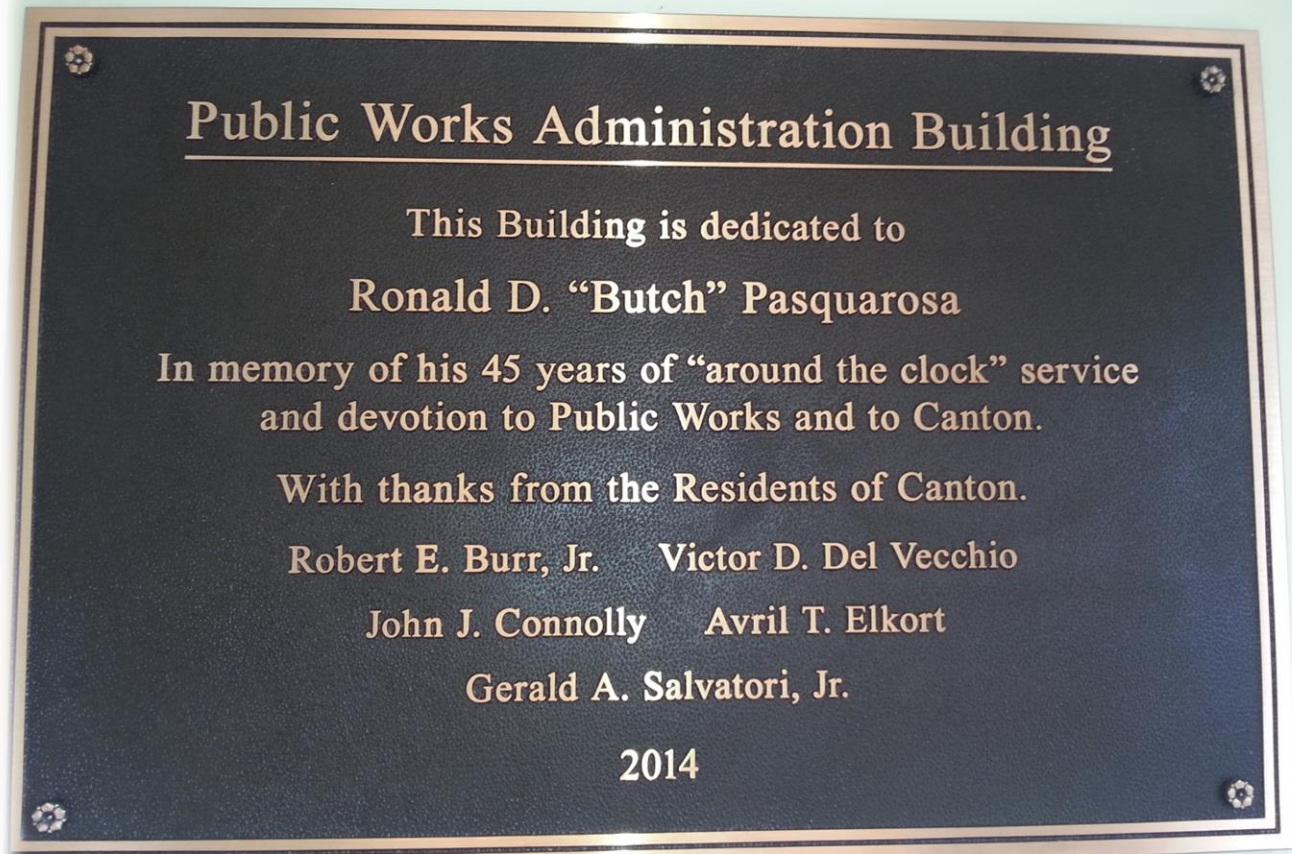
TOWN OF CANTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the Fiscal Year Ended
June 30, 2014**

On the cover:

The recently renovated Public Works garage was dedicated to Ronald D. "Butch" Pasquarosa who had suffered a fatal heart attack in 2009. Mr. Pasquarosa dedicated 45 years of service to the Town before retiring in 2004 as the Assistant Superintendent of Public Works.



Town of Canton, Massachusetts



Comprehensive Annual Financial Report

**For the Fiscal Year
July 1, 2013 through June 30, 2014**

Prepared by the Finance Department



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Introductory Section



The Dean S. Luce Elementary School's field was dedicated to William "Billy" Cravens. Mr. Cravens attended the Luce school and was a standout athlete on the Canton High School football team. Mr. Cravens dedicated 22 years to the Canton Recreation Department as a grounds maintenance worker before passing away due to complications from ALS.

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**TOWN OF CANTON, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2014**

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**TOWN OF CANTON, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2013**

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Town of Canton, Massachusetts

OFFICE OF THE SELECTMEN

BOARD OF SELECTMEN

UPPER MEMORIAL HALL
801 WASHINGTON STREET
CANTON, MA 02021

POLICE COMMISSIONERS
BOARD OF PUBLIC WORKS
LICENSING BOARD

TEL: (781) 821-5000
FAX: (781) 821-2935
EMAIL: bfriel@town.canton.ma.us

TOWN ADMINISTRATOR
WILLIAM T. FRIEL

Letter of Transmittal

November 26, 2014

Honorable Board of Selectmen and Citizens of the Town of Canton, Massachusetts:

I am pleased to acknowledge that the Town of Canton has completed its ninth *Comprehensive Annual Financial Report* (CAFR). The report is for the fiscal year ended June 30, 2014, and I am proud that we have continued this annual tradition of preparing a report that communicates to our constituents and investors the highest degree of transparency in financial reporting for municipalities.

The Town is responsible for the accuracy, completeness and fairness of the data presented in the CAFR. This letter of transmittal and the **management's discussion and analysis**, located in the financial section of the CAFR, provide a comprehensive financial overview of the Town and ensure that the financial and general operations of Town government remain open for easy viewing.

The CAFR represents a complete set of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP), that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the Town.

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

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

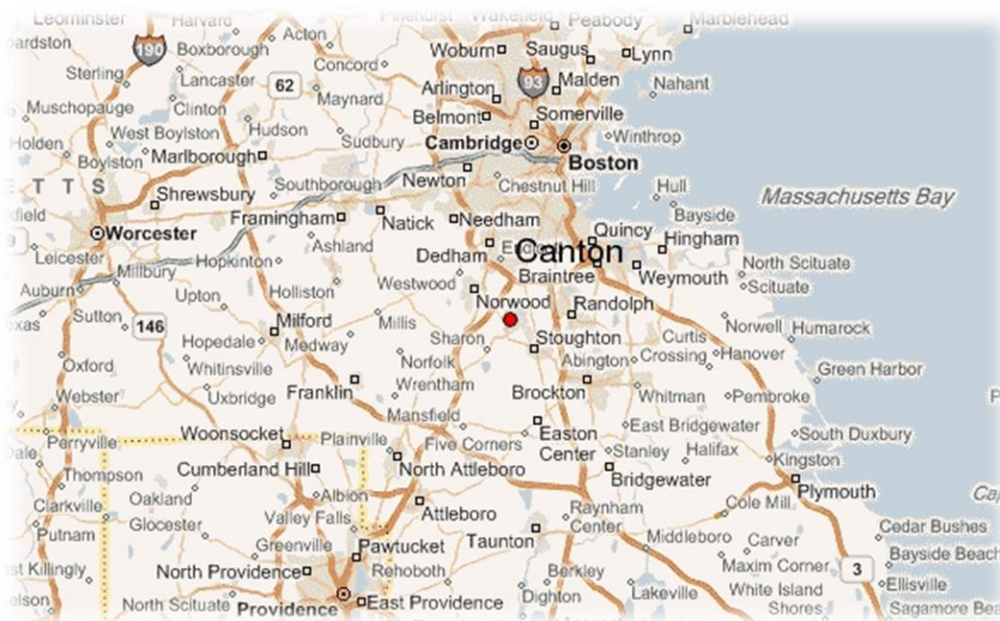
The Town of Canton’s financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is, to on an annual basis, provide reasonable assurance that the financial statements of the Town of Canton are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Canton’s financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Canton was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Canton’s separately issued Single Audit Reports Pursuant to OMB Circular A-133.

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

Profile of the Town

Canton was incorporated as a Town in 1797. The Town is located in eastern Massachusetts, approximately 18 miles southwest of Boston, has a population of approximately 21,000 and a land area of approximately 19 square miles. It is situated at the junction of Interstates 95 and 93, with access to Routes 24 and 138, providing an excellent location for residents, businesses and commuters.



MBTA commuter rail trains on the Providence/Stoughton Line pass through Canton. Some stop at Canton Junction. This line crosses the Neponset River on the Canton Viaduct, a prominent local landmark. Route 128 Station in neighboring Westwood also carries many Canton commuters into Boston. Amtrak trains (including the Acela Express high-speed trains) also stop at Route 128, but pass through Canton without stopping. Another line branches into Stoughton, stopping at Canton Center.

Bus service is available to Mattapan Station in the MBTA system, and Canton's close proximity to Boston also places it within a reasonable distance from Logan International Airport, the largest transportation center in New England.

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

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

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

Canton prides itself on its quality school system. Canton students consistently perform well on national and state tests and over 90% of students graduating from the high school go on to higher education. The Town is the location of the Blue Hills Regional Technical School which provides expanded vocational education opportunities for high school students of Canton and eight other area communities. Canton is also home to one of the two campuses of Massasoit Community College. The campus is a multi-level facility with specialized labs and art studios that support the technical and visual arts programs of the College. The campus also includes the Milton Art Museum, Akillian Gallery and the College's Professional Development Center.

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

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

the Town. The policies and procedures of the Board of Selectmen are detailed in the administrative Code that will continue to evolve and be created over time to best serve the community.

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

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

Factors Affecting Economic Condition

Canton continues to take a pro-active approach encouraging well planned economic development. The Town fully appreciates the significance of commercial and industrial growth and development (and redevelopment) especially in terms of long term fiscal stability. The Town continues its focus on future growth, which is sustainable and "complimentary" for economic development including employment opportunities for our residents.

Municipal officials continue to work closely with and receive valuable support from the State Office of Business Development as well as regional planning support from the Metropolitan Area Planning Council (MAPC). In addition business advocacy organizations, such as Canton Association of Business and Industry (CABI) play a vital role. The Town strives to take full advantage of the latest initiatives and incentives made available to it notably under Chapter 43D for expedited permit approvals and Tax Incremental Financing (TIF).

The Town's Economic Development Committee (EDC) is also a special resource. The Town regularly takes advantage of local talent from the community who specialize in finance, banking, development and real estate.

The Town continues to update and publish an economic development recruitment guide which includes pertinent information sought by private company CEO's when making siting and expansion decisions. Recently, the Board of Selectmen published a new business and community guide and has made that information available online as well.

As previously discussed, the Town surpassed its required 10% affordable housing goal as required by State regulation. The Town has incorporated a continued affordable housing unit goal, within the Housing Action Plan, to ensure the Town keeps pace with any new market rate unit starts. This year the construction by Avalon Development of additional affordable housing will commence on Randolph Street and further increase the Town's 40B compliance.

The Town's commitment to sound economic development is further demonstrated by creating partnerships with (MAPC) Metropolitan Area Planning Council and Neponset Valley Chamber of Commerce to ensure that the coordination and resource allocation on key planning issues facing the Town. The Town reactivated the Economic Development Committee and created, with Town Meeting, the Permit Advisory Committee both of which provide technical assistance to new businesses to Canton.

The Town has instituted a Google-based web search device, which identifies Canton as a business friendly community. The web product highlights, via a series of videos, the Town of Canton as a solid and desirable business and family destination. The Town's continued status as a 43D Expedited Permitting Community has benefitted the Town greatly and has led to the actual designation of many new priority development sites. This 43D designation, which was granted to the Town in 2008, came with a \$150,000 grant to hire a permit specialist who has completed the administrative and organizational work necessary to implement the issuance of permits via an integrated and automated town wide permit system which better serves the public and the Town in terms of real time tracking of permits.

The Town has available a permit guidebook, which lays out the Town's permitting requirements in an easy to use format. The goal is to identify key requirements and improve communications, saving applicants time and money. The Permit Advisory Committee has been a successful endeavor by bringing together key permit granting agency representatives to counsel and guide any proponent of a proposed commercial endeavor. Participation and results continue to be overwhelmingly positive. The Town has also published a Tax Incremental Financing Evaluation Policy document designed to provide a rational and consistent intake evaluation of TIF requests. The new approach allows the Town to quantify and better evaluate any request to reduce taxes for a business seeking to locate or expand. Also, the Town launched a Payment in Lieu of Taxes Program (PILOT) that encourages non-taxable property owners to voluntarily participate in the support of public services.

The Town has completed construction of the downtown revitalization project commonly referred to as the Streetscape Improvement Project. This work was funded as a result of a \$2.6 million dollar Commonwealth grant received due to the Town's Smart Growth efforts and rezoning of the Downtown.



The Town has also completed safety and efficiency improvement work on two key intersections (\$2.2 million dollar Commonwealth grant) located in the heart of the Route 138 business district. These intersections are located at the Randolph and Washington Street Intersections with Route 138. These projects have improved both the safety and efficiency of this commercial roadway. In addition, the Board of Selectmen has also empanelled a multi-disciplined group of volunteers who have completed a visioning process which has led to a variety of re-zoning recommendations with a goal of improving the business climate and enhance zoning flexibility to spur additional economic development potential along this vital commercial roadway.

The Town was also a participant in a regional planning study to evaluate the effects of new growth in both residential and commercial construction. The study's focus was to identify growth related problems such as transportation, infrastructure, environmental, and economic development issues. In addition, a build-out analysis was completed to assist and improve public policy decision-making with regard to growth and development related to educational planning. These studies have been coordinated with other immediate area communities.

The Town is in the process of evaluating the opportunities and or impacts of the South Coast Rail Project which is advancing through preliminary and environmental design. The State initiative would provide rail service from Boston to Fall River/New Bedford via a route now determined by the State, known as the Stoughton Alternative, which will include impacts in Canton.

The Town had submitted approximately \$76,000,000 in requests as part of the Federal Stimulus Funding Initiative with a goal to benefit overall capacity and infrastructure. In 2010 the Town received a MORE grant in the amount of \$850,000 and completed infrastructure improvements along Dan Road, an important commercial area of Town. After much effort, the Town secured the commitment of Organogenesis, a bio tech firm, now located on Dan Road, which was contemplating relocation. Their commitment to stay in Canton and expand was an important part of the Town's success in obtaining this new funding.



Canton's Master Plan Initiative required a careful review and analysis of existing conditions balanced with a vision for the future. The work program is designed to enlist public interest and participation in shaping the Town's future. Workshops, neighborhood meetings, leadership interviews and community surveys were conducted. The Town has conducted an extensive public outreach campaign to better assure good attendance at workshops and neighborhood focus groups. Existing planning, engineering reports and documents have been reviewed and a written report, which summarizes their major issues and relevant recommendations were prepared and remains available. The overall objective of the Master Plan initiative was to develop a sustainable residential and business development strategy for the Town.

Another objective of the Master Plan Initiative was to address the often-conflicting goals of economic development and resource protection. Sustainable development providing for economic growth that is compatible with resource protection remains an important Town focus. The Town's approach includes promoting economic development that is supported by adequate infrastructure. Thus, the dual objectives

of the Master Plan Initiative remain to provide for economic growth which is (1) compatible with resource protection and (2) supported by adequate infrastructure. To ensure this, the Town embarked on a four-town regional planning initiative, which is still ongoing. The Towns of Canton, Dedham, Norwood and Westwood share a common watershed and an interlinked highway system. The Towns continue to work together and meet regularly to discuss economic development on a regional basis. This regional planning initiative encourages and reminds area towns that, despite borders, what happens in another neighboring community may have an impact, both positive and potentially negative, on one another. The Towns plan and communicate to shape growth, protect water resources, transportation infrastructure and to insure support and advocacy for growth in the region - to everyone's benefit. This group continues to pursue State and Federal funding for the replacement of the Interstate 95 and Interstate 93 Interchange, a source of safety concerns and traffic tie-ups.

Residential developments such as Windsor Woods, Indian Woods, Pequit View and Blue Hill Commons are complimented by commercial developments such as Dunkin Brands with their worldwide corporate headquarters along with other top Canton companies such as Meditech, Network Engines, One Beacon, Boston Mutual, Computershare, LoJack and Pepsi.



The Town's planning focus also includes improvements to the highway system that serves the Town and the region. Now underway is the Route 128 Add-a-Lane Project, which is federally funded with expected completion by the end of 2015.

The Town recently entered into a long-term lease of its capped landfill to be used by a private entity to install solar panels on fifteen acres of the site at no cost to Canton. The lease provides the Town with guaranteed payments of \$20,000 per acre, per year, while allowing the Town the ability to purchase all the electricity generated by this 5.6 megawatt facility at a substantial savings. The Pine Street Solar Facility went online August 15, 2012 (one of the largest in the Northeast) and provided over \$100,000 in net metering credits savings to the Town, along with lease payments totaling \$300,000 in new recurring operating revenue increasing annually by 2.5%.

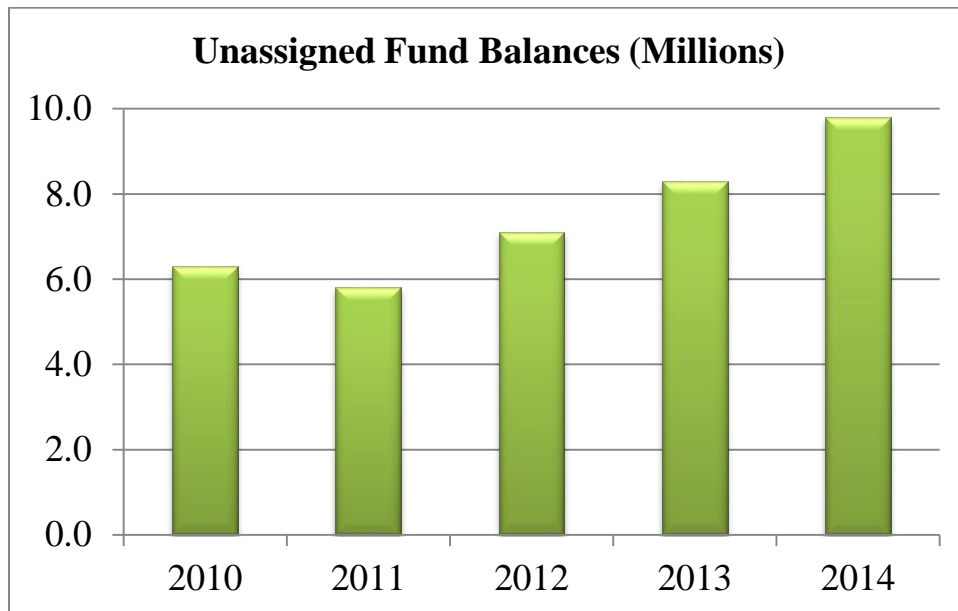
In summary, Town leaders recognize the importance of maintaining a stable tax situation for its residents. Development on the commercial side helps accomplish this goal and the Town continues to seek out the means to maintain vigilance in this area.

Property Taxes The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a ballot by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased

more proportionally. As a result, balancing the annual budget is a challenge without an appropriation from free cash. The Town attempts to mitigate this impact by conservatively forecasting revenues thus creating free cash in the subsequent year.

Several years ago, the Town’s management made the difficult choice to cut services and raise fees in order to balance the budget. With more cuts looming in future years, the Town’s voters approved a \$4.5 million Proposition 2 ½ tax override for fiscal year 2009 that allowed for the restoration of most of the budget cuts from the prior years. The tax override was planned to be phased in over a three year period with an annual cost to the average residential homeowner of \$450. In addition, effective fiscal year 2013, the Town negotiated changes to its health insurance plans that required higher out of pocket costs from its employees and retirees but stabilized rates. These initiatives have allowed the Town to maintain a consistent level of reserves from year to year and continue to make contributions to its OPEB Trust Fund.

The following illustrates the Town’s unassigned fund balance trend since 2010:



As a result of the Proposition 2 ½ tax override, and strong reserve levels, Standard and Poor’s upgraded the Town’s bond rating from ‘AA+’ to ‘AAA’, their highest rating given. The override and the resulting revenue flexibility to restore lost services and stabilize budgets in future fiscal years were cited as prominent factors in the upgrade. Standard and Poor’s also cited the Town’s strong wealth and income levels.

The Town is committed to maintaining its reserves at a level expected from communities that engender the highest bond rating.

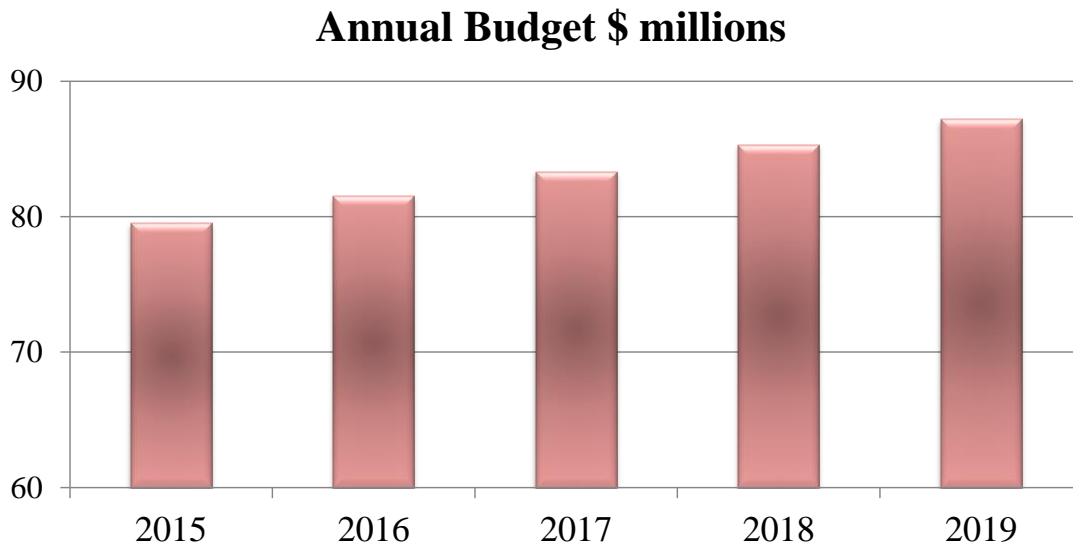
Long-term Financial Planning

Several years ago, the Town implemented a policy of preparing rolling projections. The Town believes this will provide better insight when preparing annual budgets and will also alert the Town to any potential budgeting issues far ahead of when these situations become real issues.

The following represents the Town’s summarized budgets for each of the next five years:

	2015	2016	2017	2018	2019
Revenues and Other Sources					
Real Estate and Personal Property Taxes	\$ 63,075,283	\$ 65,663,612	\$ 67,515,167	\$ 69,357,771	\$ 71,230,890
State Aid	7,644,728	7,644,728	7,644,728	7,644,728	7,644,728
Local Receipts	5,815,324	5,840,405	5,846,040	5,851,816	5,857,736
Transfers and Other Sources	2,488,960	2,346,425	2,384,766	2,424,297	2,465,053
Total Revenues	79,024,295	81,495,170	83,390,701	85,278,612	87,198,407
Expenditures and Other Uses					
Education Budget	34,548,305	35,281,850	35,747,840	36,205,948	36,529,244
Municipal Budget	17,274,371	17,641,148	17,874,147	18,103,205	18,264,854
Fixed Costs	24,999,563	26,501,647	27,573,926	28,649,801	30,059,160
State and County Charges	946,854	970,525	994,788	1,019,658	1,045,149
Capital costs	1,750,000	1,100,000	1,200,000	1,300,000	1,300,000
Total Expenditures	79,519,093	81,495,170	83,390,701	85,278,612	87,198,407
Surplus/(Deficit)	\$ (494,798)	\$ -	\$ -	\$ -	\$ -

Graphically by fiscal year in millions:



Capital Improvements and Financing

The Town continues to invest in infrastructure improvements such as roads, sewers, and water supply facilities, as well as various municipal and school facility upgrades. These include: Town Hall, Library, Public Safety Facilities, Public Works and School building improvement projects. This year the Town has begun the renovations of a former Knights of Columbus Hall to become a new Senior Center located at 500 Pleasant Street to address the growing, aging population in need of expanded and updated senior services.

As part of the annual budget process, the Capital Planning Committee (CPC) recommends the capital budget for the upcoming year and prepares a five-year plan to address the long-term capital needs of the Town. The capital spending plan for the five year period from fiscal year 2015 through fiscal year 2019 has an estimated cost of \$58.5 million, with \$7.5 million to be funded from estimated revenues with the remainder to be funded from the issuance of bonds. The CPC's capital plan has allocated \$5.9 million for municipal departments, \$4.8 million for the school department, \$8.7 million for the water enterprise fund, \$38.7 million for the sewer enterprise fund, and \$415,000 for the rink enterprise fund.

The Town's target set aside to finance its capital plan is 5% to 6% of recurring revenues. A portion of its annual capital plan funds smaller capital projects on a pay-as-you-go basis through recurring revenues while larger capital projects are financed through borrowing.

In addition, the Town has completed the construction of two new water filtration plants. These water filtration plants will provide state of the art water filtration capabilities and allow for the use of local source water to reduce operating costs, improve water availability (including redundancy) and filtrate water for customers with the most technologically advanced system available today.

The Town has begun repairs to Shepard Pond dam which was classified by the state as being a Significant Hazard Dam in poor condition. To help fund this repair project, the Town will receive a \$665,000 grant and a \$335,000 low interest loan from the Executive Office of Environmental Affairs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA awarded this Certificate of Achievement for Excellence in Financial Reporting to the Town of Canton for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the eighth year that the Town has achieved this prestigious award.

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

The publication of this CAFR represents an important achievement in the ability of the Town of Canton to provide enhanced financial information and accountability to its citizens, elected and appointed

officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Office.

Special thanks also go to the certified public accounting firm of Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "William T. Friel". The signature is written in a cursive style with a large initial "W".

William T. Friel
Town Administrator

A handwritten signature in black ink that reads "James R. Murgia". The signature is written in a cursive style with a large initial "J".

James R. Murgia
Finance Director



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

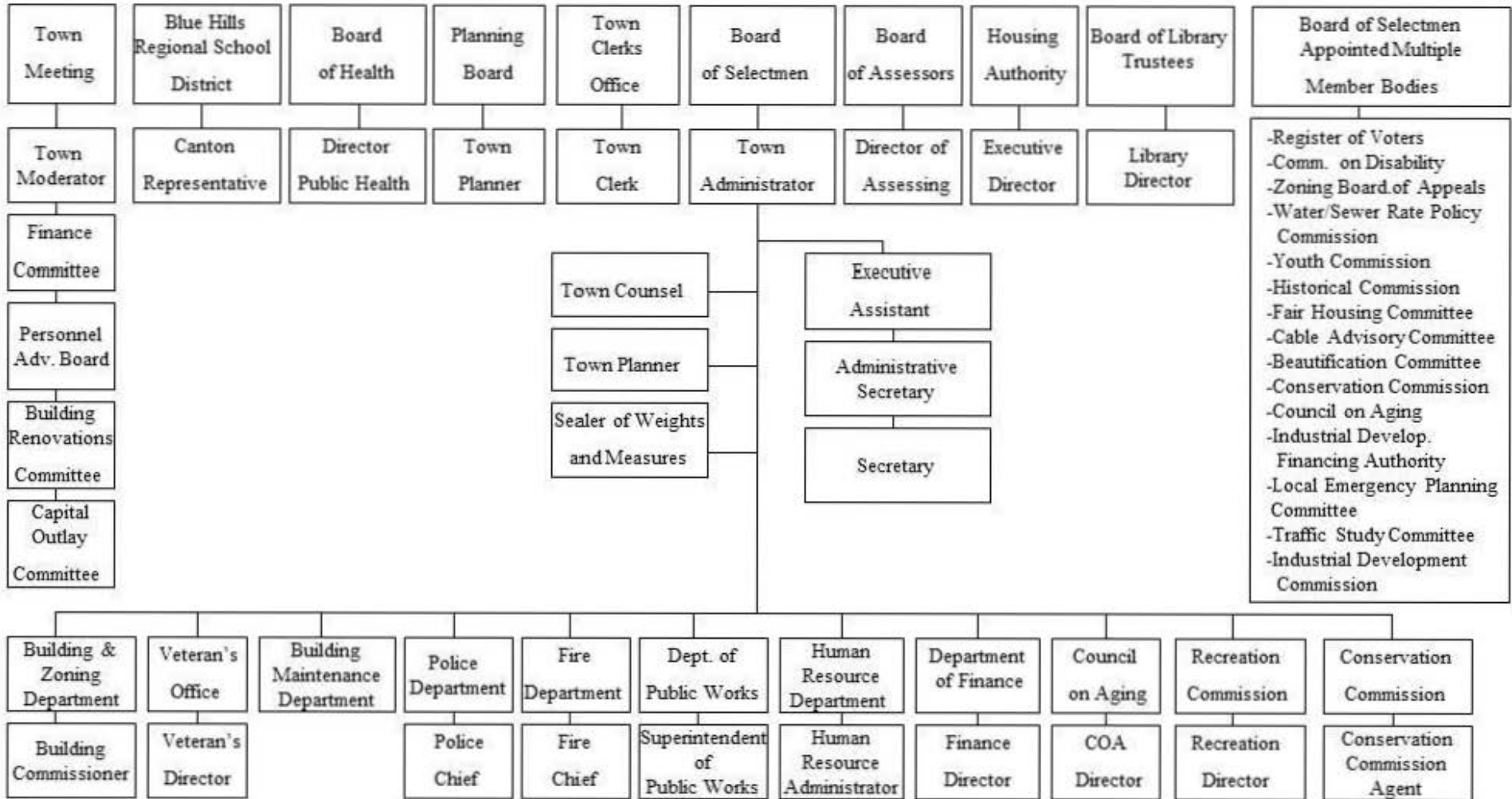
**Town of Canton
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

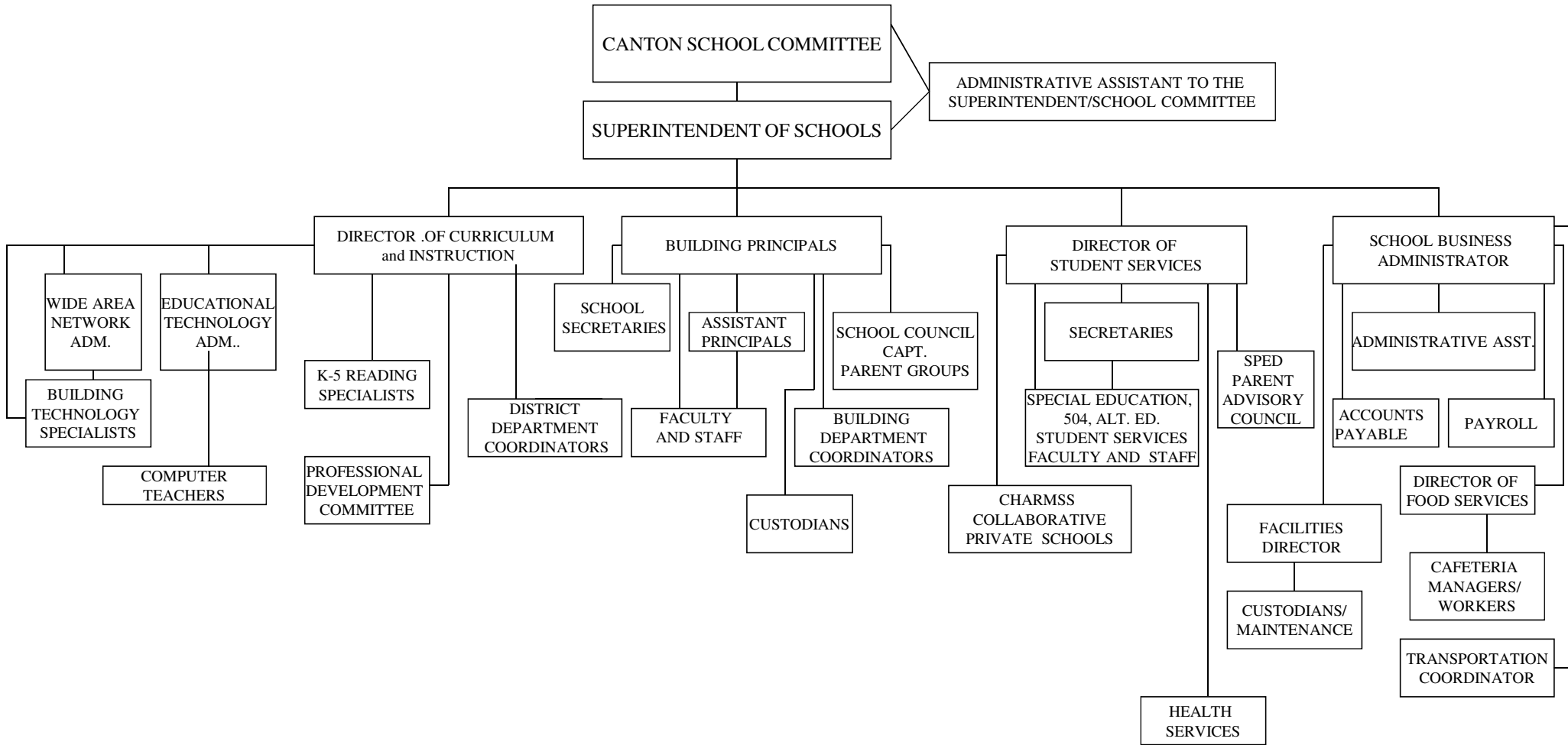
June 30, 2013

Executive Director/CEO

TOWN OF CANTON, MASSACHUSETTS ORGANIZATIONAL CHART



CANTON PUBLIC SCHOOLS



PRINCIPAL TOWN OFFICIALS

Elected Officials

Board of Selectmen

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

School Committee

Cynthia Thomas, Chairman
Robert Golledge, Vice Chairman
Reuki B. Schutt, Secretary
John Bonnanzio, Member
Michael Loughran, Member

Principal Executive Officers

Town Administrator
Finance Director
Town Accountant
Superintendent of Schools
School Business Administrator
Police Chief
Fire Chief
DPW Superintendent

William T. Friel
James R. Murgia
Kathy Dooley Butters
Jeffrey W. Granatino
Barry Nectow
Kenneth N. Berkowitz
Charles E. Doody
Michael T. Trotta

Financial Section



The Fire Department acquired a new ladder truck for its Ponkapoag Station 2 to utilize in the area of the Town with the highest life safety hazards.



INDEPENDENT AUDITOR'S REPORT

Honorable Board of Selectmen
Town of Canton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Canton, Massachusetts, (the "Town") as of and for the year ended June 30, 2014 which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note III. Subsection H, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the funding and contribution progress for pension benefits and other post-employment benefits information and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Town of Canton
Page Three

relation to the basic financial statements as a whole. The introductory and statistical sections 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.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2014, on our consideration of the Town of Canton, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.



Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
November 26, 2014



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Management's Discussion and Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

Financial Highlights

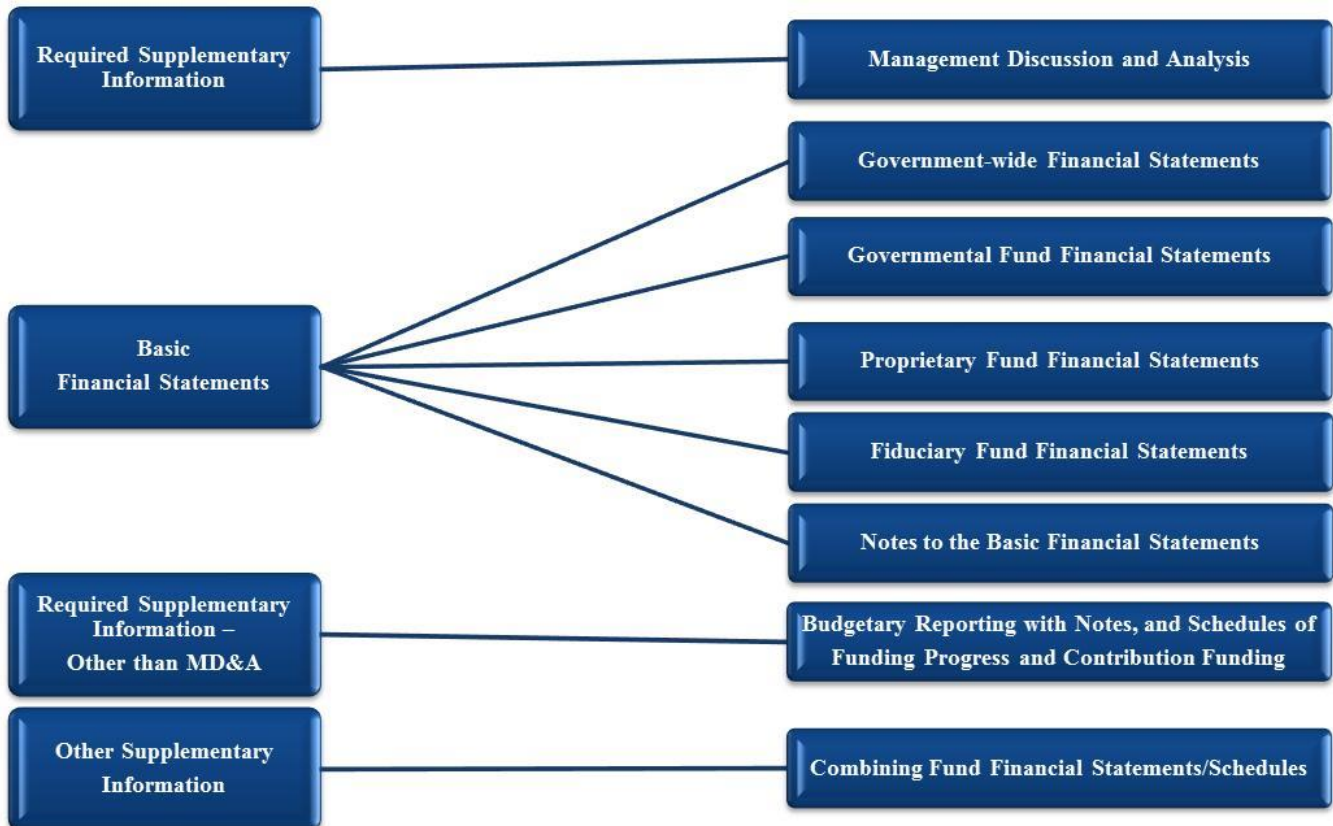
- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by approximately \$77.5 million (*total net position*).
- The government's total net position decreased by approximately \$0.7 million (less than 1%). This consisted primarily of a decrease in governmental activities' net position by approximately \$ 2.4 million (4.3% of total governmental activities' net position), which was offset by an increase in Business - type activities' net position of approximately \$1.7 million (8.5% of Business-type activities).
- The Town's Unassigned Fund Balance reported in the General Fund was approximately \$9.8 million (11.4% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$11.1 million (12.8% of General Fund expenditures). The Town reported total fund balances of almost \$10.8 million in the Combined Nonmajor Governmental Funds. Over \$11.5 million in Restricted Fund Balances, combined with over \$0.4 million in Nonspendable Fund Balances was offset by Unassigned Fund Deficits of almost \$1.2 million.
- The Town's total debt decreased by approximately \$6.8 million during the fiscal year. Detail of this net decrease is illustrated as follows:

Issuances of debt	
Governmental Activities	\$ 15,360,400
Business-Type Activities	7,066,100
Debt payments:	
Governmental Activities	(26,005,084)
Business-Type Activities	(5,578,005)
Premium from issuance debt:	
Governmental Activities	1,927,123
Business-Type Activities	550,966
Amortization of premium:	
Governmental Activities	(253,399)
Business-Type Activities	(19,127)
Amortization of deferred refunding charges:	
Governmental Activities	67,627
Business-Type Activities	67,373
	\$ (6,816,026)

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, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The layout and relationship of the financial statements and supplementary information is visually illustrated as follows:



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 position* presents information on all of the Town’s assets, deferred outflows, liabilities and deferred inflows, with the net result reported as *net position*. Over time, increases or decreases in net position 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 government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements consist of two classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*), and (2) those

whose activities 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 general government, public safety, highways and streets, sanitation, education, economic development, debt service, fringe benefits and culture and recreation. The business-type activities of the Town are comprised of water, sewer and rink enterprise funds.

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, like other state and local governments, 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.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed—amounts constrained by a government using its highest level of decision-making authority
- Assigned—amounts a government intends to use for a particular purpose
- Unassigned—amounts that are not constrained at all will be reported in the general fund or in other major funds if negative

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 a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions.

The Town maintains 18 individual 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, which is considered to be a major fund. Data from the other 17 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.

The Town adopts an annual appropriated budget for its general fund and its enterprise fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds – The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its water, sewer and rink enterprise funds.

Internal service funds are used to report activities that service all other Town Departments. The Town uses internal service funds to account for self-insured health insurance claims.

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by approximately \$77.5 million at the close of the most recent fiscal year.

Condensed net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<u>Assets</u>						
Current and other assets	\$ 39,902,504	\$ 40,350,898	\$ 9,002,755	\$ 7,000,676	\$ 48,905,259	\$ 47,351,574
Capital assets, net	100,407,535	101,894,990	47,322,552	45,989,428	147,730,087	147,884,418
Total assets	140,310,039	142,245,888	56,325,307	52,990,104	196,635,346	195,235,992
Deferred outflows of resources	651,390	-	-	-	651,390	-
<u>Liabilities</u>						
Long-term liabilities	70,408,131	71,525,895	30,180,820	28,266,054	100,588,951	99,791,949
Other liabilities	15,206,827	12,914,629	4,001,148	4,311,860	19,207,975	17,226,489
Total liabilities	85,614,958	84,440,524	34,181,968	32,577,914	119,796,926	117,018,438
Deferred inflows of resources	-	-	-	-	-	-
<u>Net Position</u>						
Net investment in capital assets	70,116,230	61,957,511	15,743,697	16,381,614	85,859,927	78,339,125
Restricted	8,912,488	10,768,853	-	-	8,912,488	10,768,853
Unrestricted	(23,682,247)	(14,921,000)	6,399,642	4,030,576	(17,282,605)	(10,890,424)
Total Net Position	\$ 55,346,471	\$ 57,805,364	\$ 22,143,339	\$ 20,412,190	\$ 77,489,810	\$ 78,217,554

By far, the largest portion (approximately \$85.9 million) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) 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.

An additional portion, approximately \$8.9 million, of the Town's net position represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* is reported as a deficit, of approximately \$17.3 million due to the recognition of other post-employment benefits of approximately \$43.7 million since the implementation of GASB 45 in 2009.

Condensed changes in net position data is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenues						
Program revenues:						
Charges for services	\$ 6,884,720	\$ 6,292,650	\$ 13,419,115	\$ 12,479,038	\$ 20,303,835	\$ 18,771,688
Operating grants and contributions	18,811,622	16,961,153	6,250	-	18,817,872	16,961,153
Capital grants and contributions	611,930	550,999	463,500	-	1,075,430	550,999
General revenues:						
Property taxes and tax liens	61,423,003	58,966,309	-	-	61,423,003	58,966,309
Unrestricted grants and contributions	2,776,692	2,202,728	-	-	2,776,692	2,202,728
Other	5,259,025	5,734,700	20,083	16,768	5,279,108	5,751,468
Total Revenues	95,766,992	90,708,539	13,908,948	12,495,806	109,675,940	103,204,345
Expenses						
General government	6,231,894	5,809,111	-	-	6,231,894	5,809,111
Public safety	16,625,726	16,060,024	-	-	16,625,726	16,060,024
Education	64,153,101	61,782,205	-	-	64,153,101	61,782,205
Public works	6,419,350	6,286,770	-	-	6,419,350	6,286,770
Health and human services	1,346,871	1,314,086	-	-	1,346,871	1,314,086
Culture and recreation	3,123,867	2,985,722	-	-	3,123,867	2,985,722
Debt service	1,557,660	1,668,538	-	-	1,557,660	1,668,538
Water	-	-	5,225,383	5,853,408	5,225,383	5,853,408
Sewer	-	-	5,366,166	5,173,053	5,366,166	5,173,053
Rink	-	-	353,666	390,072	353,666	390,072
Total Expenses	99,458,469	95,906,456	10,945,215	11,416,533	110,403,684	107,322,989
Change in net position before transfers	(3,691,477)	(5,197,917)	2,963,733	1,079,273	(727,744)	(4,118,644)
Transfers	1,232,584	1,063,245	(1,232,584)	(1,063,245)	-	-
Change in net position	(2,458,893)	(4,134,672)	1,731,149	16,028	(727,744)	(4,118,644)
Net position, beginning of year	57,805,364	61,940,036	20,412,190	20,396,162	78,217,554	82,336,198
Net position, end of year	<u>\$ 55,346,471</u>	<u>\$ 57,805,364</u>	<u>\$ 22,143,339</u>	<u>\$ 20,412,190</u>	<u>\$ 77,489,810</u>	<u>\$ 78,217,554</u>

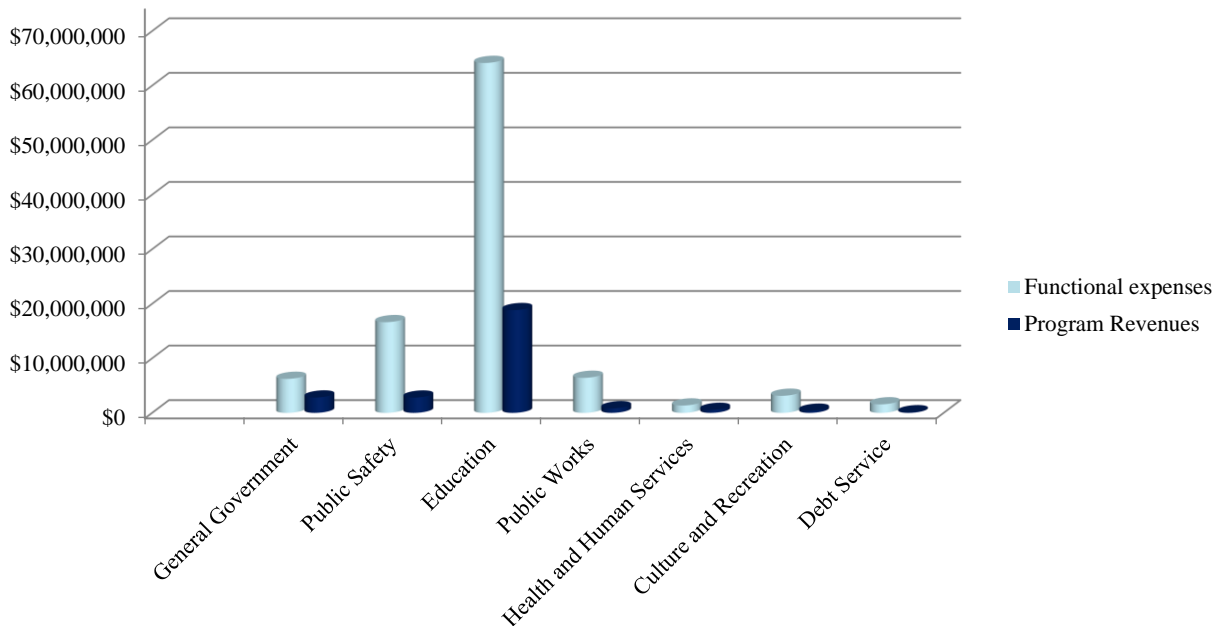
Governmental Activities – The governmental activities decreased net position by approximately \$ 2.5 million (4.3% of governmental activities’ net position).

The following are the primary causes for the net decrease in governmental activities:

Expenses:	
Provision for other postemployment benefits	\$ (7,461,531)
Positive expense to budget results	938,753
Provision for compensated absences	(85,731)
Depreciation	(4,092,676)
	<u>\$ (10,701,185)</u>
Revenues:	
Local receipts exceeding forecast	3,403,004
	<u>\$ 3,403,004</u>
Other Items:	
Forecasted revenue surplus	<u>\$ 4,839,288</u>
Total Change	<u>\$ (2,458,893)</u>

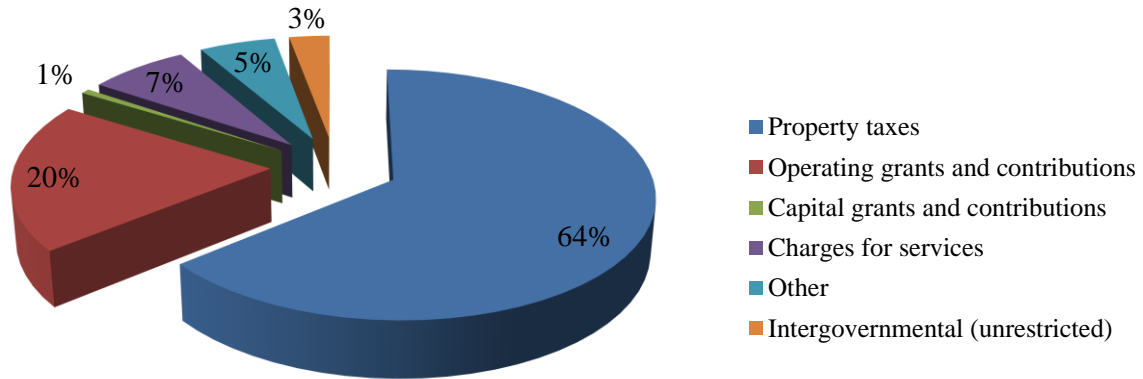
Net position of the business-type activities increased \$1.7 million over the prior year. This was due to an increase in the sewer usage rate, an increase in water and sewer consumption, and a reduction in the reliance on water from outside sources.

Fiscal Year 2014 Expenses and Program Revenues – governmental activities are graphically presented as follows:



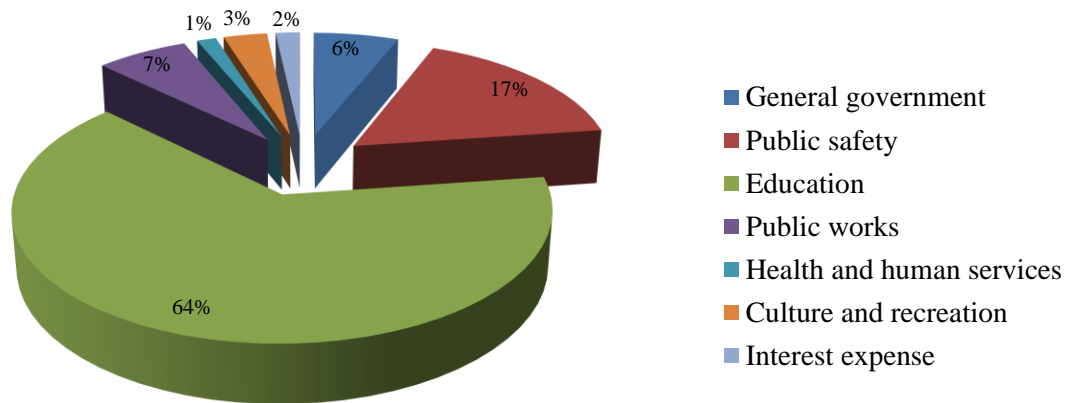
Major revenue sources of governmental activities consist of revenue from; (1) Operating grants and contributions which comprised approximately 19.6% of the total governmental activity revenues; up from 18.7% in the prior year due to developer contributions of approximately \$1.7 million; and (2) Property taxes which represented 64.1% of total revenues, down slightly from 65.0% in the prior year. No other revenue sources exceeded 10% of total revenues in either fiscal 2014 or 2013.

Revenues

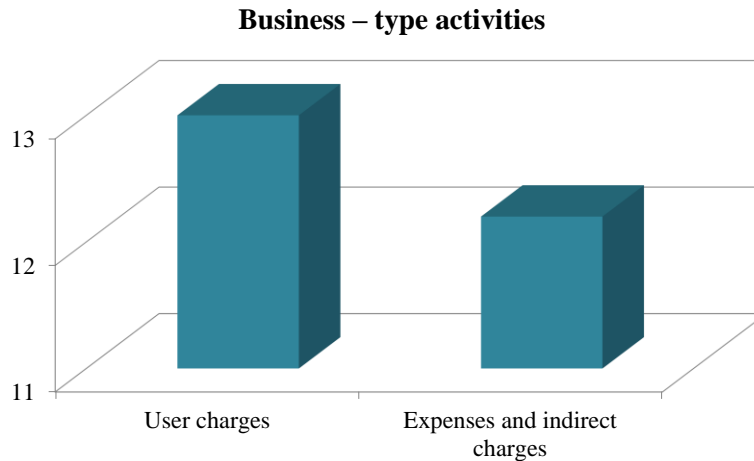


Major operating expenses were consistent with the prior year as the Town devoted over 80% of its efforts to education and public safety. More specifically, educational expenses, whose level is driven by minimum per pupil spending requirements under State law was up slightly to 64.5% as compared to 64.4% in the prior year, and public safety expenses were consistent with the prior year at 16.7%. No other expenses represented greater than 10.0% of total expenses in either fiscal 2014 or 2013.

Expenses



Business-type Activities – As previously discussed, revenues of business-type activities were higher as compared to the prior year due to an increase in sewer rates and increases in user consumption. Expenses were lower than prior year due to the Town reducing its reliance on outside water sources. Predominantly all business-type activities revenues were from user charges.



Fund-wide Financial Analysis of the Government’s Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of 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 a government’s net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of approximately \$21.9 million, a decrease of approximately \$1.1 million over the prior year.

Combined Nonmajor Funds increased by approximately \$2.1 million due primarily to developer contributions in the amount of \$1.7 million. This was offset by a reduction in the General Fund of approximately \$3.2 million which can be analyzed as follows:

Unassigned fund balance used for budget	\$ (2,085,978)
Restricted fund balance used for budget	(550,537)
Expenditures charged to prior year encumbrances	(796,643)
Other revenues exceeding forecast	3,403,004
Favorable actual expenditures as compared to budget	938,753
Premium on issuance of bonds payable	2,258,843
Paydown of old debt on refunding	(6,531,402)
Other net minor items	162,955
	<u>\$ (3,201,005)</u>

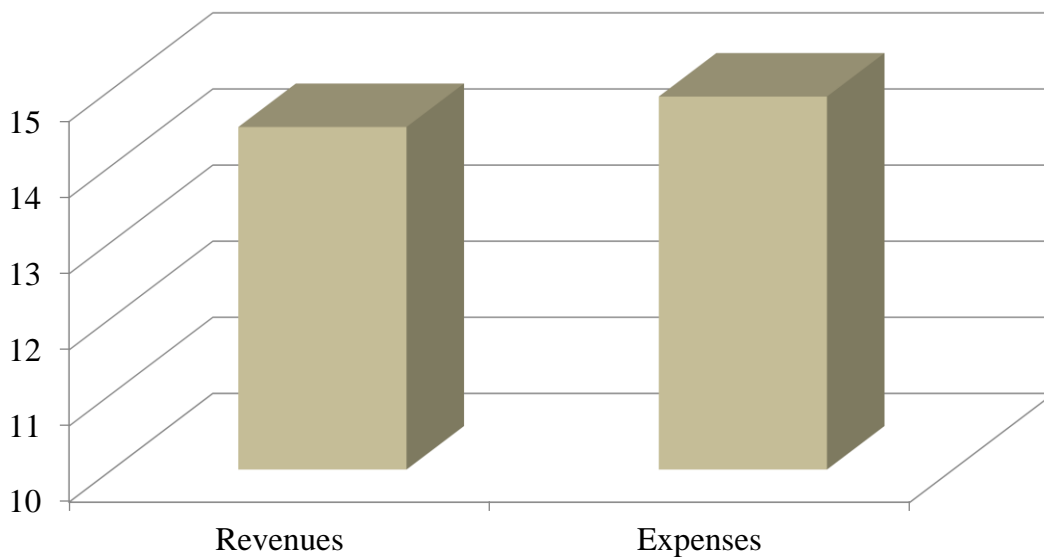
Unassigned fund balance in the general fund was approximately \$9.8 million or 11.4% of general fund expenditures. This is available for spending at the government’s discretion. Assigned fund balance, as a result of encumbrances of approximately \$0.9 million, and committed fund balance for carryover articles of approximately \$0.4 million bring total fund balance in the general fund to approximately \$11.0 million or 12.8% of general fund expenditures.

The remainder of governmental fund balances are included as Combined Nonmajor Fund Balances and are classified as either (1) non-spendable, due to being the corpus of an endowment in the amount of approximately \$0.4 million; (2) restricted due to constraints placed externally by third-parties in the amount of approximately \$11.5 million, or (3) unassigned as they reflect negative balances due to the use of short-term notes as funding sources for construction of approximately \$1.2 million. These are expected to be funded in future years through permanent financing.

Proprietary funds – The Town’s proprietary funds are made up of (1) the Water, Sewer and Rink Enterprise Funds which provides the same type of information found in the government-wide financial statements under business-type activities, but in more detail; and (2) the Town’s Internal Service Fund which accounts for the Town’s Health Claims Fund.

The Health Claims Fund has a Net Position balance of approximately \$3.5 million. This represents a decrease of approximately \$0.4 million over the prior year as claims exceeded contributions by the employee and employer. The Net Position balance represented approximately 23% of claims for the year, which is still above the industry standard of 20%.

Health Claims Fund



General Fund Budgetary Highlights

Differences between the original budget and the final amended budget included revisions to the following line items:

- Approximately \$0.2 million in increases allocated to public safety.
- Approximately \$0.2 million in decreases allocated to general government.
- Approximately \$0.5 million in increases allocated to public works.
- Approximately \$0.1 million in increases to education.
- Approximately \$0.3 million in increases to other areas combined.

All of the amendments were between operating line items in the original budget and were for operating purposes. The overall bottom line final budget did not vary significantly from the original budget.

Major budget to actual differences on the revenue side included property tax and excise, which exceeded budget by approximately \$2.3 million, local receipts which exceeded budget by \$0.7 million and state aid which exceeded budget by \$0.4 million.

On the expenditure side, numerous minor favorable results which in total approximated \$0.9 million were experienced.

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to the report.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to approximately \$147.7 million (net of accumulated depreciation) a decrease from the previous year’s balance of approximately \$0.2 million.

This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total decrease is due to depreciation exceeding capital investments.

Additional information on the Town’s capital assets can be found in Note II subsection D.

Long-term Debt – State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the Town is approximately \$206.6 million, which is significantly in excess of the Town’s outstanding general obligation debt classified as inside the debt limit.

At the end of the current fiscal year, the Town had total debt outstanding of approximately \$62.2 million. The entire amount comprises debt backed by the full faith and credit of the government.

The Town’s most recent credit evaluation resulted in an “AAA” rating from Standard and Poor’s Investment Services for general obligation debt. This is the highest investment grade possible.

The Town's total debt decreased by approximately \$6.8 million during the fiscal year; detail of this net decrease is illustrated as follows:

Issuances of debt	
Governmental Activities	\$ 15,360,400
Business-Type Activities	7,066,100
Debt payments:	
Governmental Activities	(26,005,084)
Business-Type Activities	(5,578,005)
Premium from issuance debt:	
Governmental Activities	1,927,123
Business-Type Activities	550,966
Amortization of premium:	
Governmental Activities	(253,399)
Business-Type Activities	(19,127)
Amortization of deferred refunding charges:	
Governmental Activities	67,627
Business-Type Activities	67,373
	<u>\$ (6,816,026)</u>

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. The debt service from such arrangements is assessed annually to the Town.

Bond anticipation note payable balances outstanding at year-end amount to approximately \$2.9 million and relate to departmental equipment, school improvements, and water and sewer infrastructure.

Additional information on the Town's short-term and long-term debt can be found in Note II under subsections F and G.

Economic Factors and Next Year's Budgets and Rates

- Consistent with both State and National work force trends, the Town's unemployment rates improved dramatically and are now approaching rates in place in 2008 before the latest recession
- The Town's property tax base is made up predominantly of residential real estate taxes, which comprise nearly 61.2% of the Town's property tax base. The Town also relies heavily on its commercial and industrial property tax base, which in aggregate comprise 38.8% of the Town's property tax base. The Town uses a split rate in assessing taxes, thus commercial, industrial and personal property tax rates are just over double the residential rate. In addition, Chapter 580 of the

Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.

- Consistent with both State and National indices, the Town's housing market experienced a downward trend from 2005 – 2010. Housing prices began to stabilize during fiscal year 2011 and recently are beginning to see an upward trend. During 2014, houses in the Town began selling at greater than their assessed values, as a result, the Town expects its housing market to continue to maintain or slightly outpace National indices. In addition, The Town has residential developments in various stages of completion. These are expected to be completed in the near future.
- The Town has responded well to the recent economic challenges. Reductions in local revenue, primarily interest income and other reductions in revenue have caused the Town to aggressively seek other revenue producing initiatives in order to maintain appropriations in ways that preserved local service levels. The Town has been very successful in that regard.

All of the above items were considered when the Town developed its budget for fiscal year 2015. The budget was adopted in May 2014 and the Town expects its tax rate to be certified in December 2014.

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 government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Finance Director, 801 Washington Street, Canton, Massachusetts 02021.

Basic Financial Statements



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TOWN OF CANTON, MASSACHUSETTS

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 27,758,372	\$ 5,475,649	\$ 33,234,021
Investments	6,077,727	-	6,077,727
Receivables, net:			
Property taxes	455,396	-	455,396
Tax liens and foreclosures	1,343,188	45,436	1,388,624
User fees	-	3,481,670	3,481,670
Departmental and other	655,761	-	655,761
Intergovernmental	3,553,660	-	3,553,660
Deposit held by third party	58,400	-	58,400
Capital assets not being depreciated	12,164,599	624,852	12,789,451
Capital assets, net of accumulated depreciation	88,242,936	46,697,700	134,940,636
Total Assets	140,310,039	56,325,307	196,635,346
Deferred Outflows of Resources			
Prepaid expenses	651,390	-	651,390
Total Deferred Outflows of Resources	651,390	-	651,390
Liabilities			
Warrants and accounts payable	2,022,207	180,578	2,202,785
Accrued payroll and withholdings	3,742,821	26,491	3,769,312
Retainage payable	22,779	-	22,779
Tax refunds payable	1,475,000	-	1,475,000
Health claims incurred but not reported	938,586	-	938,586
Accrued interest	314,266	232,791	547,057
Other liabilities	34,916	10,000	44,916
Bond anticipation notes payable	1,985,950	930,000	2,915,950
Noncurrent liabilities:			
Due within one year	4,670,302	2,621,288	7,291,590
Due in more than one year	70,408,131	30,180,820	100,588,951
Total Liabilities	85,614,958	34,181,968	119,796,926
Deferred Inflows of Resources	-	-	-
Net Position			
Net investment in capital assets	70,116,230	15,743,697	85,859,927
Restricted for:			
Nonexpendable permanent funds	432,785	-	432,785
Federal and State grants	1,951,052	-	1,951,052
Massachusetts School Building Authority grant	2,860,353	-	2,860,353
Other purposes	3,668,298	-	3,668,298
Unrestricted	(23,682,247)	6,399,642	(17,282,605)
Total Net Position	\$ 55,346,471	\$ 22,143,339	\$ 77,489,810

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,231,894	\$ 978,216	\$ 1,833,276	\$ -	\$ (3,420,402)		\$ (3,420,402)
Public safety	16,625,726	2,595,617	203,774	-	(13,826,335)		(13,826,335)
Education	64,153,101	2,632,798	16,203,963	-	(45,316,340)		(45,316,340)
Public works	6,419,350	227,108	13,200	586,930	(5,592,112)		(5,592,112)
Health and human services	1,346,871	91,484	425,355	25,000	(805,032)		(805,032)
Culture and recreation	3,123,867	359,497	25,431	-	(2,738,939)		(2,738,939)
Interest expense	1,557,660	-	106,623	-	(1,451,037)		(1,451,037)
Total governmental activities	99,458,469	6,884,720	18,811,622	611,930	(73,150,197)		(73,150,197)
Business-type activities:							
Water	5,225,383	6,943,731	4,206	-		\$ 1,722,554	1,722,554
Sewer	5,366,166	6,045,829	2,044	463,500		1,145,207	1,145,207
Rink	353,666	429,555	-	-		75,889	75,889
Total business-type activities	10,945,215	13,419,115	6,250	463,500		2,943,650	2,943,650
Total Primary Government	\$ 110,403,684	\$ 20,303,835	\$ 18,817,872	\$ 1,075,430	(73,150,197)	2,943,650	(70,206,547)
General Revenues:							
Property taxes					61,423,003	-	61,423,003
Tax liens					591,950	-	591,950
Motor vehicle and other excise					3,380,408	-	3,380,408
Hotel and meals taxes					568,317	-	568,317
Payments in lieu of taxes					214,543	-	214,543
Grants and contributions not restricted to specific programs					2,776,692	-	2,776,692
Penalties and interest on taxes					344,012	-	344,012
Unrestricted investment income					194,375	20,083	214,458
Loss on sale of capital assets					(34,580)	-	(34,580)
Transfers (net)					1,232,584	(1,232,584)	-
Total general revenues and transfers					70,691,304	(1,212,501)	69,478,803
Change in Net Position					(2,458,893)	1,731,149	(727,744)
Net Position:							
Beginning of year					57,805,364	20,412,190	78,217,554
End of year					\$ 55,346,471	\$ 22,143,339	\$ 77,489,810

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 13,388,921	\$ 12,344,474	\$ 25,733,395
Investments	2,971,619	544,534	3,516,153
Receivables, net of allowance for uncollectibles:			
Property taxes	451,911	3,485	455,396
Tax liens and foreclosures	1,341,202	1,986	1,343,188
Motor vehicle excise	212,688	-	212,688
Intergovernmental	2,860,353	693,307	3,553,660
Departmental and other	-	378,188	378,188
Due from other funds	39,618	-	39,618
Total Assets	<u>21,266,312</u>	<u>13,965,974</u>	<u>35,232,286</u>
Deferred Outflows of Resources			
Prepaid expenses	651,390	-	651,390
Total Deferred Outflows of Resources	<u>651,390</u>	<u>-</u>	<u>651,390</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,917,702</u>	<u>\$ 13,965,974</u>	<u>\$ 35,883,676</u>
Liabilities			
Warrants and accounts payable	\$ 1,152,448	\$ 564,514	\$ 1,716,962
Accrued payroll and withholdings	3,562,869	179,952	3,742,821
Retainage payable	-	22,779	22,779
Tax refunds payable	1,475,000	-	1,475,000
Other liabilities	34,916	-	34,916
Due to other funds	-	39,618	39,618
Bond anticipation notes payable	-	1,985,950	1,985,950
Total Liabilities	<u>6,225,233</u>	<u>2,792,813</u>	<u>9,018,046</u>
Deferred Inflows of Resources			
Unavailable revenues - property taxes	1,551,630	5,471	1,557,101
Unavailable revenues - motor vehicle excise	212,688	-	212,688
Unavailable revenues - intergovernmental	2,860,353	-	2,860,353
Unavailable revenues - other	-	378,188	378,188
Total Deferred Inflows of Resources	<u>4,624,671</u>	<u>383,659</u>	<u>5,008,330</u>
Fund Balances			
Nonspendable	-	432,785	432,785
Restricted	-	11,544,545	11,544,545
Committed	358,148	-	358,148
Assigned	893,993	-	893,993
Unassigned	9,815,657	(1,187,828)	8,627,829
Total Fund Balances	<u>11,067,798</u>	<u>10,789,502</u>	<u>21,857,300</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,917,702</u>	<u>\$ 13,965,974</u>	<u>\$ 35,883,676</u>

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Governmental Fund Balances	\$ 21,857,300
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	100,407,535
Other long-term assets are unavailable to pay current-period expenditures	5,008,330
Assets, deferred outflows of resources and liabilities and deferred inflows of resources of the Town's internal service funds are included in the Statement of Net Position, but are not reported in the governmental funds.	3,466,005
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.	(314,266)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:	
Bonds and notes payable	(29,139,400)
Unamortized premiums on bonds	(1,900,490)
Capital leases payable	(13,022)
Landfill closure	(104,000)
Compensated absences	(1,582,268)
Other postemployment benefits	<u>(42,339,253)</u>
Net effect of reporting long-term liabilities	<u>(75,078,433)</u>
Net Position of Governmental Activities	<u><u>\$ 55,346,471</u></u>

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 61,063,407	\$ 480,994	\$ 61,544,401
Tax liens	782,539	-	782,539
Intergovernmental	16,881,939	3,521,976	20,403,915
Motor vehicle and other excises	3,714,753	-	3,714,753
Hotel and meals taxes	568,317	-	568,317
Licenses and permits	817,829	-	817,829
Penalties and interest on taxes	344,012	-	344,012
Payments in lieu of taxes	214,543	-	214,543
Fines and forfeitures	141,311	-	141,311
Charges for services	-	1,580,929	1,580,929
Departmental and other revenue	950,867	3,122,603	4,073,470
Investment income	145,136	18,805	163,941
Contributions and donations	-	2,146,011	2,146,011
Total Revenues	85,624,653	10,871,318	96,495,971
Expenditures:			
Current:			
General government	4,255,514	137,266	4,392,780
Public safety	9,744,751	1,030,095	10,774,846
Education	34,941,644	5,683,852	40,625,496
Public works	4,649,357	633,571	5,282,928
Health and human services	793,737	629,827	1,423,564
Culture and recreation	1,702,620	307,860	2,010,480
Pension benefits	11,915,349	-	11,915,349
Employee benefits	11,081,441	71,267	11,152,708
State and county assessments	959,868	-	959,868
Debt service:			
Principal	4,520,404	-	4,520,404
Interest	1,619,994	-	1,619,994
Total Expenditures	86,184,679	8,493,738	94,678,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560,026)	2,377,580	1,817,554
Other Financing Sources (Uses):			
Proceeds from bonds and notes	-	175,000	175,000
Premiums from bonds and notes	2,258,843	-	2,258,843
Proceeds from refunding bonds	15,185,400	-	15,185,400
Payments of refunded bonds	(21,739,649)	-	(21,739,649)
Transfers in	2,677,329	1,311,370	3,988,699
Transfers out	(1,022,902)	(1,733,213)	(2,756,115)
Total Other Financing Sources (Uses)	(2,640,979)	(246,843)	(2,887,822)
Net Change in Fund Balances	(3,201,005)	2,130,737	(1,070,268)
FUND BALANCES - Beginning of year	14,268,803	8,658,765	22,927,568
FUND BALANCES - End of year	\$ 11,067,798	\$ 10,789,502	\$ 21,857,300

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Fund Balances		\$ (1,070,268)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:</p>		
Capital outlays	2,507,989	
Depreciation expense	<u>(3,995,444)</u>	
Net effect of reporting capital assets		(1,487,455)
<p>In the Statement of Activities, Internal Service Funds established to administer the Town's health insurance and worker's compensation activities are included within the Statement of activities whereas these activities are not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p>		
		(371,831)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:</p>		
Proceeds from general obligation bonds and notes	(175,000)	
Proceeds from refunding bonds	(15,185,400)	
Premiums from bonds and notes	(1,927,123)	
Amortization of deferred charges on refunding	(67,627)	
Amortization of premiums on bonds and notes payable	(1,570)	
Payments on capital leases	12,612	
Payments on refunding bonds	21,739,649	
Repayments of debt	<u>4,520,404</u>	
Net effect of reporting long-term debt		8,915,945
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.</p>		
		(1,056,553)
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.</p>		
		131,531
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Landfill closure	27,000	
Compensated absences	(85,731)	
Other postemployment benefits	<u>(7,461,531)</u>	
Net effect of reporting long-term liabilities		<u>(7,520,262)</u>
Change in Net Position of Governmental Activities		<u>\$ (2,458,893)</u>

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Water	Sewer	Rink		Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 3,334,275	\$ 2,064,096	\$ 77,278	\$ 5,475,649	\$ 2,024,977
Investments	-	-	-	-	2,561,574
Receivables (net):					
User charges	1,832,166	1,646,307	3,197	3,481,670	-
Tax liens	21,026	24,410	-	45,436	-
Departmental and other	-	-	-	-	64,885
Deposit held by third party	-	-	-	-	58,400
Total current assets	<u>5,187,467</u>	<u>3,734,813</u>	<u>80,475</u>	<u>9,002,755</u>	<u>4,709,836</u>
Noncurrent assets:					
Nondepreciable capital assets	624,852	-	-	624,852	-
Capital assets (net of depreciation)	<u>30,995,251</u>	<u>15,551,773</u>	<u>150,676</u>	<u>46,697,700</u>	<u>-</u>
Total noncurrent assets	<u>31,620,103</u>	<u>15,551,773</u>	<u>150,676</u>	<u>47,322,552</u>	<u>-</u>
Total Assets	<u>36,807,570</u>	<u>19,286,586</u>	<u>231,151</u>	<u>56,325,307</u>	<u>4,709,836</u>
Liabilities					
Current liabilities:					
Warrants and accounts payable	96,560	81,851	2,167	180,578	305,245
Accrued payroll and withholdings	18,173	8,126	192	26,491	-
Health claims incurred but not reported	-	-	-	-	938,586
Accrued interest	163,460	69,331	-	232,791	-
Other liabilities	10,000	-	-	10,000	-
Bond anticipation notes payable	530,000	400,000	-	930,000	-
Compensated absences	31,073	17,952	4,001	53,026	-
Unamortized bond premiums	59,950	41,547	-	101,497	-
Bonds and notes payable	<u>1,642,500</u>	<u>816,265</u>	<u>8,000</u>	<u>2,466,765</u>	<u>-</u>
Total current liabilities	<u>2,551,716</u>	<u>1,435,072</u>	<u>14,360</u>	<u>4,001,148</u>	<u>1,243,831</u>
Noncurrent liabilities:					
Compensated absences	93,217	53,854	12,001	159,072	-
Unamortized bond premiums	292,450	137,892	-	430,342	-
Other postemployment benefits	812,497	371,978	224,841	1,409,316	-
Bonds and notes payable	<u>20,328,800</u>	<u>7,827,290</u>	<u>26,000</u>	<u>28,182,090</u>	<u>-</u>
Total noncurrent liabilities	<u>21,526,964</u>	<u>8,391,014</u>	<u>262,842</u>	<u>30,180,820</u>	<u>-</u>
Total Liabilities	<u>24,078,680</u>	<u>9,826,086</u>	<u>277,202</u>	<u>34,181,968</u>	<u>1,243,831</u>
Net Position					
Net investment in capital assets	9,118,803	6,508,218	116,676	15,743,697	-
Unrestricted	<u>3,610,087</u>	<u>2,952,282</u>	<u>(162,727)</u>	<u>6,399,642</u>	<u>3,466,005</u>
Total Net Position	<u>\$ 12,728,890</u>	<u>\$ 9,460,500</u>	<u>\$ (46,051)</u>	<u>\$ 22,143,339</u>	<u>\$ 3,466,005</u>

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Total Enterprise Funds	Governmental
	Water	Sewer	Rink		Internal Service Funds
Operating Revenues:					
Charges for services	\$ 6,943,731	\$ 6,045,829	\$ 429,555	\$ 13,419,115	\$ -
Employee contributions	-	-	-	-	3,412,106
Employer contributions	-	-	-	-	9,942,023
Stop loss reimbursements	-	-	-	-	1,125,727
Total Operating Revenues	6,943,731	6,045,829	429,555	13,419,115	14,479,856
Operating Expenses:					
Operating costs	2,038,833	953,902	327,094	3,319,829	-
Massachusetts Water Resources Authority assessment	1,426,900	3,485,020	-	4,911,920	-
Depreciation	1,058,193	651,735	25,412	1,735,340	-
Property insurance	-	-	-	-	29,859
Employee benefits	-	-	-	-	14,852,262
Total Operating Expenses	4,523,926	5,090,657	352,506	9,967,089	14,882,121
Operating Income (Loss)	2,419,805	955,172	77,049	3,452,026	(402,265)
Nonoperating Revenues (Expenses):					
Intergovernmental	4,206	2,044	-	6,250	-
Investment income	12,214	7,860	9	20,083	30,434
Interest expense	(701,457)	(275,509)	(1,160)	(978,126)	-
Total Nonoperating Revenues (Expenses)	(685,037)	(265,605)	(1,151)	(951,793)	30,434
Income (Loss) Before Capital Contributions and Transfers	1,734,768	689,567	75,898	2,500,233	(371,831)
Capital contributions	-	463,500	-	463,500	-
Transfers out	(756,170)	(394,399)	(82,015)	(1,232,584)	-
Change in Net Position	978,598	758,668	(6,117)	1,731,149	(371,831)
Total Net Position - Beginning of the Year	11,750,292	8,701,832	(39,934)	20,412,190	3,837,836
Total Net Position - End of the Year	\$ 12,728,890	\$ 9,460,500	\$ (46,051)	\$ 22,143,339	\$ 3,466,005

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Water	Sewer	Rink		Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from users	\$ 6,833,444	\$ 5,736,464	\$ 427,018	\$ 12,996,926	\$ -
Receipts from interfund services provided	-	-	-	-	14,679,254
Payments to employees	(821,945)	(389,682)	(131,112)	(1,342,739)	-
Payments to vendors	(2,398,433)	(3,853,023)	(171,054)	(6,422,510)	-
Payments for interfund services used	-	-	-	-	(14,844,770)
Net Cash Provided by (Used in) Operating Activities	3,613,066	1,493,759	124,852	5,231,677	(165,516)
Cash Flows from Noncapital Financing Activities:					
Intergovernmental operating grants	4,206	2,044	-	6,250	-
Transfers out	(756,170)	(394,399)	(82,015)	(1,232,584)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(751,964)	(392,355)	(82,015)	(1,226,334)	-
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital grants	-	463,500	-	463,500	-
Proceeds from the issuance of bonds and notes	3,495,000	1,266,500	-	4,761,500	-
Proceeds from the issuance of refunding bonds	1,342,300	1,892,300	-	3,234,600	-
Premiums from the issuance of bonds and notes	354,792	196,174	-	550,966	-
Acquisition and construction of capital assets	(1,801,110)	(1,267,354)	-	(3,068,464)	-
Payments of refunded bonds	(1,454,865)	(2,020,455)	-	(3,475,320)	-
Principal payments on bonds and notes	(2,980,240)	(989,445)	(8,000)	(3,977,685)	-
Interest payments on bonds and notes	(685,088)	(248,385)	(1,160)	(934,633)	-
Net Cash Used in Capital and Related Financing Activities	(1,729,211)	(707,165)	(9,160)	(2,445,536)	-
Cash Flows from Investing Activities:					
Investment income	12,214	7,860	9	20,083	30,434
Investment of operating cash	-	-	-	-	(2,561,574)
Net Cash Provided by (Used in) Investing Activities	12,214	7,860	9	20,083	(2,531,140)
Net Change in Cash and Cash Equivalents	1,144,105	402,099	33,686	1,579,890	(2,696,656)
Cash and Cash Equivalents:					
Beginning of the year	2,190,170	1,661,997	43,592	3,895,759	4,721,633
End of the year	\$ 3,334,275	\$ 2,064,096	\$ 77,278	\$ 5,475,649	\$ 2,024,977
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 2,419,805	\$ 955,172	\$ 77,049	\$ 3,452,026	\$ (402,265)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,058,193	651,735	25,412	1,735,340	-
Changes in assets and liabilities:					
Receivables	(110,287)	(309,365)	(2,537)	(422,189)	199,398
Accounts payable and accrued expenses	245,355	196,217	24,928	466,500	11,681
Health claims incurred but not reported	-	-	-	-	25,670
Net Cash Provided by (Used in) Operating Activities	\$ 3,613,066	\$ 1,493,759	\$ 124,852	\$ 5,231,677	\$ (165,516)
Noncash capital and related financing activities:					
Amortization of deferred charges on refunding	\$ 8,151	\$ 59,222	\$ -	\$ 67,373	\$ -
Amortization of bond premium	2,392	16,735	-	19,127	-

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 2,730	\$ 115,906	\$ 1,252,923
Investments	619,099	-	-
Total Assets	621,829	115,906	1,252,923
Liabilities			
Warrants payable	-	-	18,417
Agency liabilities	-	-	1,234,506
Total Liabilities	-	-	1,252,923
Net Position			
Held in trust for other postemployment benefits	621,829	-	-
Held in trust for private purposes	-	115,906	-
Total Net Position	\$ 621,829	\$ 115,906	\$ -

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2014**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 400,000	\$ -
Other	-	1,550
Total contributions	400,000	1,550
Investment income:		
Interest and dividends	66,763	1,327
Total Additions	466,763	2,877
Deductions		
Education - scholarships	-	16,950
Total Deductions	-	16,950
CHANGE IN NET POSITION	466,763	(14,073)
NET POSITION AT BEGINNING OF YEAR	155,066	129,979
NET POSITION AT END OF YEAR	\$ 621,829	\$ 115,906

See accompanying notes to basic financial statements.

TOWN OF CANTON, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town is located in Norfolk County, fifteen miles southwest of Boston and was incorporated as a Town in 1797. An elected five member Board of Selectmen (“Selectmen”) governs the Town and an appointed Town Administrator oversees the Town’s daily executive and administrative duties. The Town follows the open town meeting form of government. The Town provides governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, water and sewer services, street maintenance, parks and recreational facilities.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

The Town is a member community of the Blue Hills Regional Technical School that provides educational services to nine area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2014, the Town’s share of the operating and debt service expenses was \$1,059,042. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District’s administrative office located at 800 Randolph Street, Canton, Massachusetts 02021.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

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

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

The Town considers property tax revenues to be available if they are material and collected within 60 days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Nonmajor Governmental Funds – consist of special revenue, capital projects and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

The Permanent Funds are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Water Enterprise Fund – is used to account for the operation of the Town’s water activities. Costs associated with maintaining the related infrastructure and providing services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

Sewer Enterprise Fund – is used to account for the operation of the Town’s sewer activities. Costs associated with maintaining the related infrastructure and providing services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

Rink Enterprise Fund – is used to account for the operation of the Town’s ice skating rink activities.

Additionally, the following proprietary fund type is reported:

Internal Service Fund – is used to account for the Town’s self-insured health insurance, workers’ compensation, unemployment claims and building insurance activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and use the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity and cannot be used to support the governmental programs.

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other post-employment benefits for retirees such as health and life insurance.

Private-Purpose Trust Fund – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used for educational scholarships.

Agency Fund – is used to account for assets held in a purely custodial capacity. The Town’s agency funds consist primarily of student activities and escrow and other deposits. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Town are reported at fair value.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Motor vehicle excise are billed annually for each vehicle registered in the Town based on vehicles reported to the Town by the Commonwealth of Massachusetts. Water and sewer user fees are billed quarterly based on individual meter readings and are subject to interest and penalties if not paid by the respective due dates. Property taxes, motor vehicle excise taxes and water and sewer user fees are recorded as receivables in the fiscal year of the levy.

Real estate taxes and water and sewer user fees are secured through a lien process within 60 days after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. Other departmental receivables are shown net of an allowance for uncollectible balances based on historical trends and specific account analysis.

Inventories – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated by the Town on a straight-line-basis over the following estimated useful lives:

Land improvements	20-50 years
Buildings and improvements	20-50 years
Machinery and equipment	3-20 years
Vehicles	5 years
Infrastructure	40-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is voluntarily assigned to the general fund.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick-pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the prepaid expenses reported in the government-wide statement of net position and governmental funds balance sheet.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, excise taxes, Massachusetts School Building Authority grants and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

Nonexpendable permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Federal and State grants represent assets that have restrictions placed on them from federal and state *granting* agencies.

Massachusetts School Building Authority grant represents a capital grant to fund a portion of the debt service on outstanding school construction debt that will be amortized over the life of the bonds in accordance with state law.

Other purposes represent assets that are restricted by donors for specific governmental programs and uses.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned as described below:

Non-spendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to formal action of the Town Meeting through Town Meeting Articles, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Articles) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen has by ordinance authorized the Finance Director to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Funds – The Town maintains a general stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$5,074,180 at June 30, 2014 and is reported as unassigned fund balance in the General Fund.

Encumbrances – The Town’s encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Finance Department as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The Town reports \$92,993 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

The following table reflects the Town’s fund equity categorizations:

	General	Nonmajor Governmental Funds	Total
Nonspendable:			
Nonexpendable trust funds	\$ -	\$ 432,785	\$ 432,785
Restricted:			
General government	-	3,131,683	3,131,683
Public safety	-	2,529,579	2,529,579
Education	-	2,178,108	2,178,108
Culture and recreation	-	165,919	165,919
Community preservation	-	476,621	476,621
Capital outlay	-	2,427,694	2,427,694
Other purposes	-	634,941	634,941
Committed:			
General government	81,865	-	81,865
Public works	141,715	-	141,715
Other purposes	134,568	-	134,568
Assigned:			
Purchase orders	92,993	-	92,993
Subsequent years' budget	801,000	-	801,000
Unassigned	9,815,657	(1,187,828)	8,627,829
	<u>\$ 11,067,798</u>	<u>\$ 10,789,502</u>	<u>\$ 21,857,300</u>

E. Excess of Expenditures Over Appropriations and Deficits

During fiscal year 2014, expenditures exceeded appropriations in the General Fund for state and county assessments, which were funded from available funds.

The Town also incurred individual fund deficits totaling \$1,187,828, in two special revenue funds and two capital projects funds that are reported in the non-major governmental funds. These deficits will be funded through grant revenues and bond proceeds during fiscal year 2015.

F. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the

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

II. Detailed Notes to All Funds

A. **Deposits and Investments**

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and the State Treasurer's investment pool (the Pool). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation.

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

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has adopted a policy that no more than 25% of the Town's cash may be comprised of unsecured bank deposits, except for a 30 day reprieve during times of heavy collections. The credit worthiness of banks will be tracked by Veribanc, or other bank credit worthiness reporting systems, and the Treasurer will move or collateralize deposits as a result of negative reports. At year-end, the carrying amount of the Town's deposits was \$27,656,263 and the bank balance was \$28,319,663. Of the Town's bank balance, \$27,556,034 was covered by federal depository insurance or the Depositor's Insurance Fund; \$473,186 was collateralized and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town has adopted a policy to review the financial institutions financial statements and the background of each advisor. All securities not held directly by the Town will be held in the Town's name and tax identification number by a third party custodian and evidenced by safekeeping receipts showing individual CUSIP numbers for each security. The investments in MMDT are not exposed to custodial credit risk as their existence is not evidenced by securities that exist in physical or book form. The Town's \$2,760,000 investment in a repurchase agreement is held by a counterparty, but not in the Town's name. The repurchase agreement is fully collateralized with U.S. government securities.

Interest Rate Risk – The Town limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town's policy limits investments of operating funds to one year or less.

Concentration of Credit Risk – The Town has adopted a policy to limit the amount of investments that may be invested in a single issuer to 10% of the Town’s investments, except for U.S government obligations, investments fully collateralized with U.S. government obligations and the Pool (MMDT). At June 30, 2014, Town has 26% of its investments in repurchase agreements collateralized with United States government backed securities and 44% in MMDT.

Credit Risk – The Town has adopted a policy to only purchase investment grade securities with a high concentration in securities rated ‘A’ or better.

At June 30, 2014 the credit quality ratings of investments were as follows:

Quality Ratings (Moody's)	Corporate	U.S. Government		Totals
	Fixed Income	Agencies & Treasuries	Certificates of Deposit	
AAA	\$ -	\$ 3,739,575	\$ -	\$ 3,739,575
AA2	51,081	-	-	51,081
A2	108,500	-	-	108,500
A3	275,687	-	-	275,687
BAA2	53,474	-	-	53,474
Not rated	-	-	4,434,401	4,434,401
Totals - All	\$ 488,742	\$ 3,739,575	\$ 4,434,401	\$ 8,662,718

At June 30, 2014 the Town had the following investments and maturities:

Investment Type	Fair Value	Time Until Maturity (Years)			
		Less Than 1	1-5	6-10	More Than 10
Corporate fixed income securities	\$ 488,742	\$ -	\$ 488,742	\$ -	\$ -
U.S. government obligations	3,739,575	177,914	3,486,497	75,164	-
Certificates of deposit	4,434,401	2,591,122	1,843,279	-	-
Total Town investments with maturities	8,662,718	\$ 2,769,036	\$ 5,818,518	\$ 75,164	\$ -
Other Investments:					
Equities	\$ 1,298,903				
Mutual funds	1,169,605				
Repurchase agreements	2,760,000				
External investment pool (MMDT)	4,189,317				
Total Town investments	\$ 18,080,543				

B. Receivables

Receivables as of year-end for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 496,947	\$ (45,036)	\$ 451,911
Tax liens and foreclosures	1,343,188	-	1,343,188
Community preservation surcharges	3,485	-	3,485
Motor vehicle and other excise taxes	457,846	(245,158)	212,688
Ambulance fees	448,200	(187,128)	261,072
Public safety details	123,509	(6,393)	117,116
Intergovernmental	3,553,660	-	3,553,660
Total	<u>\$ 6,426,835</u>	<u>\$ (483,715)</u>	<u>\$ 5,943,120</u>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges	\$ 1,832,166	\$ -	\$ 1,832,166
Water liens	21,026	-	21,026
Sewer user charges	1,646,307	-	1,646,307
Sewer liens	24,410	-	24,410
Rink user charges	3,197	-	3,197
Stop loss receivables	64,885	-	64,885
Total	<u>\$ 3,591,991</u>	<u>\$ -</u>	<u>\$ 3,591,991</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 210,428	\$ -	\$ 210,428
Tax liens and foreclosures	1,341,202	1,986	1,343,188
Motor vehicle and other excise taxes	212,688	-	212,688
Community preservation surcharges	-	3,485	3,485
Ambulance fees	-	261,072	261,072
Public safety details	-	117,116	117,116
Intergovernmental	2,860,353	-	2,860,353
Total	<u>\$ 4,624,671</u>	<u>\$ 383,659</u>	<u>\$ 5,008,330</u>

School Building Assistance Reimbursement – As of June 30, 2014, the Town expects to receive the balance of grants from the Commonwealth of Massachusetts under various construction reimbursement regulations totaling approximately \$3.2 million applicable to approved school construction costs which includes both principal and interest. Approximately \$2.9 million of such costs are reimbursed to the Town in equal installments over the life of the related bond issues and are subject to appropriation only by the State Legislature. Approximately \$0.3 million is due in a lump sum during fiscal year 2015. In the Governmental funds, a receivable of approximately \$3.2 million under the caption Intergovernmental; has been recorded. This includes the reimbursable portion of the principal balance and the lump sum payout as of June 30, 2014.

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds - Roadway Improvements	\$ 39,618

The outstanding balances between funds result mainly from the timing difference between the dates that reimbursable expenditures occur, the intergovernmental reimbursements are received and the payments to the general fund are made.

The composition of interfund transfers for the fiscal year ended June 30, 2014 is as follows:

Transfers Out	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 1,022,902	\$ 1,022,902 (1)
Nonmajor Governmental Funds	1,444,745	288,468	1,733,213 (2)
Water Enterprise Fund	756,170	-	756,170 (3)
Sewer Enterprise Fund	394,399	-	394,399 (3)
Rink Enterprise Fund	82,015	-	82,015 (3)
Total	<u>\$ 2,677,329</u>	<u>\$ 1,311,370</u>	<u>\$ 3,988,699</u>

- (1) Transfers to nonmajor governmental funds to for capital projects (\$1,231,370) and retirement buyback reserves (\$80,000).
- (2) Transfers to general fund to supplement operating budgets and transfers between nonmajor governmental funds for various capital projects.
- (3) Transfers to general fund for indirect costs.

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 11,158,868	\$ -	\$ -	\$ 11,158,868
Construction in process	474,770	530,961	-	1,005,731
Total capital assets not being depreciated	<u>11,633,638</u>	<u>530,961</u>	<u>-</u>	<u>12,164,599</u>
Capital assets being depreciated:				
Land improvements	2,765,111	-	-	2,765,111
Buildings	77,555,239	-	-	77,555,239
Building improvements	23,679,870	825,998	-	24,505,868
Machinery and equipment	6,429,607	406,569	-	6,836,176
Vehicles	4,795,440	433,702	(131,812)	5,097,330
Infrastructure	19,131,062	442,571	-	19,573,633
Total capital assets being depreciated	<u>134,356,329</u>	<u>2,108,840</u>	<u>(131,812)</u>	<u>136,333,357</u>
Less accumulated depreciation for:				
Land improvements	(1,154,368)	(167,343)	-	(1,321,711)
Buildings	(21,246,639)	(1,745,924)	-	(22,992,563)
Building improvements	(9,897,988)	(923,469)	-	(10,821,457)
Machinery and equipment	(3,379,124)	(240,703)	-	(3,619,827)
Vehicles	(4,173,519)	(531,428)	97,232	(4,607,715)
Infrastructure	(4,243,339)	(483,809)	-	(4,727,148)
Total accumulated depreciation	<u>(44,094,977)</u>	<u>(4,092,676)</u>	<u>97,232</u>	<u>(48,090,421)</u>
Total capital assets being depreciated, net	<u>90,261,352</u>	<u>(1,983,836)</u>	<u>(34,580)</u>	<u>88,242,936</u>
Total governmental activities capital assets, net	<u>\$ 101,894,990</u>	<u>\$ (1,452,875)</u>	<u>\$ (34,580)</u>	<u>\$ 100,407,535</u>

Capital asset activity for business-type activities for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 624,852	\$ -	\$ -	\$ 624,852
Capital assets being depreciated:				
Buildings	18,758,743	-	-	18,758,743
Building improvements	167,425	-	-	167,425
Machinery and equipment	1,447,226	886,536	-	2,333,762
Vehicles	916,240	-	(35,000)	881,240
Infrastructure	53,016,890	2,181,928	-	55,198,818
Total capital assets being depreciated	<u>74,306,524</u>	<u>3,068,464</u>	<u>(35,000)</u>	<u>77,339,988</u>
Less accumulated depreciation for:				
Buildings	(3,025,411)	(438,653)	-	(3,464,064)
Building improvements	(62,293)	(8,621)	-	(70,914)
Machinery and equipment	(729,341)	(181,433)	-	(910,774)
Vehicles	(740,510)	(59,634)	35,000	(765,144)
Infrastructure	(24,384,393)	(1,046,999)	-	(25,431,392)
Total accumulated depreciation	<u>(28,941,948)</u>	<u>(1,735,340)</u>	<u>35,000</u>	<u>(30,642,288)</u>
Total capital assets being depreciated, net	<u>45,364,576</u>	<u>1,333,124</u>	<u>-</u>	<u>46,697,700</u>
Total business-type activities capital assets, net	<u>\$ 45,989,428</u>	<u>\$ 1,333,124</u>	<u>\$ -</u>	<u>\$ 47,322,552</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities: Water</i>				
Capital assets not being depreciated:				
Land	\$ 624,852	\$ -	\$ -	\$ 624,852
Capital assets being depreciated:				
Buildings	17,495,139	-	-	17,495,139
Building improvements	27,465	-	-	27,465
Machinery and equipment	924,732	508,242	-	1,432,974
Vehicles	576,364	-	(35,000)	541,364
Infrastructure	24,182,780	1,292,868	-	25,475,648
Total capital assets being depreciated	<u>43,206,480</u>	<u>1,801,110</u>	<u>(35,000)</u>	<u>44,972,590</u>
Less accumulated depreciation for:				
Buildings	(2,709,427)	(408,530)	-	(3,117,957)
Building improvements	(2,060)	(1,373)	-	(3,433)
Machinery and equipment	(448,791)	(117,885)	-	(566,676)
Vehicles	(429,233)	(44,612)	35,000	(438,845)
Infrastructure	(9,364,635)	(485,793)	-	(9,850,428)
Total accumulated depreciation	<u>(12,954,146)</u>	<u>(1,058,193)</u>	<u>35,000</u>	<u>(13,977,339)</u>
Total capital assets being depreciated, net	<u>30,252,334</u>	<u>742,917</u>	<u>-</u>	<u>30,995,251</u>
Total Water capital assets, net	<u>\$ 30,877,186</u>	<u>\$ 742,917</u>	<u>\$ -</u>	<u>\$ 31,620,103</u>
<i>Business-type Activities: Sewer</i>				
Capital assets being depreciated:				
Buildings	\$ 1,263,604	\$ -	\$ -	\$ 1,263,604
Machinery and equipment	264,697	378,294	-	642,991
Vehicles	310,716	-	-	310,716
Infrastructure	28,834,110	889,060	-	29,723,170
Total capital assets being depreciated	<u>30,673,127</u>	<u>1,267,354</u>	<u>-</u>	<u>31,940,481</u>
Less accumulated depreciation for:				
Buildings	(315,984)	(30,123)	-	(346,107)
Machinery and equipment	(119,114)	(45,384)	-	(164,498)
Vehicles	(282,117)	(15,022)	-	(297,139)
Infrastructure	(15,019,758)	(561,206)	-	(15,580,964)
Total accumulated depreciation	<u>(15,736,973)</u>	<u>(651,735)</u>	<u>-</u>	<u>(16,388,708)</u>
Total capital assets being depreciated, net	<u>14,936,154</u>	<u>615,619</u>	<u>-</u>	<u>15,551,773</u>
Total Sewer capital assets, net	<u>\$ 14,936,154</u>	<u>\$ 615,619</u>	<u>\$ -</u>	<u>\$ 15,551,773</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities: Rink</i>				
Capital assets being depreciated:				
Building improvements	\$ 139,960	\$ -	\$ -	\$ 139,960
Machinery and equipment	257,797	-	-	257,797
Vehicles	29,160	-	-	29,160
Total capital assets being depreciated	<u>426,917</u>	<u>-</u>	<u>-</u>	<u>426,917</u>
Less accumulated depreciation for:				
Building improvements	(60,233)	(7,248)	-	(67,481)
Machinery and equipment	(161,436)	(18,164)	-	(179,600)
Vehicles	(29,160)	-	-	(29,160)
Total accumulated depreciation	<u>(250,829)</u>	<u>(25,412)</u>	<u>-</u>	<u>(276,241)</u>
Total capital assets being depreciated, net	<u>176,088</u>	<u>(25,412)</u>	<u>-</u>	<u>150,676</u>
Total Rink capital assets, net	<u>\$ 176,088</u>	<u>\$ (25,412)</u>	<u>\$ -</u>	<u>\$ 150,676</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 162,655	Water	\$ 1,058,193
Public safety	528,352	Sewer	651,735
Education	2,304,019	Rink	25,412
Public works	738,534		<u>\$ 1,735,340</u>
Health and human services	14,928		
Culture and recreation	344,188		
	<u>\$ 4,092,676</u>		

E. Leases

In a prior year, the Town entered into a non-cancelable lease for the purchase of a school bus. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

Asset:	Amount
School bus	\$ 77,711
Less: accumulated depreciation	(54,397)
Total	<u>\$ 23,314</u>

The future minimum lease payments and the present value of the minimum lease payments at June 30, 2014, are as follows:

Fiscal Year Ended June 30,	Amount
2015	\$ 13,445
Total minimum lease payments	13,445
Less: amounts representing interest	(423)
Present value of minimum lease payments	<u>\$ 13,022</u>

F. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes (RANS or TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. Temporary notes outstanding at June 30, 2014, are payable as follows:

Type	Interest Rate	Maturity Date	July 1, 2013	Additions	Retirements	June 30, 2014
BAN	1.25%	Matured	\$ 334,800	\$ -	\$ (334,800)	\$ -
BAN	1.50%	3/27/15	-	1,985,950	-	1,985,950
Total Governmental Notes			<u>334,800</u>	<u>1,985,950</u>	<u>(334,800)</u>	<u>1,985,950</u>
BAN	1.25%	Matured	1,875,000	-	(1,875,000)	-
BAN	1.50%	3/27/15	-	930,000	-	930,000
Total Business-Type Notes			<u>1,875,000</u>	<u>930,000</u>	<u>(1,875,000)</u>	<u>930,000</u>
Total Notes Payable			<u>\$ 2,209,800</u>	<u>\$ 2,915,950</u>	<u>\$ (2,209,800)</u>	<u>\$ 2,915,950</u>

Short-term (BANs) issued for nonmajor governmental funds were issued for a fire truck (\$800,000), departmental equipment (\$190,000) and school building improvements (\$995,950). Those issued for business-type funds were issued for water projects (\$530,000) and sewer projects (\$400,000).

G. Long-Term Obligations

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

On August 22, 2013, the Town received \$1,030,000 from the Massachusetts Water Resources Authority, of which \$463,500 was in the form of a grant and \$566,500 was issued as an interest free loan payable in equal installments over five years. The proceeds will be used to fund sewer inflow and infiltration improvements. Also, on August 22, 2013, the Town issued a \$1,090,000 interest free loan with the Massachusetts Water Resources authority, payable in equal installment over ten years. The proceeds will be used to fund a water tank repair project.

On November 13, 2013, the Town issued general obligation refunding bonds of \$2,870,000 (par value) with variable interest rates of 3.0% to 4.0%. The debt proceeds, along with \$240,397 of premium, were used to retire \$2,950,000 of callable bonds. As a result of the current refunding, the Town reduced its total debt service requirements by \$184,260, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$179,565.

Also on November 13, 2013, the Town issued general obligation refunding bonds of \$4,665,000 (par value) with variable interest rates of 2.0% to 5.0%. The debt proceeds, along with \$304,148 of premium, were used to retire \$4,885,000 of callable bonds. As a result of the current refunding, the Town reduced its total debt service requirements by \$517,037, which resulted in an economic gain of \$462,424.

On March 15, 2014, the Town issued general obligation refunding bonds of \$10,975,000 (par value) with variable interest rates of 2.5% to 5.0%. The debt proceeds, along with \$1,674,870 of premium and \$4,856,532 of available Town funds, were used to retire \$17,125,000 of callable bonds. As a result of the current refunding, the Town reduced its total debt service requirements by \$2,738,354 (inclusive of the impact of the portion funded by the Town), which resulted in an economic gain of \$2,057,748.

Also on March 15, 2014, the Town issued \$2,350,000 of general obligation bonds with variable interest rates of 2.5% to 5.0%. \$2,050,000 of the proceeds, along with \$47,800 of available funds, was used to retire BANS maturing on March 27, 2014. Funds were used for the purchase of public works equipment (\$175,000), water system improvements (\$1,875,000) and sewer system improvements (\$300,000).

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
Bond and note indebtedness	\$ 39,784,084	\$ 15,360,400	\$ (26,005,084)	\$ 29,139,400	\$ 3,819,900
Unamortized bond premium	226,766	1,927,123	(253,399)	1,900,490	414,813
Unamortized deferred charge on refunding	(67,627)	-	67,627	-	-
Capital leases	25,634	-	(12,612)	13,022	13,022
Landfill closure	131,000	-	(27,000)	104,000	27,000
Compensated absences	1,496,537	459,865	(374,134)	1,582,268	395,567
Other postemployment benefits	34,877,722	12,616,370	(5,154,839)	42,339,253	-
Total Governmental Activities	<u>\$ 76,474,116</u>	<u>\$ 30,363,758</u>	<u>\$ (31,759,441)</u>	<u>\$ 75,078,433</u>	<u>\$ 4,670,302</u>
<i>Business-Type Activities - Water:</i>					
Bond and note debt	\$ 20,524,105	\$ 4,307,300	\$ (2,860,105)	\$ 21,971,300	\$ 1,642,500
Unamortized bond premium	-	354,792	(2,392)	352,400	59,950
Unamortized deferred charge on refunding	(8,151)	-	8,151	-	-
Compensated absences	128,890	27,623	(32,223)	124,290	31,073
Other postemployment benefits	639,924	192,004	(19,431)	812,497	-
Total Water	<u>21,284,768</u>	<u>4,881,719</u>	<u>(2,906,000)</u>	<u>23,260,487</u>	<u>1,733,523</u>
<i>Business-Type Activities - Sewer:</i>					
Bond and note debt	8,594,655	2,758,800	(2,709,900)	8,643,555	816,265
Unamortized bond premium	-	196,174	(16,735)	179,439	41,547
Unamortized deferred charge on refunding	(59,222)	-	59,222	-	-
Compensated absences	35,080	45,496	(8,770)	71,806	17,952
Other postemployment benefits	290,316	87,088	(5,426)	371,978	-
Total Sewer	<u>8,860,829</u>	<u>3,087,558</u>	<u>(2,681,609)</u>	<u>9,266,778</u>	<u>875,764</u>
<i>Business-Type Activities - Rink:</i>					
Bond and note debt	42,000	-	(8,000)	34,000	8,000
Compensated absences	16,883	3,340	(4,221)	16,002	4,001
Other postemployment benefits	184,518	40,499	(176)	224,841	-
Total Rink	<u>243,401</u>	<u>43,839</u>	<u>(12,397)</u>	<u>274,843</u>	<u>12,001</u>
Total Business-Type Activities	<u>\$ 30,388,998</u>	<u>\$ 8,013,116</u>	<u>\$ (5,600,006)</u>	<u>\$ 32,802,108</u>	<u>\$ 2,621,288</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the enterprise fund reporting the liabilities.

The following is a summary of outstanding long-term debt obligations as of June 30, 2014:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 33,397,159	\$ 175,000	\$(23,449,159)	\$ 10,123,000
Refunding Bonds	2.00 - 4.00%	6,386,925	15,185,400	(2,555,925)	19,016,400
Total Governmental Activities		39,784,084	15,360,400	(26,005,084)	29,139,400
Add: Unamortized bond premium		226,766	1,927,123	(253,399)	1,900,490
Less: Unamortized deferred charge on refunding		(67,627)	-	67,627	-
Total Governmental Activities, net		<u>\$ 39,943,223</u>	<u>\$ 17,287,523</u>	<u>\$ (26,190,856)</u>	<u>\$ 31,039,890</u>
<i>Business-Type Activities - Water:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 19,336,800	\$ 1,875,000	\$ (2,502,800)	\$ 18,709,000
Refunding Bonds	3.25 - 4.00%	409,305	1,342,300	(266,305)	1,485,300
Massachusetts Water Resource Authority	0.00%	778,000	1,090,000	(91,000)	1,777,000
Total Water		20,524,105	4,307,300	(2,860,105)	21,971,300
Add: Unamortized bond premium		-	354,792	(2,392)	352,400
Less: Unamortized deferred charge on refunding		(8,151)	-	8,151	-
Total Water, net		<u>20,515,954</u>	<u>4,662,092</u>	<u>(2,854,346)</u>	<u>22,323,700</u>
<i>Business-Type Activities - Sewer:</i>					
General Obligation Bonds	2.00 - 5.00%	3,079,000	300,000	(960,000)	2,419,000
Refunding Bonds	3.25 - 4.00%	2,080,770	1,892,300	(1,589,770)	2,383,300
Massachusetts Water Resource Authority	0.00%	-	566,500	-	566,500
Massachusetts Water Pollution Abatement Trust	2.00%	3,434,885	-	(160,130)	3,274,755
Total Sewer		8,594,655	2,758,800	(2,709,900)	8,643,555
Add: Unamortized bond premium		-	196,174	(16,735)	179,439
Less: Unamortized deferred charge on refunding		(59,222)	-	59,222	-
Total Sewer, net		<u>8,535,433</u>	<u>2,954,974</u>	<u>(2,667,413)</u>	<u>8,822,994</u>
<i>Business-Type Activities - Rink:</i>					
General Obligation Bonds	2.00 - 4.25%	42,000	-	(8,000)	34,000
Total Rink		<u>42,000</u>	<u>-</u>	<u>(8,000)</u>	<u>34,000</u>
Total Business-Type Activities, net		<u>\$ 29,093,387</u>	<u>\$ 7,617,066</u>	<u>\$ (5,529,759)</u>	<u>\$ 31,180,694</u>

The following represents authorized and unissued debt as of June 30, 2014:

Project	Amount
<i>Governmental:</i>	
School building improvements	\$ 2,041,458
Other capital projects	1,588,986
<i>Business-type:</i>	
Water projects	421,250
Sewer system improvements	1,974,095
Sewer other capital projects	276,750
Rink compressor	245,000
Total Authorized and Unissued	<u>\$ 6,547,539</u>

Payments on outstanding bond balances due in future years consist of the following:

Year Ending June 30,	<i>Governmental Activities</i>		
	Principal Balance	Interest Balance	Total
2015	\$ 3,819,900	\$ 1,132,879	\$ 4,952,779
2016	3,677,700	972,437	4,650,137
2017	3,383,800	838,851	4,222,651
2018	3,015,600	713,119	3,728,719
2019	2,762,800	593,953	3,356,753
2020 - 2024	9,862,200	1,445,188	11,307,388
2025 - 2029	2,135,400	273,221	2,408,621
2030 - 2032	482,000	29,675	511,675
Total	<u>\$ 29,139,400</u>	<u>\$ 5,999,323</u>	<u>\$ 35,138,723</u>

Year Ending June 30,	<i>Business-Type Activities: Water</i>		
	Principal Balance	Interest Balance	Total
2015	\$ 1,642,500	\$ 700,620	\$ 2,343,120
2016	1,637,500	647,761	2,285,261
2017	1,593,400	599,868	2,193,268
2018	1,502,800	535,978	2,038,778
2019	1,497,700	491,718	1,989,418
2020 - 2024	6,985,500	1,814,196	8,799,696
2025 - 2029	5,208,900	873,477	6,082,377
2030 - 2033	1,903,000	123,935	2,026,935
Total	<u>\$ 21,971,300</u>	<u>\$ 5,787,553</u>	<u>\$ 27,758,853</u>

Year Ending June 30,	<i>Business-Type Activities: Sewer</i>		
	Principal Balance	Interest Balance	Total
2015	\$ 816,265	\$ 226,022	\$ 1,042,287
2016	816,765	202,722	1,019,487
2017	810,132	181,880	992,012
2018	802,367	160,763	963,130
2019	793,771	138,289	932,060
2020 - 2024	2,264,250	439,567	2,703,817
2025 - 2029	1,594,508	194,292	1,788,800
2030 - 2032	745,497	28,830	774,327
Total	<u>\$ 8,643,555</u>	<u>\$ 1,572,365</u>	<u>\$ 10,215,920</u>

Year Ending June 30,	<i>Business-Type Activities: Rink</i>		
	Principal Balance	Interest Balance	Total
2015	\$ 8,000	\$ 980	\$ 8,980
2016	8,000	780	8,780
2017	6,000	540	6,540
2018	6,000	360	6,360
2019	6,000	180	6,180
Total	<u>\$ 34,000</u>	<u>\$ 2,840</u>	<u>\$ 36,840</u>

III. Other Information

A. Retirement System

Retirement System Description – The Town contributes to the Norfolk County Retirement System (the “System”), a multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (MGL) and is administered by Norfolk County Retirement Board (the “Board”).

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ Public Employee Retirement Administration Commission (PERAC) that includes financial statements and required supplementary information. The report may be obtained by writing to the Norfolk County Retirement System, 480 Neponset Street, Canton, MA 02021.

Funding Policy – Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System for its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the Town are governed by Chapter 32 of the MGL. The Town’s contributions to the System for the fiscal years ended June 30, 2014, 2013, and 2012 were \$3,169,146, \$3,041,784, and \$2,957,615 respectively, which equaled its required contribution for each year. Schedules of funding progress and contribution funding are included as required supplementary information.

B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the School Department participate in a contributory retirement system administered by the Massachusetts Teachers Retirement Board. Contributions to that system totaled \$8,712,743 for the fiscal year and were made entirely by the Commonwealth of Massachusetts, on behalf of the Town, which does not contribute directly to this system.

C. Other Postemployment Benefits (OPEB)

Plan Description – The Town administers a single-employer defined benefit healthcare plan (the “Plan”). The Plan provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and Town ordinance. All benefits are provided through the Town’s self-funded insurance program described previously. The Plan does not issue a stand-alone financial report. The number of participants in the Plan consists of 630 active employees and 569 retired employees for a total of 1,199.

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town, through negotiation with the Town employee unions.

Retirees contribute 25 percent of the calculated contribution through pension benefit deductions. The remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost is calculated based on the annual required contribution “ARC” of the employer, an actuarially determined amount that is calculated in accordance with GASB Statement number 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 liabilities over a period not to exceed thirty years. The following table reflects the activity regarding the Town’s OPEB obligation:

Annual required contribution (ARC)	\$ 13,072,909
Interest on net OPEB obligation	1,511,684
Adjustment to ARC	<u>(1,648,632)</u>
Annual OPEB cost	12,935,961
Contributions made	<u>\$ (5,179,872)</u>
Increase in net OPEB obligation	7,756,089
Net OPEB obligation at beginning of year	<u>35,992,480</u>
Net OPEB obligation at end of year	<u><u>\$ 43,748,569</u></u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2012	\$ 12,639,000	35%	\$ 28,323,000
June 30, 2013	\$ 12,195,272	37%	\$ 35,992,480
June 30, 2014	\$ 12,935,961*	40%	\$ 43,748,569

* Reflected in the Statement of Activities as follows:

The AOPEBC at June 30, 2014 was charged to the following functional programs: General Government \$528,049; Public Safety \$2,582,237; Education \$8,391,845; Public Works \$564,212; Health and Human Services \$164,395; Culture and Recreation \$385,632; Water \$192,004; Sewer \$87,088; and Rink \$40,499.

Funding Status and Funding Progress – The funded status of the Plan at June 30, 2014, based on the most recent actuarial valuation performed as of January 1, 2013, was as follows (in millions):

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ 0.1	\$142.8	\$142.7	0.07%	\$36.5	391%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

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

Valuation date:	January 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, 3% increasing
Remaining amortization period:	26 years as of January 1, 2013 (closed)
Interest discount rate:	4.2 percent
Inflation rate:	3.0 percent
Healthcare/Medical cost trend rate:	9 percent grading down to 5 percent in year 2020 and thereafter

D. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

Group Health Insurance Plan – The Town maintains a "reinsured cost reimbursement program" which covers the group health and dental insurance requirements of the Town employees. The Plan is essentially a self-insurance program and employee claims in excess of \$100,000 are reinsured by the Plan. The Plan allows employees to participate in a Health Maintenance Organization (HMO) or Preferred Provider Organization (PPO). The Town reimburses the costs of the HMO and PPO 75 percent. The Town accrues an amount representing claims incurred but not reported (IBNR), which is based on historical claims paid averages for the twelve months prior to fiscal year end. At June 30, 2014, the amount of the liability for incurred but not reported (IBNR) health insurance claims totaled \$938,586. This liability is the best estimate based on

available information. In the fund-wide financial statements, the Town reports the activities of the Group Insurance Health Plan in the Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Changes in the reported liability since July 1, 2012, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year	Current Portion
Fiscal Year 2014	\$ 912,916	\$ 14,753,120	\$(14,727,450)	\$ 938,586	\$ 938,586
Fiscal Year 2013	684,000	14,435,304	(14,206,388)	912,916	912,916

Workers' Compensation – The Town is also self-insured for their workers' compensation activities which are accounted for in the Internal Service Fund. Workers' compensation claims are administered by a third-party and are funded on a pay-as-you-go basis from annual appropriations. The Town is premium based for all claims after July 1, 2008. The Town purchases individual stop loss insurance in excess of the coverage provided in the amount of \$300,000. The estimated future workers' compensation liability is not material at June 30, 2014, and is therefore not reported.

E. Commitments

The Town has entered or is planning to enter into contracts for various projects for which it has authorized approximately \$7.0 million in debt.

F. Contingencies

The Town is party to other certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2014, cannot be ascertained, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2014. Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

G. Landfill Closure and Post-Closure Care Costs

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring; \$104,000 has been recorded as a governmental activities liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

H. Implementation of GASB pronouncements

Current Year Implementations –

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of GASB 65 became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

In March 2012, the GASB issued GASB Statement No. 66, *an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of GASB 66 became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

In April 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB 70 is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The provisions of GASB 70 became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

Future Implementations –

In June 2012, the GASB issued GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of GASB 67 become effective for the Norfolk County Retirement System as of December 31, 2014 and the correlative impact will be reflected by the Town in fiscal year 2015 through GASB 68 (see below). The Town believes the adoption of this statement will have a material effect on the financial statements.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental*

Employers and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 (fiscal year 2015). The Town believes the adoption of this statement will have a material impact on the financial statements.

In January 2013, the GASB issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. GASB 69 established accounting and financial reporting standards to government combinations and disposals of government operations. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2013 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In November 2013, the GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of GASB 71 is to address an issue regarding application of the transition provisions of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.



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Required Supplementary Information



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TOWN OF CANTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

SCHEDULES OF FUNDING PROGRESS

Pension System - Norfolk County Contributory Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ 696,682,779	\$ 1,247,596,772	\$ 550,913,993	55.8%	\$ 246,722,941	223.3%
1/1/2012	608,235,096	1,128,960,288	520,725,192	53.9%	229,095,409	227.3%
1/1/2010	600,790,835	1,001,881,055	401,090,220	60.0%	223,332,595	179.6%
1/1/2008	596,157,147	907,719,124	311,561,977	65.7%	223,814,977	139.2%
1/1/2007	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
1/1/2005	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ 100,000	\$ 142,752,366	142,652,366	0.07%	\$ 36,479,000	391.1%
1/1/2011	-	130,885,254	130,885,254	0%	34,416,000	380.3%
1/1/2009	-	138,978,486	138,978,486	0%	32,236,000	431.1%

SCHEDULES OF CONTRIBUTION FUNDING

Pension System

Year Ended June 30,	Norfolk County Contributory Retirement System			Town	
	Annual Required Contributions	Actual Contributions (a)	Percentage Contributed	Actual Contribution (b)	Town's Percentage of System-Wide Actual Contributions (b/a)
2014	\$ 44,800,000	\$ 44,800,000	100%	\$ 3,169,146	7.07%
2013	42,714,639	42,714,639	100%	3,041,784	7.12%
2012	41,206,587	41,206,587	100%	2,957,615	7.18%
2011	39,749,857	39,749,857	100%	2,992,977	7.53%
2010	41,242,373	41,242,373	100%	2,826,638	6.85%
2009	38,920,499	38,920,499	100%	2,672,418	6.87%

Other Postemployment Benefits

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2014	\$ 12,935,961	\$ 5,179,872	40%
2013	12,195,572	4,526,092	37%
2012	12,639,000	4,457,000	35%
2011	11,610,000	4,262,000	37%
2010	11,431,000	4,842,000	42%
2009	10,717,000	4,413,000	41%

The Town implemented GASB Statement No. 45 for the fiscal year ending June 30, 2009. Information from prior years is unavailable.

See accompanying independent auditors' report.

TOWN OF CANTON, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Revenues:						
<i>Taxes:</i>						
Real estate and personal property taxes	\$ 60,697,486	\$ 60,697,486	\$ 61,389,516		61,389,516	692,030
Tax title	-	-	782,539		782,539	782,539
Payments in lieu of taxes	214,543	214,543	214,543		214,543	-
Motor vehicle excise	3,000,000	3,000,000	3,714,753		3,714,753	714,753
Meals taxes	250,000	250,000	322,256		322,256	72,256
Room occupancy excise	200,000	200,000	246,061		246,061	46,061
	<u>64,362,029</u>	<u>64,362,029</u>	<u>66,669,668</u>	<u>-</u>	<u>66,669,668</u>	<u>2,307,639</u>
<i>Intergovernmental:</i>						
State aid - chapter 70	4,751,687	4,751,687	4,751,687		4,751,687	-
State aid - charter school	16,066	16,066	36,456		36,456	20,390
State aid - unrestricted	1,856,687	1,856,687	1,856,687		1,856,687	-
State aid - veterans	123,322	123,322	129,968		129,968	6,646
State aid - exemptions	152,121	152,121	232,205		232,205	80,084
State aid - state owned land	152,912	152,912	152,912		152,912	-
State aid - other	250,000	250,000	301,333		301,333	51,333
Federal disaster aid	-	-	251,643		251,643	251,643
MSBA school construction reimbursement	456,305	456,305	456,305		456,305	-
	<u>7,759,100</u>	<u>7,759,100</u>	<u>8,169,196</u>	<u>-</u>	<u>8,169,196</u>	<u>410,096</u>
<i>Departmental fees, charges, and other:</i>						
Municipal lien fees	40,000	40,000	34,650	-	34,650	(5,350)
Public safety detail fees	30,000	30,000	38,014	-	38,014	8,014
Other departmental fees	80,000	80,000	105,004	-	105,004	25,004
Rental of municipal property	200,000	200,000	218,135	-	218,135	18,135
Conservation department revenues	35,000	35,000	45,371	-	45,371	10,371
Solar revenues	150,000	150,000	413,585	-	413,585	263,585
Other departmental revenues	40,000	40,000	96,108	-	96,108	56,108
	<u>575,000</u>	<u>575,000</u>	<u>950,867</u>	<u>-</u>	<u>950,867</u>	<u>375,867</u>
<i>Licenses and permits:</i>						
Alcohol licenses	65,000	65,000	72,915	-	72,915	7,915
Other licenses	70,000	70,000	94,133	-	94,133	24,133
Building permits	425,000	425,000	485,673	-	485,673	60,673
Other permits	100,000	100,000	165,108	-	165,108	65,108
	<u>660,000</u>	<u>660,000</u>	<u>817,829</u>	<u>-</u>	<u>817,829</u>	<u>157,829</u>
<i>Fines and forfeitures:</i>						
Motor vehicle fines	80,000	80,000	126,455	-	126,455	46,455
Other fines	20,000	20,000	14,856	-	14,856	(5,144)
	<u>100,000</u>	<u>100,000</u>	<u>141,311</u>	<u>-</u>	<u>141,311</u>	<u>41,311</u>
<i>Penalties and interest on taxes</i>						
	<u>250,000</u>	<u>250,000</u>	<u>344,012</u>	<u>-</u>	<u>344,012</u>	<u>94,012</u>
<i>Interest and investment income</i>						
	<u>75,000</u>	<u>75,000</u>	<u>91,250</u>	<u>-</u>	<u>91,250</u>	<u>16,250</u>
Total Revenues	<u>73,781,129</u>	<u>73,781,129</u>	<u>77,184,133</u>	<u>-</u>	<u>77,184,133</u>	<u>3,403,004</u>

TOWN OF CANTON, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Expenditures:						
<i>Current:</i>						
<i>General Government:</i>						
Executive Branch	1,253,162	1,318,162	1,315,742	2,271	1,318,013	149
Executive Branch articles	76,238	16,438	327	16,111	16,438	-
Committees and Commissions	33,038	33,038	18,651	-	18,651	14,387
Reserve Fund	500,000	287,000	-	-	-	287,000
Finance Department	969,536	969,536	904,213	65,133	969,346	190
Finance Department Articles	187,000	187,000	163,404	23,254	186,658	342
Assessors	225,801	225,801	225,640	-	225,640	161
Assessors Articles	120,000	120,000	120,000	-	120,000	-
Town Clerk & Elections	210,537	210,537	198,974	1,600	200,574	9,963
Town Clerk & Elections articles	42,500	42,500	-	42,500	42,500	-
Conservation Commission	89,068	89,068	88,653	-	88,653	415
Planning Board	59,125	59,125	52,676	4,800	57,476	1,649
Town Insurance	877,950	924,950	910,457	-	910,457	14,493
Total General Government	4,643,955	4,483,155	3,998,737	155,669	4,154,406	328,749
<i>Public Safety</i>						
Fire Department	4,764,368	4,917,844	4,916,136	1,200	4,917,336	508
Fire Department articles	45,000	45,000	42,646	2,354	45,000	-
Police Department	4,331,128	4,361,128	4,360,271	496	4,360,767	361
Police Department articles	178,911	238,711	99,350	139,361	238,711	-
Building & Zoning	337,923	337,924	326,348	-	326,348	11,576
Total Public Safety	9,657,330	9,900,607	9,744,751	143,411	9,888,162	12,445
<i>Education:</i>						
School	33,385,589	33,462,609	33,461,659	950	33,462,609	-
School Articles	482,751	482,751	412,354	69,277	481,631	1,120
Blue Hill Regional	1,059,042	1,059,042	1,059,042	-	1,059,042	-
Norfolk County Agricultural HS	10,000	10,000	8,589	-	8,589	1,411
Total Education	34,937,382	35,014,402	34,941,644	70,227	35,011,871	2,531
<i>Public Works:</i>						
Public Works	2,068,193	2,080,192	2,073,536	6,003	2,079,539	653
Public Works Articles	159,623	159,623	145,859	12,431	158,290	1,333
Street Lighting	159,137	159,137	106,204	3,074	109,278	49,859
Snow & Ice	364,735	850,329	839,895	-	839,895	10,434
Trash Collection	1,455,117	1,490,789	1,483,863	6,875	1,490,738	51
Total Public Works	4,206,805	4,740,070	4,649,357	28,383	4,677,740	62,330
<i>Health and Human Services:</i>						
Health Department	331,760	331,760	314,635	-	314,635	17,125
Health Department Articles	-	-	-	-	-	-
Council on Aging	217,870	217,870	217,509	-	217,509	361
Veteran's Services	218,930	262,256	261,593	-	261,593	663
Total Health and Human Services	768,560	811,886	793,737	-	793,737	18,149

(continued)

TOWN OF CANTON, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Culture and Recreation:</i>						
Recreation & Playground	467,277	492,277	491,383	591	491,974	303
Recreation & Playground Articles	79,973	114,973	100,564	14,248	114,812	161
Public Library	1,111,874	1,111,874	1,085,902	-	1,085,902	25,972
Public Library Articles	64,612	64,612	24,771	38,612	63,383	1,229
Total Culture and Recreation	1,723,736	1,783,736	1,702,620	53,451	1,756,071	27,665
<i>Pension Benefits:</i>	3,212,846	3,212,846	3,202,606	-	3,202,606	10,240
<i>Employee Benefits:</i>						
Unemployment Compensation	150,000	150,000	150,000	-	150,000	-
Employer Share- Health	10,498,160	10,498,160	10,473,152	-	10,473,152	25,008
Employer Share- Life	60,000	60,000	58,289	-	58,289	1,711
Employer Share- OPEB	400,000	400,000	400,000	-	400,000	-
Total Employee Benefits	11,108,160	11,108,160	11,081,441	-	11,081,441	26,719
<i>State and County Charges:</i>	945,652	958,652	959,868	-	959,868	(1,216)
<i>Debt Service:</i>	6,050,134	6,140,398	6,140,398	-	6,140,398	-
Total Expenditures	77,254,560	78,153,912	77,215,159	451,141	77,666,300	487,612
Other Financing Sources (Uses)						
Premium from debt insurance	-	-	351,317		351,317	351,317
Transfers in	2,223,581	2,452,057	2,458,532		2,458,532	6,475
Transfers out	(127,800)	(1,507,902)	(1,507,902)		(1,507,902)	-
Total Other Financing Sources (Uses)	2,095,781	944,155	1,301,947		\$ 1,301,947	357,792
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(1,377,650)</u>	<u>(3,428,628)</u>	<u>\$ 1,270,921</u>			<u>\$ 4,248,408</u>
Other Budgetary Items						
Use of unassigned fund balance	\$ 35,000	\$ 2,085,978				
Amortization of MSBA excess	550,537	550,537				
Prior year encumbrances	796,643	796,643				
Other amounts	(4,530)	(4,530)				
Total Other Budgetary Items	1,377,650	3,428,628				
Net budget and actual	\$ -	\$ -				

(Concluded)

The notes to the financial statements are an integral part of this statement.

The notes to the required supplementary information are and integral part of this statement.

TOWN OF CANTON, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014**

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund and the Enterprise Fund. The budget is recommended by the Finance Committee and approved by Town Meeting at the Town’s annual meeting in May. Changes subsequent to the approved Town Meeting budget require majority Town Meeting approval at a Special Town Meeting. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town Meeting approval, appropriation balances from one account to another within their department or budget, and within the categories of salaries and expenses. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2014, Town Meeting approved various supplemental budgetary appropriations which resulted in a net increase of approximately \$2,300,000 from the original voted budget. These appropriations were utilized for public safety (\$200,000), snow and ice removal costs (\$500,000), increased stabilization reserves (\$500,000) and dam repairs (\$900,000).

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

Budgetary-to-GAAP Reconciliation – The Town’s general fund is prepared on a basis of accounting other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2014, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 77,184,133
Stabilization revenue	\$ -	\$ 53,886	53,886
Change in accruing revenues to GAAP basis	(3,109)	-	(3,109)
Change in recording tax refunds payable	(323,000)	-	(323,000)
On behalf payments	8,712,743	-	8,712,743
Revenues on a GAAP basis	<u>\$ 8,712,743</u>	<u>\$ -</u>	<u>\$ 85,624,653</u>
Expenditures on a budgetary basis			\$ 77,215,159
Costs from refunding transactions	\$ 256,777	\$ -	256,777
On behalf payments	8,712,743	-	8,712,743
Expenditures on a GAAP basis	<u>\$ 8,712,743</u>	<u>\$ -</u>	<u>\$ 86,184,679</u>
Other financing sources (uses) on a budgetary basis			\$ 1,301,947
Refunding transactions	\$ (4,352,926)	\$ -	(4,352,926)
Stabilization transfers	-	410,000	410,000
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 410,000</u>	<u>\$ (2,640,979)</u>

Appropriation Deficits – During fiscal year 2014, expenditures exceeded appropriations in the General Fund for state and county assessments, which were funded from available funds.



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Combining Statements

Nonmajor Governmental Fund

Special Revenue Funds –

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

School Lunch – This segregated revolving fund accounts for the activities of the child nutrition programs; amounts collected from services include federal and state meal reimbursements and meal charges.

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

Town Revolving – This fund accounts for the non-school related activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

School Revolving – This fund accounts for educational-based activities within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

Recreation – This fund accounts for self-supporting recreation programs and activities.

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

Community Preservation – This fund accounts for assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

Town Grants – This fund accounts for non-school grant programs received either directly from federal and state agencies or indirectly through pass-through entities.

School Grants – This fund accounts for educational-based grant programs received either directly from federal and state agencies or indirectly through pass-through entities.

Roadway Improvements – This fund accounts for certain roadway improvement projects which are fully reimbursed by the Commonwealth of Massachusetts.

Other Departmental – This fund accounts for activity of donated funds, public safety details, and other restricted funds used to support governmental programs.

Capital Projects Funds –

Capital project funds are used to account for the overall financial activities related to the acquisition, renovation, or construction of significant capital assets, excluding those associated with business-type funds. Significant project activities can be categorized as:

Building Improvements – This fund accounts for specific building acquisition and construction activities.

Public Works Improvements – This fund accounts for specific roadway, drainage and landfill improvements that are not funded by the Commonwealth.

Equipment – This fund accounts for equipment acquisitions for various Town activities.

High School Construction – This fund accounts for the residual funds of the new Canton High School construction project.

Permanent Funds –

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

Cemetery Trust Funds – This fund accounts for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

Library Trust Funds – This fund accounts for contributions earmarked for the support of the Town's library.

Other Municipal Trust Funds – This fund accounts for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with cemetery and library activities.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2014

	Special Revenue Funds				
	School Lunch	Private Grants	Town Revolving	School Revolving	Recreation
Assets:					
Cash and cash equivalents	\$ 305,917	\$ 1,848,195	\$ 428,566	\$ 1,264,616	\$ 139,871
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Property taxes	-	-	-	-	-
Tax liens and foreclosures	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	26,195	-	-	-	-
Total Assets	\$ 332,112	\$ 1,848,195	\$ 428,566	\$ 1,264,616	\$ 139,871
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Warrants and accounts payable	\$ 34,183	\$ 820	\$ 8,115	\$ 1,314	\$ 6,634
Accrued payroll and withholdings	32,390	-	231	21,696	3,900
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Bond anticipation notes payable	-	-	-	-	-
Total Liabilities	66,573	820	8,346	23,010	10,534
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	265,539	1,847,375	420,220	1,241,606	129,337
Unassigned	-	-	-	-	-
Total Fund Balances	265,539	1,847,375	420,220	1,241,606	129,337
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 332,112	\$ 1,848,195	\$ 428,566	\$ 1,264,616	\$ 139,871

<u>Ambulance</u>	<u>Community Preservation</u>	<u>Town Grants</u>	<u>School Grants</u>	<u>Roadway Improvements</u>	<u>Other Departmental</u>	<u>Sub-total Special Revenue Funds</u>
\$ 1,098,829	\$ 476,812	\$ 969,190	\$ 358,892	\$ -	\$ 1,544,765	\$ 8,435,653
-	-	-	-	-	-	-
-	3,485	-	-	-	-	3,485
-	1,986	-	-	-	-	1,986
261,071	-	-	-	-	117,117	378,188
-	-	9,319	274,830	55,860	-	366,204
<u>\$ 1,359,900</u>	<u>\$ 482,283</u>	<u>\$ 978,509</u>	<u>\$ 633,722</u>	<u>\$ 55,860</u>	<u>\$ 1,661,882</u>	<u>\$ 9,185,516</u>
\$ -	\$ -	\$ 17,317	\$ 14,795	\$ 8,694	\$ 9,779	\$ 101,651
-	191	918	96,437	5,428	18,641	179,832
-	-	-	-	-	-	-
-	-	-	-	39,618	-	39,618
-	-	-	-	-	-	-
-	191	18,235	111,232	53,740	28,420	321,101
-	5,471	-	-	-	-	5,471
261,071	-	-	-	-	117,117	378,188
261,071	5,471	-	-	-	117,117	383,659
-	-	-	-	-	-	-
1,098,829	476,621	1,120,411	522,490	2,120	1,654,851	8,779,399
-	-	(160,137)	-	-	(138,506)	(298,643)
1,098,829	476,621	960,274	522,490	2,120	1,516,345	8,480,756
<u>\$ 1,359,900</u>	<u>\$ 482,283</u>	<u>\$ 978,509</u>	<u>\$ 633,722</u>	<u>\$ 55,860</u>	<u>\$ 1,661,882</u>	<u>\$ 9,185,516</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2014

	Capital Project Funds				
	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total Capital Project Funds
Assets:					
Cash and cash equivalents	\$ 1,892,937	\$ 961,731	\$ 828,448	\$ 2	\$ 3,683,118
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Property taxes	-	-	-	-	-
Tax liens and foreclosures	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	327,103	-	-	-	327,103
Total Assets	\$ 2,220,040	\$ 961,731	\$ 828,448	\$ 2	\$ 4,010,221
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Warrants and accounts payable	\$ 460,864	\$ -	\$ 1,999	\$ -	\$ 462,863
Accrued payroll and withholdings	120	-	-	-	120
Retainage payable	22,779	-	-	-	22,779
Due to other funds	-	-	-	-	-
Bond anticipation notes payable	995,950	190,000	800,000	-	1,985,950
Total Liabilities	1,479,713	190,000	801,999	-	2,471,712
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,629,512	771,731	26,449	2	2,427,694
Unassigned	(889,185)	-	-	-	(889,185)
Total Fund Balances	740,327	771,731	26,449	2	1,538,509
Total Liabilities and Fund Balances	\$ 2,220,040	\$ 961,731	\$ 828,448	\$ 2	\$ 4,010,221

Permanent Funds				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ 18,987	\$ 180,962	\$ 25,754	\$ 225,703	\$ 12,344,474
403,356	-	141,178	544,534	544,534
-	-	-	-	3,485
-	-	-	-	1,986
-	-	-	-	378,188
-	-	-	-	693,307
<u>\$ 422,343</u>	<u>\$ 180,962</u>	<u>\$ 166,932</u>	<u>\$ 770,237</u>	<u>\$ 13,965,974</u>
\$ -	\$ -	\$ -	\$ -	\$ 564,514
-	-	-	-	179,952
-	-	-	-	22,779
-	-	-	-	39,618
-	-	-	-	1,985,950
-	-	-	-	2,792,813
-	-	-	-	5,471
-	-	-	-	378,188
-	-	-	-	383,659
398,997	21,553	12,235	432,785	432,785
23,346	159,409	154,697	337,452	11,544,545
-	-	-	-	(1,187,828)
<u>422,343</u>	<u>180,962</u>	<u>166,932</u>	<u>770,237</u>	<u>10,789,502</u>
<u>\$ 422,343</u>	<u>\$ 180,962</u>	<u>\$ 166,932</u>	<u>\$ 770,237</u>	<u>\$ 13,965,974</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				
	School Lunch	Private Grants	Town Revolving	School Revolving	Recreation
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	276,940	-	17,455	-	-
Charges for services	722,340	-	-	-	-
Departmental and other	-	-	202,102	1,763,917	285,957
Investment income	896	-	-	-	228
Contributions and donations	-	1,350,000	16,716	-	-
Total Revenues	1,000,176	1,350,000	236,273	1,763,917	286,185
Expenditures:					
Current:					
General government	-	108,548	690	-	-
Public safety	-	-	8,779	-	-
Education	916,105	-	-	1,463,596	-
Public works	-	-	-	-	-
Health and human services	-	-	57,275	-	-
Culture and recreation	-	-	35,950	-	247,600
Employee benefits	-	-	-	-	-
Total Expenditures	916,105	108,548	102,694	1,463,596	247,600
Excess (Deficiency) Of Revenues Over (Under) Expenditures	84,071	1,241,452	133,579	300,321	38,585
Other Financing Sources (Uses):					
Proceeds from bonds and notes	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(102,224)	-	(40,000)	(707)	-
Total Other Financing Sources (Uses)	(102,224)	-	(40,000)	(707)	-
Net Change in Fund Balances	(18,153)	1,241,452	93,579	299,614	38,585
Fund Balances - Beginning of Year	283,692	605,923	326,641	941,992	90,752
Fund Balances - End of Year	<u>\$ 265,539</u>	<u>\$ 1,847,375</u>	<u>\$ 420,220</u>	<u>\$ 1,241,606</u>	<u>\$ 129,337</u>

<u>Ambulance</u>	<u>Community Preservation</u>	<u>Town Grants</u>	<u>School Grants</u>	<u>Roadway Improvements</u>	<u>Other Departmental</u>	<u>Sub-total Special Revenue Funds</u>
\$ -	\$ 480,994	\$ -	\$ -	\$ -	\$ -	\$ 480,994
-	-	406,334	2,097,757	396,387	-	3,194,873
858,589	-	-	-	-	-	1,580,929
-	364	-	-	-	870,263	3,122,603
-	514	9,092	-	-	1,471	12,201
-	-	-	-	-	735,270	2,101,986
<u>858,589</u>	<u>481,872</u>	<u>415,426</u>	<u>2,097,757</u>	<u>396,387</u>	<u>1,607,004</u>	<u>10,493,586</u>
-	5,251	1,800	-	-	18,477	134,766
-	-	211,775	-	-	806,875	1,027,429
-	-	-	2,288,002	-	220,736	4,888,439
-	-	-	-	396,387	-	396,387
-	-	41,591	-	-	-	98,866
-	-	12,302	-	-	-	295,852
-	-	-	-	-	71,267	71,267
-	<u>5,251</u>	<u>267,468</u>	<u>2,288,002</u>	<u>396,387</u>	<u>1,117,355</u>	<u>6,913,006</u>
<u>858,589</u>	<u>476,621</u>	<u>147,958</u>	<u>(190,245)</u>	<u>-</u>	<u>489,649</u>	<u>3,580,580</u>
-	-	-	-	-	-	-
-	-	-	-	-	80,000	80,000
<u>(935,456)</u>	<u>-</u>	<u>-</u>	<u>(5,768)</u>	<u>-</u>	<u>(606,499)</u>	<u>(1,690,654)</u>
<u>(935,456)</u>	<u>-</u>	<u>-</u>	<u>(5,768)</u>	<u>-</u>	<u>(526,499)</u>	<u>(1,610,654)</u>
<u>(76,867)</u>	<u>476,621</u>	<u>147,958</u>	<u>(196,013)</u>	<u>-</u>	<u>(36,850)</u>	<u>1,969,926</u>
<u>1,175,696</u>	<u>-</u>	<u>812,316</u>	<u>718,503</u>	<u>2,120</u>	<u>1,553,195</u>	<u>6,510,830</u>
<u>\$ 1,098,829</u>	<u>\$ 476,621</u>	<u>\$ 960,274</u>	<u>\$ 522,490</u>	<u>\$ 2,120</u>	<u>\$ 1,516,345</u>	<u>\$ 8,480,756</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014

	Capital Project Funds				
	Building Improvements	Public Works Improvements	Equipment	High School Construction	Sub-total Capital Project Funds
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	327,103	-	-	-	327,103
Charges for services	-	-	-	-	-
Departmental and other	-	-	-	-	-
Investment income	-	-	-	-	-
Contributions and donations	25,000	-	-	-	25,000
Total Revenues	<u>352,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,103</u>
Expenditures:					
Current:					
General government	-	-	2,500	-	2,500
Public safety	-	-	2,666	-	2,666
Education	757,625	-	-	37,788	795,413
Public works	-	237,184	-	-	237,184
Health and human services	530,961	-	-	-	530,961
Culture and recreation	5,060	-	-	-	5,060
Employee benefits	-	-	-	-	-
Total Expenditures	<u>1,293,646</u>	<u>237,184</u>	<u>5,166</u>	<u>37,788</u>	<u>1,573,784</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(941,543)</u>	<u>(237,184)</u>	<u>(5,166)</u>	<u>(37,788)</u>	<u>(1,221,681)</u>
Other Financing Sources (Uses):					
Proceeds from bonds and notes	-	175,000	-	-	175,000
Transfers in	272,909	932,661	25,800	-	1,231,370
Transfers out	(37,559)	-	-	-	(37,559)
Total Other Financing Sources (Uses)	<u>235,350</u>	<u>1,107,661</u>	<u>25,800</u>	<u>-</u>	<u>1,368,811</u>
Net Change in Fund Balances	<u>(706,193)</u>	<u>870,477</u>	<u>20,634</u>	<u>(37,788)</u>	<u>147,130</u>
Fund Balances - Beginning of Year	<u>1,446,520</u>	<u>(98,746)</u>	<u>5,815</u>	<u>37,790</u>	<u>1,391,379</u>
Fund Balances - End of Year	<u>\$ 740,327</u>	<u>\$ 771,731</u>	<u>\$ 26,449</u>	<u>\$ 2</u>	<u>\$ 1,538,509</u>

Permanent Funds				Total
Cemetery Trust Funds	Library Trust Funds	Other Municipal Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 480,994
-	-	-	-	3,521,976
-	-	-	-	1,580,929
-	-	-	-	3,122,603
3,366	1,842	1,396	6,604	18,805
<u>13,200</u>	<u>5,825</u>	<u>-</u>	<u>19,025</u>	<u>2,146,011</u>
<u>16,566</u>	<u>7,667</u>	<u>1,396</u>	<u>25,629</u>	<u>10,871,318</u>
-	-	-	-	137,266
-	-	-	-	1,030,095
-	-	-	-	5,683,852
-	-	-	-	633,571
-	-	-	-	629,827
-	6,948	-	6,948	307,860
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,267</u>
<u>-</u>	<u>6,948</u>	<u>-</u>	<u>6,948</u>	<u>8,493,738</u>
<u>16,566</u>	<u>719</u>	<u>1,396</u>	<u>18,681</u>	<u>2,377,580</u>
-	-	-	-	175,000
-	-	-	-	1,311,370
<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(1,733,213)</u>
<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>(246,843)</u>
11,566	719	1,396	13,681	2,130,737
<u>410,777</u>	<u>180,243</u>	<u>165,536</u>	<u>756,556</u>	<u>8,658,765</u>
<u>\$ 422,343</u>	<u>\$ 180,962</u>	<u>\$ 166,932</u>	<u>\$ 770,237</u>	<u>\$ 10,789,502</u>

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Internal Service Funds

Internal service funds are used to account for the financing of services provided by one department to other departments or governmental units. The Town's risk financing activities accounts for in the internal service funds can be distinctly categorized into the following groupings:

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

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

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

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

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Health Claims	Workers' Compensation	Unemployment Claims	Building Insurance	Total Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,881,090	\$ 30,562	\$ 113,325	\$ -	\$ 2,024,977
Investments	2,120,708	-	-	440,866	2,561,574
Receivables, net of allowance for uncollectibles:					
Departmental and other	64,885	-	-	-	64,885
Deposit held by third party	58,400	-	-	-	58,400
Total Current Assets	4,125,083	30,562	113,325	440,866	4,709,836
Liabilities:					
Current liabilities:					
Warrants and accounts payable	300,971	789	3,485	-	305,245
Health claims incurred but not reported	938,586	-	-	-	938,586
Total Current Liabilities	1,239,557	789	3,485	-	1,243,831
Net Position:					
Unrestricted	2,885,526	29,773	109,840	440,866	3,466,005
TOTAL NET POSITION	\$ 2,885,526	\$ 29,773	\$ 109,840	\$ 440,866	\$ 3,466,005

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2014

	<u>Health Claims</u>	<u>Workers' Compensation</u>	<u>Unemployment Claims</u>	<u>Building Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:					
Employee contributions	\$ 3,412,106	\$ -	\$ -	\$ -	\$ 3,412,106
Employer contributions	9,792,023	-	150,000	-	9,942,023
Stop loss reimbursements	<u>1,125,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125,727</u>
Total Operating Revenues	<u>14,329,856</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>14,479,856</u>
Operating Expenditures:					
Property insurance	-	-	-	29,859	29,859
Employee benefits	<u>14,753,120</u>	<u>2,962</u>	<u>96,180</u>	<u>-</u>	<u>14,852,262</u>
Total Operating Expenditures	<u>14,753,120</u>	<u>2,962</u>	<u>96,180</u>	<u>29,859</u>	<u>14,882,121</u>
Operating Income (Loss)	<u>(423,264)</u>	<u>(2,962)</u>	<u>53,820</u>	<u>(29,859)</u>	<u>(402,265)</u>
Nonoperating Revenues (Expenses):					
Investment Income	<u>25,666</u>	<u>331</u>	<u>565</u>	<u>3,872</u>	<u>30,434</u>
Income (Loss) Before Transfers	<u>(397,598)</u>	<u>(2,631)</u>	<u>54,385</u>	<u>(25,987)</u>	<u>(371,831)</u>
Change in Net Position	(397,598)	(2,631)	54,385	(25,987)	(371,831)
Fund Balances - Beginning of Year	<u>3,283,124</u>	<u>32,404</u>	<u>55,455</u>	<u>466,853</u>	<u>3,837,836</u>
Fund Balances - End of Year	<u>\$ 2,885,526</u>	<u>\$ 29,773</u>	<u>\$ 109,840</u>	<u>\$ 440,866</u>	<u>\$ 3,466,005</u>

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2014

	<u>Health Claims</u>	<u>Workers' Compensation</u>	<u>Unemployment Claims</u>	<u>Building Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities:					
Receipts from interfund services provided	\$ 14,529,254	\$ -	\$ 150,000	\$ -	\$ 14,679,254
Payments for interfund services used	<u>(14,719,508)</u>	<u>(2,708)</u>	<u>(92,695)</u>	<u>(29,859)</u>	<u>(14,844,770)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(190,254)</u>	<u>(2,708)</u>	<u>57,305</u>	<u>(29,859)</u>	<u>(165,516)</u>
Cash Flows From Investing Activities:					
Investment income	25,666	331	565	3,872	30,434
Investment of operating cash	<u>(2,120,708)</u>	<u>-</u>	<u>-</u>	<u>(440,866)</u>	<u>(2,561,574)</u>
Net Cash Provided By Investing Activities	<u>(2,095,042)</u>	<u>331</u>	<u>565</u>	<u>(436,994)</u>	<u>(2,531,140)</u>
Net Change in Cash and Cash Equivalents	(2,285,296)	(2,377)	57,870	(466,853)	(2,696,656)
Cash and Cash Equivalents:					
Beginning of the Year	<u>4,166,386</u>	<u>32,939</u>	<u>55,455</u>	<u>466,853</u>	<u>4,721,633</u>
End of the Year	<u>\$ 1,881,090</u>	<u>\$ 30,562</u>	<u>\$ 113,325</u>	<u>\$ -</u>	<u>\$ 2,024,977</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	(423,264)	(2,962)	53,820	(29,859)	(402,265)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables	199,398	-	-	-	199,398
Accounts payable and accrued expenses	7,942	254	3,485	-	11,681
Health claims incurred but not reported	<u>25,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,670</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (190,254)</u>	<u>\$ (2,708)</u>	<u>\$ 57,305</u>	<u>\$ (29,859)</u>	<u>\$ (165,516)</u>

Fiduciary Funds

Agency Funds –

Agency funds are used to account for assets maintained in a custodial capacity. Such activities primarily consist of performance bonds, other escrow deposits, school student activity deposits.

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2014

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 824,533	\$ 865,375	\$ (436,985)	\$ 1,252,923
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Current liabilities:				
Warrants payable	\$ 4,713	\$ 433,428	\$ (419,724)	\$ 18,417
Agency liabilities	819,820	1,046,766	(632,080)	1,234,506
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 824,533</u>	<u>\$ 1,480,194</u>	<u>\$ (1,051,804)</u>	<u>\$ 1,252,923</u>

Statistical Section

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



A six acre park, located on the former site of the Canton Airport and built by the state's Department of Conservation and Recreation, was dedicated to Lieutenant Arthur E. Farnham Jr. and Tech Sergeant Thomas M. Connolly Jr. who had worked as mechanics at the Neponset Street site. Farnham and Connolly were World War II airmen and members of the same B-24 bomber crew. After their plane was shot down over Serbia, they were among the more than 500 American airmen rescued in a mission viewed as one of the greatest rescue missions of World War II.

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.



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NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>	<u>2014</u>
Governmental activities:										
Net investment in capital assets.....	\$ 50,497,888	\$ 47,354,438	\$ 50,777,183	\$ 51,291,396	\$ 54,948,512	\$ 57,942,064	\$ 62,056,797	\$ 63,962,326	\$ 61,957,511	\$ 70,116,230
Restricted.....	3,467,154	3,077,412	3,824,685	4,432,975	8,844,047	7,781,249	7,457,544	6,774,650	10,768,853	8,912,488
Unrestricted.....	<u>18,735,148</u>	<u>24,200,838</u>	<u>23,955,254</u>	<u>25,253,777</u>	<u>14,125,826</u>	<u>6,141,042</u>	<u>(3,861,890)</u>	<u>(8,796,940)</u>	<u>(14,921,000)</u>	<u>(23,682,247)</u>
Total governmental activities net position.....	<u>\$ 72,700,190</u>	<u>\$ 74,632,688</u>	<u>\$ 78,557,122</u>	<u>\$ 80,978,148</u>	<u>\$ 77,918,385</u>	<u>\$ 71,864,355</u>	<u>\$ 65,652,451</u>	<u>\$ 61,940,036</u>	<u>\$ 57,805,364</u>	<u>\$ 55,346,471</u>
Business-type activities:										
Net investment in capital assets.....	\$ 12,537,255	\$ 12,340,271	\$ 11,952,283	\$ 13,948,369	\$ 14,483,253	\$ 15,188,472	\$ 17,195,414	\$ 16,033,950	\$ 16,381,614	\$ 15,743,697
Unrestricted.....	<u>4,753,528</u>	<u>5,544,174</u>	<u>6,124,469</u>	<u>5,093,607</u>	<u>3,934,247</u>	<u>3,836,227</u>	<u>2,796,789</u>	<u>4,362,212</u>	<u>4,030,576</u>	<u>6,399,642</u>
Total business-type activities net position.....	<u>\$ 17,290,783</u>	<u>\$ 17,884,445</u>	<u>\$ 18,076,752</u>	<u>\$ 19,041,976</u>	<u>\$ 18,417,500</u>	<u>\$ 19,024,699</u>	<u>\$ 19,992,203</u>	<u>\$ 20,396,162</u>	<u>\$ 20,412,190</u>	<u>\$ 22,143,339</u>
Primary government:										
Net investment in capital assets.....	\$ 63,035,143	\$ 59,694,709	\$ 62,729,466	\$ 65,239,765	\$ 69,431,765	\$ 73,130,536	\$ 79,252,211	\$ 79,996,276	\$ 78,339,125	\$ 85,859,927
Restricted.....	3,467,154	3,077,412	3,824,685	4,432,975	8,844,047	7,781,249	7,457,544	6,774,650	10,768,853	8,912,488
Unrestricted.....	<u>23,488,676</u>	<u>29,745,012</u>	<u>30,079,723</u>	<u>30,347,384</u>	<u>18,060,073</u>	<u>9,977,269</u>	<u>(1,065,101)</u>	<u>(4,434,728)</u>	<u>(10,890,424)</u>	<u>(17,282,605)</u>
Total primary government net position.....	<u>\$ 89,990,973</u>	<u>\$ 92,517,133</u>	<u>\$ 96,633,874</u>	<u>\$ 100,020,124</u>	<u>\$ 96,335,885</u>	<u>\$ 90,889,054</u>	<u>\$ 85,644,654</u>	<u>\$ 82,336,198</u>	<u>\$ 78,217,554</u>	<u>\$ 77,489,810</u>

(1) In fiscal year 2012, the Town restated its liability for other post employment benefits. This resulted in a prior period restatement decreasing governmental activities beginning balance and increasing business-type activities beginning balance by \$161,000 and \$262,000, respectively, as of July 1, 2011.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses -										
Governmental activities:										
General government.....	\$ 4,901,258	\$ 4,246,023	\$ 4,365,873	\$ 5,142,280	\$ 6,440,728	\$ 5,856,721	\$ 6,012,221	\$ 5,898,196	\$ 5,809,111	\$ 6,231,894
Public safety.....	11,343,820	11,964,710	12,151,151	12,501,298	14,102,861	14,815,007	14,845,911	15,490,670	16,060,024	16,625,726
Education.....	38,644,927	40,105,376	42,723,738	45,669,483	52,111,533	56,105,191	57,174,814	58,649,480	61,782,205	64,153,101
Public works.....	4,785,491	4,567,438	4,267,313	5,002,096	5,035,008	5,725,429	5,964,437	5,703,015	6,286,770	6,419,350
Health and human services.....	781,948	810,338	850,334	810,319	983,217	1,094,171	1,133,985	1,221,862	1,314,086	1,346,871
Culture and recreation.....	2,561,766	2,437,118	2,397,635	2,498,364	2,715,016	2,762,453	2,882,803	2,944,861	2,985,722	3,123,867
Interest.....	2,632,669	2,363,454	2,654,749	2,105,670	1,996,528	1,919,708	1,797,797	1,664,859	1,668,538	1,557,660
Total government activities expenses.....	65,651,879	66,494,457	69,410,793	73,729,510	83,384,891	88,278,680	89,811,968	91,572,943	95,906,456	99,458,469
Business-type activities:										
Water.....	3,260,655	3,587,009	3,570,802	3,769,301	4,562,904	4,644,182	4,968,675	5,456,431	5,853,408	5,225,383
Sewer.....	4,005,172	3,983,341	4,202,101	4,643,878	4,462,173	4,575,414	4,819,406	5,084,191	5,173,053	5,366,166
Rink.....	271,389	314,637	344,198	357,203	458,269	486,775	504,265	496,394	390,072	353,666
Total business-type activities expenses.....	7,537,216	7,884,987	8,117,101	8,770,382	9,483,346	9,706,371	10,292,346	11,037,016	11,416,533	10,945,215
Total primary government expenses.....	\$ 73,189,095	\$ 74,379,444	\$ 77,527,894	\$ 82,499,892	\$ 92,868,237	\$ 97,985,051	\$ 100,104,314	\$ 102,609,959	\$ 107,322,989	\$ 110,403,684
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 229,506	\$ 355,302	\$ 371,696	\$ 368,111	\$ 400,721	\$ 919,070	\$ 385,778	\$ 325,814	\$ 554,773	\$ 978,216
Public safety.....	995,622	2,893,607	2,392,923	2,253,015	1,867,319	2,076,797	2,036,855	2,292,477	2,790,608	2,595,617
Education.....	1,260,813	1,567,706	1,647,771	2,202,573	1,975,650	2,105,396	2,143,729	2,155,031	2,253,878	2,632,798
Public works.....	62,211	58,111	85,033	71,911	69,082	129,056	92,920	125,694	210,642	227,108
Human services.....	49,775	45,012	42,808	50,162	42,354	41,527	46,661	66,462	85,978	91,484
Culture and recreation.....	470,989	378,055	343,737	376,991	377,306	379,669	346,254	528,937	396,771	359,497
Operating grants and contributions.....	12,719,732	10,678,040	12,582,237	13,251,876	14,389,625	14,937,773	15,381,360	16,776,734	16,961,153	18,811,622
Capital grants and contributions.....	12,931,018	653,971	1,011,723	2,251,419	3,291,089	1,170,098	162,497	1,659,561	550,999	611,930
Total government activities program revenues.....	28,719,666	16,629,804	18,477,928	20,826,058	22,413,146	21,759,386	20,596,054	23,930,710	23,804,802	26,308,272
Business-type activities:										
Charges for services - Water.....	3,929,821	4,337,211	4,308,918	5,148,323	4,727,025	5,693,293	6,965,364	6,672,927	6,702,942	6,943,731
Charges for services - Sewer.....	4,149,998	4,466,378	4,491,655	5,159,490	4,747,421	4,772,693	4,965,133	5,227,905	5,344,425	6,045,829
Charges for services - Rink.....	335,215	372,609	370,110	356,953	391,991	404,449	430,878	446,111	431,671	429,555
Capital grant and contributions.....	-	184,570	46,294	39,941	2,362	497,305	-	-	-	463,500
Operating grants and contributions.....	-	-	-	-	-	-	-	-	-	6,250
Total business-type activities program revenues.....	8,415,034	9,360,768	9,216,977	10,704,707	9,868,799	11,367,740	12,361,375	12,346,943	12,479,038	13,888,865
Total primary government program revenues.....	\$ 37,134,700	\$ 25,990,572	\$ 27,694,905	\$ 31,530,765	\$ 32,281,945	\$ 33,127,126	\$ 32,957,429	\$ 36,277,653	\$ 36,283,840	\$ 40,197,137
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (36,932,213)	\$ (49,864,653)	\$ (50,932,865)	\$ (52,903,452)	\$ (60,971,745)	\$ (66,519,294)	\$ (69,215,914)	\$ (67,642,233)	\$ (72,101,654)	\$ (73,150,197)
Business-type activities.....	877,818	1,475,781	1,099,876	1,934,325	385,453	1,661,369	2,069,029	1,309,927	1,062,505	2,943,650
Total primary government net (expense)/program revenue.....	\$ (36,054,395)	\$ (48,388,872)	\$ (49,832,989)	\$ (50,969,127)	\$ (60,586,292)	\$ (64,857,925)	\$ (67,146,885)	\$ (66,332,306)	\$ (71,039,149)	\$ (70,206,547)

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Revenues and other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 41,551,652	\$ 43,523,919	\$ 45,318,005	\$ 46,074,751	\$ 49,643,467	\$ 52,922,668	\$ 54,892,887	\$ 56,128,582	\$ 58,966,309	\$ 61,423,003
Tax liens.....	-	68,545	137,473	204,174	186,291	210,666	349,982	597,670	421,708	591,950
Motor vehicle excise taxes.....	3,430,854	3,340,893	3,364,215	3,622,335	3,170,275	3,082,341	3,286,609	3,101,266	3,914,171	3,380,408
Penalties and interest on taxes.....	218,730	259,454	206,817	188,163	246,950	317,161	305,814	263,511	323,695	344,012
Payments in lieu of taxes.....	160,827	160,827	160,827	191,827	194,559	199,299	199,225	219,205	224,311	214,543
Hotel and meals taxes.....	-	-	-	-	-	-	-	38,309	460,905	568,317
Grants and contributions not restricted to specific programs.....	2,260,017	2,550,060	3,607,674	2,974,443	2,727,082	2,165,199	2,201,430	2,026,227	2,202,728	2,776,692
Unrestricted investment income.....	633,337	728,000	955,736	909,900	488,112	212,187	195,037	166,466	201,635	194,375
Gain (loss) on sale of capital assets.....	(87,704)	-	(3,087)	-	-	-	-	-	-	(34,580)
Miscellaneous.....	464,695	283,334	202,070	189,784	245,317	312,573	471,501	382,614	188,275	-
Transfers.....	804,205	882,119	907,569	969,101	1,009,929	1,054,170	1,101,525	1,166,968	1,063,245	1,232,584
Total governmental activities.....	49,436,613	51,797,151	54,857,299	55,324,478	57,911,982	60,476,264	63,004,010	64,090,818	67,966,982	70,691,304
Business-type activities:										
Unrestricted investment income.....	-	-	-	-	-	-	-	-	16,768	20,083
Transfers.....	(804,205)	(882,119)	(907,569)	(969,101)	(1,009,929)	(1,054,170)	(1,101,525)	(1,166,968)	(1,063,245)	(1,232,584)
Total business-type activities.....	(804,205)	(882,119)	(907,569)	(969,101)	(1,009,929)	(1,054,170)	(1,101,525)	(1,166,968)	(1,046,477)	(1,212,501)
Total primary government general revenues and other changes in net position.....	\$ 48,632,408	\$ 50,915,032	\$ 53,949,730	\$ 54,355,377	\$ 56,902,053	\$ 59,422,094	\$ 61,902,485	\$ 62,923,850	\$ 66,920,505	\$ 69,478,803
Changes in Net Assets										
Governmental activities.....	\$ 12,504,400	\$ 1,932,498	\$ 3,924,434	\$ 2,421,026	\$ (3,059,763)	\$ (6,043,030)	\$ (6,211,904)	\$ (3,551,415)	\$ (4,134,672)	\$ (2,458,893)
Business-type activities.....	73,613	593,662	192,307	965,224	(624,476)	607,199	967,504	142,959	16,028	1,731,149
Total primary government changes in net position.....	\$ 12,578,013	\$ 2,526,160	\$ 4,116,741	\$ 3,386,250	\$ (3,684,239)	\$ (5,435,831)	\$ (5,244,400)	\$ (3,408,456)	\$ (4,118,644)	\$ (727,744)

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Restricted.....	\$ -	\$ -	\$ -	\$ -	\$ 7,167,329	\$ 6,595,314	\$ 6,033,902	\$ 5,483,092	\$ 5,160,240	\$ -
Committed.....	678,548	627,350	249,985	279,918	166,540	240,545	202,643	328,343	470,608	358,148
Assigned.....	4,155,131	2,290,343	1,567,445	1,309,512	1,233,461	1,363,064	1,165,952	456,548	361,035	893,993
Unassigned.....	4,127,904	5,333,431	6,078,459	6,585,875	5,784,251	5,193,760	5,825,529	7,118,096	8,276,920	9,815,657
Total general fund.....	\$ 8,961,583	\$ 8,251,124	\$ 7,895,889	\$ 8,175,305	\$ 14,351,581	\$ 13,392,683	\$ 13,228,026	\$ 13,386,079	\$ 14,268,803	\$ 11,067,798
All Other Governmental Funds:										
Nonspendable.....	\$ 281,729	\$ 289,192	\$ 294,174	\$ 325,985	\$ 338,785	\$ 356,385	\$ 394,385	\$ 404,785	\$ 419,585	\$ 432,785
Restricted.....	7,033,428	10,030,842	9,414,499	9,080,027	7,628,322	7,744,716	6,504,706	7,000,533	8,707,938	11,544,545
Unassigned.....	(17,071,132)	(310,177)	(2,230,411)	(2,275,117)	(1,077,197)	(1,116,827)	(1,301,454)	(1,735,507)	(468,758)	(1,187,828)
Total all other governmental funds.....	\$ (9,755,975)	\$ 10,009,857	\$ 7,478,262	\$ 7,130,895	\$ 6,889,910	\$ 6,984,274	\$ 5,597,637	\$ 5,669,811	\$ 8,658,765	\$ 10,789,502

Note: The Town implemented GASB 54 in fiscal year 2011. All previous years (2005 - 2010) data presented were restated to conform to the GASB 54 presentation.

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

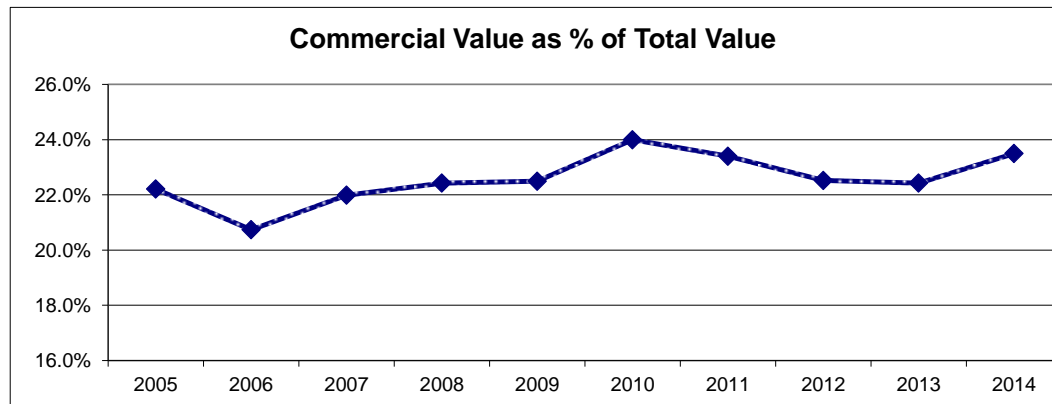
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes, net of tax refunds.....	\$ 41,734,335	\$ 43,440,386	\$ 45,259,651	\$ 46,128,837	\$ 49,516,225	\$ 52,217,093	\$ 55,345,629	\$ 56,246,748	\$ 59,063,932	\$ 61,544,401
Tax title.....	349,106	198,779	313,789	62,100	187,083	193,859	224,631	371,909	219,962	782,539
Motor vehicle and other excise taxes.....	3,222,639	3,438,271	3,364,215	3,426,512	3,515,812	3,080,023	3,289,549	3,165,288	3,473,978	3,714,753
Hotel and meals taxes.....	-	-	-	-	-	-	-	38,309	460,905	568,317
Charges for services.....	1,279,566	1,555,340	1,633,782	1,488,941	1,552,111	1,611,311	1,704,553	1,598,646	1,474,669	1,580,929
Penalties and interest on taxes.....	218,730	259,454	206,817	188,163	246,950	317,161	305,814	263,511	323,695	344,012
Payments in lieu of taxes.....	160,827	160,827	160,827	191,827	194,559	199,299	199,225	219,205	224,311	214,543
Fines and forfeitures.....	140,964	155,917	200,872	189,562	165,991	139,458	165,051	134,626	109,411	141,311
Intergovernmental.....	13,401,598	14,233,010	15,337,495	17,973,491	20,586,005	18,613,887	17,825,334	20,571,148	19,712,460	20,403,915
Intergovernmental - school construction grants.....	-	17,620,000	1,300,000	-	7,167,329	-	-	-	-	-
Departmental and other.....	4,759,749	2,673,219	3,215,566	2,836,910	2,827,470	3,394,781	2,768,345	2,971,011	3,456,976	4,073,470
Licenses and permits.....	582,327	1,120,175	626,776	669,240	452,758	658,905	646,450	912,233	1,043,909	817,829
Contributions.....	399,655	381,326	1,082,522	624,919	256,730	416,991	362,965	349,244	398,308	2,146,011
Investment income.....	602,630	712,388	844,984	794,586	429,449	187,717	167,170	141,807	142,946	163,941
Total Revenue.....	66,852,126	85,949,092	73,547,296	74,575,088	87,098,472	81,030,485	83,004,716	86,983,685	90,105,462	96,495,971
Expenditures:										
General government.....	3,582,135	3,059,080	3,119,956	3,728,731	4,706,731	4,187,558	4,062,501	3,811,225	3,905,506	4,255,876
Public safety.....	8,083,251	9,086,158	9,899,016	8,907,119	9,285,602	9,364,149	9,427,684	9,579,726	10,087,953	10,630,184
Education.....	26,927,124	28,855,385	30,676,469	30,142,662	33,314,956	34,967,636	36,008,019	35,975,887	37,524,669	39,417,729
Public works.....	3,822,229	3,674,813	3,173,939	4,048,452	3,548,575	4,125,380	4,353,404	3,845,990	4,449,435	4,503,498
Health and human services.....	547,133	592,563	627,328	626,827	697,221	767,077	805,351	861,386	853,534	892,603
Culture and recreation.....	1,825,845	1,818,703	1,732,136	1,742,977	1,784,546	1,771,572	1,830,239	1,818,050	1,793,002	1,880,085
Pension benefits.....	6,802,508	7,421,416	8,036,169	9,252,069	9,901,744	10,482,808	11,104,953	11,325,041	11,733,329	11,915,349
Employee benefits.....	7,730,393	7,786,377	7,674,681	8,293,944	8,482,345	9,107,798	9,973,437	10,403,739	10,327,387	11,152,708
State and county charges.....	720,767	736,659	811,346	894,634	924,550	932,878	849,149	874,821	959,538	959,868
Capital outlay and other.....	15,056,229	7,124,585	5,835,422	4,039,135	7,296,078	2,495,021	3,771,064	6,577,524	2,369,095	2,930,119
Debt service:										
Principal.....	3,399,535	3,313,275	3,851,275	3,827,020	3,929,020	3,947,750	4,029,141	4,306,220	4,385,178	4,520,404
Interest.....	2,714,856	2,728,671	2,185,381	2,111,050	2,010,966	1,955,945	1,838,977	1,661,391	1,677,804	1,619,994
Total Expenditures.....	81,212,005	76,197,685	77,623,118	77,614,620	85,882,334	84,105,572	88,053,919	91,041,000	90,066,430	94,678,417
Excess of revenues over (under) expenditures.....	(14,359,879)	9,751,407	(4,075,822)	(3,039,532)	1,216,138	(3,075,087)	(5,049,203)	(4,057,315)	39,032	1,817,554
Other Financing Sources (Uses):										
Issuance of refunding bonds.....	-	-	-	1,084,000	-	-	5,398,612	-	-	15,185,400
Payments of refunded bonds.....	-	-	-	-	-	-	(5,540,000)	-	-	(21,739,649)
Payments to refunded bond escrow agent.....	-	-	-	(1,070,000)	-	-	-	-	-	-
Proceeds from bonds and notes.....	-	8,001,000	-	1,907,000	3,541,000	1,087,261	1,964,388	2,932,908	2,603,159	175,000
Premium from bonds and notes.....	244,578	21,407	13,360	81,480	85,862	69,122	261,192	136,455	166,242	2,258,843
Capital lease financing.....	565,553	399,440	-	-	82,362	-	62,192	51,211	-	-
Proceeds from sale of capital assets.....	-	-	268,063	-	-	-	-	-	-	-
Transfers in.....	4,481,387	3,561,999	2,343,853	2,827,203	2,728,433	2,445,096	2,865,322	2,854,525	3,835,589	3,988,699
Transfers out.....	(3,677,182)	(2,679,880)	(1,436,284)	(1,858,102)	(1,718,504)	(1,390,926)	(1,513,797)	(1,687,557)	(2,772,344)	(2,756,115)
Total other financing sources (uses).....	1,614,336	9,303,966	1,188,992	2,971,581	4,719,153	2,210,553	3,497,909	4,287,542	3,832,646	(2,887,822)
Net change in fund balance.....	\$ (12,745,543)	\$ 19,055,373	\$ (2,886,830)	\$ (67,951)	\$ 5,935,291	\$ (864,534)	\$ (1,551,294)	\$ 230,227	\$ 3,871,678	\$ (1,070,268)
Debt service as a percentage of noncapital expenditures.....	7.60%	8.75%	8.41%	8.07%	7.56%	7.23%	6.96%	7.07%	6.91%	6.69%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value							Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total Town Value	State Equalized Value		Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2005	\$ 2,805,680,375	\$ 367,284,365	\$ 362,683,800	\$ 71,194,260	\$ 801,162,425	\$ 3,606,842,800	\$ 3,542,563,900	101.81%	\$ 9.42	\$ 20.02	\$ 11.77
2006	3,062,033,400	371,465,220	359,086,100	70,616,260	801,167,580	3,863,200,980	3,542,693,900	109.05%	9.33	19.39	11.42
2007	3,283,433,296	429,076,734	409,121,100	87,302,190	925,500,024	4,208,933,320	4,384,334,700	96.00%	8.88	17.94	10.87
2008	3,203,773,709	435,216,821	399,643,400	91,515,750	926,375,971	4,130,149,680	4,384,334,700	94.20%	9.34	18.40	11.37
2009	3,234,696,626	429,321,664	389,319,700	120,258,560	938,899,924	4,173,596,550	4,487,449,500	93.01%	9.98	19.68	12.16
2010	3,032,221,732	455,712,638	378,970,320	122,726,290	957,409,248	3,989,630,980	4,487,449,500	88.91%	10.83	21.77	13.46
2011	3,044,468,807	442,405,763	360,889,000	126,905,510	930,200,273	3,974,669,080	4,386,215,300	90.62%	11.55	23.04	14.24
2012	3,063,743,888	432,654,082	333,946,500	124,249,390	890,849,972	3,954,593,860	4,386,215,300	90.16%	11.91	24.23	14.69
2013	3,080,898,534	433,793,536	330,412,500	126,558,890	890,764,926	3,971,663,460	4,131,231,300	96.14%	12.30	24.99	15.15
2014	2,971,728,949	427,533,191	343,409,000	141,947,970	912,890,161	3,884,619,110	4,131,231,300	94.03%	12.87	26.53	16.08



Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2005	\$ 42,468,781	\$ 522,771	\$ 41,946,010	\$ 41,841,563	99.75%	\$62,825	\$ 41,904,388	99.90%
2006	44,103,411	427,388	43,676,023	43,423,142	99.42%	365,493	43,788,635	100.26%
2007	45,760,358	570,842	45,189,516	45,004,223	99.59%	76,682	45,080,905	99.76%
2008	46,968,564	441,542	46,527,022	46,095,704	99.07%	393,814	46,489,518	99.92%
2009	50,759,823	572,249	50,187,574	49,631,932	98.89%	441,163	50,073,095	99.77%
2010	53,681,761	1,001,762	52,679,999	52,019,666	98.75%	371,521	52,391,187	99.45%
2011	56,595,429	797,233	55,798,196	54,980,240	98.53%	646,552	55,626,792	99.69%
2012	58,074,485	498,319	57,576,166	56,783,097	98.62%	413,341	57,196,438	99.34%
2013	60,155,267	643,515	59,511,752	58,747,142	98.72%	324,734	59,071,876	99.26%
2014	62,465,167	743,501	61,721,666	61,056,268	98.92%	-	61,056,268	98.92%

Source: Accounting Records

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-type Activities	Total Outstanding Debt	Personal Income	Percentage of Personal Income	U.S Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)					
2005	\$ 50,094,946	\$ 565,553	\$ 7,536,769	\$ 58,197,268	\$ 935,043,000	6.22%	21,475	\$ 2,710
2006	54,724,873	933,526	9,202,542	64,860,941	955,977,000	6.78%	21,536	3,012
2007	50,817,629	-	8,505,075	59,322,704	1,075,018,000	5.52%	21,772	2,725
2008	48,857,465	-	9,554,055	58,411,520	1,022,343,000	5.71%	21,916	2,665
2009	48,417,350	59,764	11,623,368	60,100,482	942,403,000	6.38%	22,048	2,726
2010	45,506,780	41,097	18,914,008	64,461,885	1,050,979,000	6.13%	21,732	2,966
2011	43,253,178	61,227	23,101,280	66,415,685	968,993,208	6.85%	20,097	3,305
2012	41,835,011	58,547	27,692,649	69,586,207	969,066,640	7.18%	20,159	3,452
2013	40,010,850	25,634	29,160,760	69,197,244	993,466,795	6.97%	20,708	3,342
2014	31,039,890	13,022	31,180,694	62,233,606	1,062,604,358	5.86%	21,932	2,838

Source: U. S. Census, State Division of Local Services

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available (2)	Total	Assessed Value	Percentage of Assessed Value	U.S Census Population	Debt Per Capita
2005	\$ 57,631,715	\$ (5,636,561)	\$ 51,995,154	\$ 3,606,842,800	1.44%	21,475	\$ 2,421
2006	63,927,415	(5,551,800)	58,375,615	3,863,200,980	1.51%	21,536	2,711
2007	59,322,704	(5,581,453)	53,741,251	4,208,933,320	1.28%	21,772	2,468
2008	58,411,520	(5,186,347)	53,225,173	4,130,149,680	1.29%	21,916	2,429
2009	60,040,718	(11,241,837)	48,798,881	4,173,596,550	1.17%	22,048	2,213
2010	64,420,788	(10,331,918)	54,088,870	3,989,630,980	1.36%	21,732	2,489
2011	66,354,458	(9,431,541)	56,922,917	3,974,669,080	1.43%	20,097	2,832
2012	69,527,660	(8,540,706)	60,986,954	3,954,593,860	1.54%	20,159	3,025
2013	69,171,610	(7,260,823)	61,910,787	3,971,663,460	1.56%	20,708	2,990
2014	62,220,584	(2,860,353)	59,360,231	3,884,619,110	1.53%	21,932	2,707

Source: U. S. Census, State Division of Local Services

(1) General obligation bonds consist of debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) These are restricted resources from the Massachusetts School Building Authority for debt principal on school construction.

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

(Amounts in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Equalized Valuation.....	\$ 3,542,564	\$ 3,542,694	\$ 4,384,335	\$ 4,384,335	\$ 4,487,450	\$ 4,487,450	\$ 4,386,215	\$ 4,386,215	\$ 4,131,231	\$ 4,131,231
Debt Limit.....	177,128	177,135	219,217	219,217	224,372	224,372	219,311	219,311	206,562	206,562
Outstanding general obligation bonds.....	57,632	63,927	59,323	58,412	60,041	64,421	66,354	69,528	69,172	62,221
Authorized and unissued debt.....	9,372	13,167	29,146	26,237	26,434	18,071	18,405	9,305	10,144	6,547
Debt not applicable to debt limit.....	<u>(10,683)</u>	<u>(12,189)</u>	<u>(10,905)</u>	<u>(11,810)</u>	<u>(12,780)</u>	<u>(15,481)</u>	<u>(22,111)</u>	<u>(28,735)</u>	<u>(30,364)</u>	<u>(31,263)</u>
Legal debt margin.....	<u>\$ 120,807</u>	<u>\$ 112,230</u>	<u>\$ 141,653</u>	<u>\$ 146,378</u>	<u>\$ 150,677</u>	<u>\$ 157,361</u>	<u>\$ 156,663</u>	<u>\$ 169,213</u>	<u>\$ 157,610</u>	<u>\$ 169,057</u>
Total debt applicable to the limit as a percentage of debt limit.....	31.80%	36.64%	35.38%	33.23%	32.84%	29.87%	28.57%	22.84%	23.70%	18.16%

Source: State Division of Local Services, Accounting Records

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2014

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,434,164,000 (a)	0.50% (c)	\$ 27,170,820
Norfolk County.....	12,625,000 (b)	3.68% (d)	<u>464,600</u>
Subtotal, overlapping debt.....			27,635,420
Town direct debt.....			<u>31,052,912</u>
Total direct and overlapping debt.....			<u><u>\$ 59,152,932</u></u>

(a) Outstanding debt as of June 30, 2013.

(b) Outstanding debt as of March 15, 2014.

(c) Based on the Town's weighted percentage of total population as provided in the enabling act.

(d) Based on the Town's weighted percentage of total equalized valuation.

Source: Official Statements, Accounting Records

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	21,475	\$ 935,043,000	\$ 43,541	39.8	3,060	3.90%
2006	21,536	955,977,000	44,390	39.8	3,112	4.10%
2007	21,772	1,075,018,000	49,376	39.8	3,131	3.70%
2008	21,916	1,022,343,000	46,648	39.8	3,103	4.50%
2009	22,048	942,403,000	42,743	39.8	3,137	7.10%
2010	21,732	1,050,979,000	48,361	42.3	3,172	7.90%
2011	20,097	968,993,208	48,216	42.3	3,267	7.20%
2012	20,159	969,066,640	48,071	42.3	3,298	5.80%
2013	20,708	993,466,795	47,975	42.3	3,312	6.20%
2014	21,932	1,062,604,358	48,450	42.3	3,306	5.50%

Source: U. S. Census, Division of Local Services, Massachusetts
 Department of Elementary and Secondary Education
 Median age is based on most recent census data

PRINCIPAL EMPLOYERS (EXCLUDING TOWN)

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Reebok International	Footwear	1,069	1	5.08%	1,400	1	6.60%
Meditech	Hospital Software	820	2	3.90%	698	3	3.29%
Shaw Group	Engineering	800	3	3.80%			
Computershare (Equiserve)	Operations Center	778	4	3.70%	1,125	2	5.31%
Dunkin Brands, Inc.	Food and Beverages	600	5	2.85%			
Organogenesis	Regenerative Medicine	354	6	1.68%			
One Beacon Insurance	Insurance Sales and Service	285	7	1.35%			
Pollak Engineering Products	Automotive Engineering	279	8	1.33%	400	5	1.89%
Boston Mutual Insurance	Insurance Sales and Service	245	9	1.16%	261	10	1.23%
Lojack	Recovery Systems	240	10	1.14%			
Casual Male Big & Tall	Retail, Clothing				475	4	2.24%
Cumberland Farms	Milk and Dairy Products, Gasoline				350	6	1.65%
Plymouth Rubber Company	Rubber and Plasting Products				324	7	1.53%
Instron Corporation	Electronic Testing Equipment				320	8	1.51%
Tweeter, Etc.	Retail Audio and Video Equipment				273	9	1.29%
	Totals	<u>4,401</u>		<u>20.91%</u>	<u>4,226</u>		<u>19.93%</u>

Source: Official Statements

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government.....	29	29	28	27	28	28	27	27	27	26
Public safety.....	106	106	105	100	104	104	103	104	104	103
Education.....	381	390	402	391	427	427	429	416	423	440
Public works.....	41	42	42	43	43	43	43	43	43	46
Health and human services.....	9	9	9	9	9	10	9	9	9	9
Culture and recreation.....	22	22	22	22	22	22	22	22	22	23
Total Town employees.....	<u>588</u>	<u>598</u>	<u>608</u>	<u>592</u>	<u>633</u>	<u>634</u>	<u>633</u>	<u>621</u>	<u>628</u>	<u>647</u>

Source: Town personnel records

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Population.....	19,723	20,184	20,063	20,767	20,985	21,003	21,529	20,159	20,708	20,853
Registered voters.....	13,758	14,073	13,852	14,104	14,539	14,376	14,624	12,529	14,241	14,467
Public Safety:										
Police										
Criminal offenses.....	553	521	663	623	419	422	448	554	909	464
Fire										
Fire calls.....	1,259	1,139	1,137	1,023	930	1,000	1,470	1,391	1,242	1,500
Ambulance calls.....	2,562	2,641	2,653	2,471	2,729	2,600	2,304	2,367	2,250	2,600
Permits issued.....	915	973	866	803	823	950	927	1,218	949	1,380
Building Department										
Building permits issued.....	760	865	864	712	837	771	788	860	905	894
Other permits issued.....	1,720	1,682	1,636	1,629	1,478	1,497	1,406	1,536	1,670	2,062
Education:										
Number of students.....	3,095	3,062	3,089	3,083	3,118	3,061	3,229	3,252	3,262	3,338
Public Works:										
Highway										
Roads paved (miles).....	1.8	1.7	1.3	0.0	2.4	0.6	1.4	3.9	0.8	1.7
Water										
Water mains installed (miles).....	0.8	0.0	0.0	0.0	0.0	1.0	2.1	0.0	1.8	2.0
Sewer										
Sanitary sewers installed (miles).....	0.1	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0
Health and Human Services:										
Board of Health										
Inspections and complaint investigations...	730	875	635	656	680	730	742	520	661	680
Permits issued.....	556	576	587	582	590	612	627	636	645	647
Council on Aging										
Bus trips.....	4,350	8,728	8,900	6,500	9,000	9,000	9,200	9,550	9,825	8,500
Culture and Recreation:										
Libraries										
Circulation.....	136,927	233,706	255,276	266,498	261,512	262,132	288,148	308,552	315,297	294,718
Children's programs held.....	33	105	104	100	107	117	118	349	132	132
Children's programs attendance.....	507	2,269	2,128	1,895	2,510	2,811	2,857	4,673	3,550	3,004
Recreation										
Swimming pool attendance.....	10,902	10,971	9,837	8,960	10,962	7,360	8,120	8,000	9,600	9,426
Playground program participants.....	1,600	1,497	1,397	1,253	1,599	1,509	1,509	1,509	1,400	812

N/A - Information not available

Source: Various Town Departments and State websites.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education:										
Number of elementary schools.....	3	3	3	3	3	3	3	3	3	3
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works:										
Road miles.....	94	94	94	94	94	94	112	112	112	112
Water main (miles).....	122	122	122	122	122	123	123	123	123	123
Sanitary sewers (miles).....	66	66	66	66	66	66	82	82	82	82
Number of water towers.....	5	5	5	5	5	5	5	5	5	5
Number of water treatment plants.....	-	-	-	-	-	-	1	2	2	2
Culture and Recreation:										
Number of libraries.....	1	1	1	1	1	1	1	1	1	1
Number of pools.....	1	1	1	1	1	1	1	1	1	1

N/A - Information not available

Source: Various Town Departments and State websites.



With funds provided by the Community Preservation Act along with donations made to the Town's Veterans' Services Department, the statue of a civil war soldier known as the Infantryman was restored and relocated onto the pedestal in front of Canton's Memorial Hall. The cast zinc statue was donated to the Town in 1890 by philanthropist Elijah Morse.



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(Date of Delivery)

James R. Murgia, Finance Director/Treasurer
Town of Canton
Canton, Massachusetts

\$3,689,150
Town of Canton, Massachusetts
General Obligation Municipal Purpose Loan of 2015 Bonds
Dated March 15, 2015

We have acted as bond counsel to the Town of Canton, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with

certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except as expressed in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

AM 46092956.1

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Canton, Massachusetts (the “Issuer”) in connection with the issuance of its \$3,689,150 General Obligation Municipal Purpose Loan of 2015 Bonds dated March 15, 2015 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated March 5, 2015 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Issuer.*
 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: March 18, 2015

TOWN OF CANTON, MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

AM 46093037.1

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This form is provided for the convenience of bidders
but its use is not required

PROPOSAL FOR
\$3,689,150
TOWN OF CANTON, MASSACHUSETTS

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

Mr. James R. Murgia, Finance Director/Treasurer
Town of Canton
c/o UniBank Fiscal Advisory Services, Inc.
49 Church Street
Whitinsville, Massachusetts 01588

March 5, 2015

Dear Mr. Murgia:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated February 24, 2015, which is hereby made a part of this proposal, we hereby offer to purchase all of the \$3,689,150 General Obligation Municipal Purpose Loan of 2015 Bonds, Book-Entry Only, dated March 15, 2015 of the Town of Canton, Massachusetts described in said Notice of Sale, and to pay the Town \$3,689,150 plus a premium of \$_____, plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their dated date until maturity at the respective rates per annum stated in the following table:

<u>Year</u>	<u>Rate*</u>	<u>Year</u>	<u>Rate*</u>	<u>Year</u>	<u>Rate*</u>
2016		2021		2026	
2017		2022		2027	
2018		2023		2028	
2019		2024			
2020		2025			

* Complete for maturing serial bonds

TERM BONDS

\$_____ Term Bond maturing on March 15, _____, at _____% per annum
 \$_____ Term Bond maturing on March 15, _____, at _____% per annum
 \$_____ Term Bond maturing on March 15, _____, at _____% per annum

The undersigned hereby acknowledges the receipt of and the opportunity to examine the Preliminary Official Statement accompanying the said Notice of Sale.

 By _____

The following is our computation of the true interest cost and percent true interest cost, made as provided in the above mentioned Notice of Sale, but not constituting any part of the foregoing proposal, of the purchase of \$3,689,150 General Obligation Municipal Purpose Loan of 2015 Bonds under the foregoing proposal:

True Interest Cost. \$ _____ Percent True Interest Cost _____%
 (four decimals)

UniBank Fiscal Advisory Services, Inc. will assist in submitting bids on this issue if desired. Please sign a blank bid form and mail it in advance of the sale to Lisa N. Dickinson at the above address or fax it to (508) 234-1938. UniBank Fiscal Advisory Services, Inc. will act as agent for bidders if they will telephone final figures to (508) 849-4221 approximately one-half hour before the sale. Bidders are responsible for any errors in bids submitted in this manner.