

Preliminary Official Statement Dated May 17, 2022

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: S&P Global Ratings: "AAA"

In the opinion of Hawkins Delafield & Wood, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Bond Counsel to the Town is also of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purpose of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Matters" herein.)



Town of Canton, Connecticut \$7,875,000 General Obligation Bonds, Issue of 2022, Series B

Dated: Date of Delivery

**Due: Serially on June 1,
as shown below:**

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2023	\$ 395,000	___%	___%	138141	2033	\$ 395,000	___%	___%	138141
2024	395,000	___%	___%	138141	2034	395,000	___%	___%	138141
2025	395,000	___%	___%	138141	2035	395,000	___%	___%	138141
2026	395,000	___%	___%	138141	2036	395,000	___%	___%	138141
2027	395,000	___%	___%	138141	2037	395,000	___%	___%	138141
2028	395,000	___%	___%	138141	2038	390,000	___%	___%	138141
2029	395,000	___%	___%	138141	2039	390,000	___%	___%	138141
2030	395,000	___%	___%	138141	2040	390,000	___%	___%	138141
2031	395,000	___%	___%	138141	2041	390,000	___%	___%	138141
2032	395,000	___%	___%	138141	2042	390,000	___%	___%	138141

The \$7,875,000 General Obligation Bonds, Issue of 2022, Series B (the "Bonds") will bear interest payable on December 1, 2022 and semiannually thereafter on June 1 and December 1 in each year until maturity or earlier redemption.

The Bonds are subject to optional redemption prior to maturity as more fully described herein.

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Wednesday, May 25, 2022 at the Town of Canton, Town Hall, 4 Market Street, Canton, Connecticut 06022, as described in the Notice of Sale for the Bonds. See Appendix D herein.

The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the Town to The Depository Trust Company, New York, New York ("DTC"), or its nominee, as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

The Bonds will be general obligations of the Town of Canton, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

The Registrar, Certifying, Transfer, Paying Agent will be U.S. Bank Trust Company, National Association of Hartford, Connecticut.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Hawkins Delafield & Wood LLP of Hartford, Connecticut, Bond Counsel to the Town. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about June 8, 2022.

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No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or in any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates 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.

The Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; and (ix) other factors contained in this Official Statement.

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Bond Issue Summary

The information in this Bond Issue Summary and the cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Date of Sale:	Wednesday, May 25, 2022 at 11:30 A.M. (Eastern Time).
Location of Sale:	Town of Canton, Town Hall, 4 Market Street, Canton, Connecticut.
Issuer:	Town of Canton, Connecticut (the "Town").
Issue:	\$7,875,000 General Obligation Bonds, Issue of 2022, Series B (the "Bonds").
Dated Date:	The date of delivery.
Principal and Interest Due:	Principal is due serially June 1, 2023 through June 1, 2042. Interest is payable on December 1, 2022 and semiannually thereafter on June 1 and December 1 in each year until maturity or earlier redemption.
Authorization and Purpose:	Proceeds of the Bonds will be used to finance the reconstruction of three bridges in the Town and the design and construction of a new fire house. (See "Authorization and Purpose" and "Use of Bond Proceeds" herein)
Redemption:	The Bonds are subject to redemption prior to maturity as herein provided.
Security and Remedies:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "AAA" from S&P Global Ratings ("S&P").
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bond Insurance:	The Town does not expect to purchase a credit enhancement facility.
Tax Exemption:	See "Tax Matters" and Appendix B "Form of Opinion of Bond Counsel" herein.
Bank Qualification:	The Bonds <u>shall NOT</u> be designated as qualified tax-exempt obligations by the Town under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form set forth in Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Hawkins Delafield & Wood LLP, of Hartford, Connecticut will act as Bond Counsel to the Town.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about June 8, 2022 against payment in Federal Funds.
Issuer Official:	Questions concerning the Town and this Official Statement should be addressed to Bill Geiger, Finance Officer/Treasurer, Town of Canton, Town Hall, 4 Market Street, P.O. Box 168, Canton, Connecticut 06022, Telephone (860) 693-7852 or Matthew A. Spoerndle, Phoenix Advisors, LLC, Telephone (203) 878-4945.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Canton, Connecticut (the "Town"), in connection with the original issuance and sale of the Town's \$7,875,000 General Obligation Bonds, Issue of 2022, Series B (the "Bonds").

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

U.S. Bank Trust Company, National Association will certify and act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

The Town deems this Official Statement to be "final" for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Bondholder Considerations

The COVID-19 Outbreak

The outbreak of a respiratory virus caused by a new strain of coronavirus, "COVID-19", has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, in response to the COVID-19 outbreak, the President of the United States declared a national emergency. The spread of the virus has affected travel, commerce and financial markets globally, and has affected global, national and State economic activity. Financial markets in the United States and throughout the world have seen a significant increase in volatility attributed to COVID-19 concerns, including U.S. equity and bond markets. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

State Efforts to Mitigate the Ongoing Impact of COVID-19

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the "State") and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. Public schools began to operate remotely immediately following the outbreak and continued remotely through the 2019-2020 school year. For the 2020-2021 school year, schools were permitted to reopen and school districts were given the discretion to choose in-person learning, virtual learning or a hybrid model.

Connecticut's COVID-19 vaccination plan commenced on December 14, 2020. The State is currently making vaccinations available to all individuals aged 5 and over, and reports that it is preparing to make booster shots available in accordance with CDC guidelines.

Town Response to COVID-19

The First Selectman, Robert Bessel, issued a state of emergency for the Town, effective March 19, 2020, based on the spread of COVID-19. The local State of Emergency expired in July 2020. Since December 13, 2021, due to current increase of COVID cases, the Town requires face masks that cover the nose and mouth to be worn in Town buildings regardless of vaccination status.

For the fiscal year ending June 30, 2021, the Town had a surplus from operations of approximately \$679,426 due to an increase in revenues of \$371,239 and a decrease of expense in the amount of \$308,187. These results include the Town's receipt of approximately \$327,445 from the State to reimburse COVID-19 expenses. As of December 31, 2021, the Town had approximately \$19,873,267 of cash and cash equivalents on hand for operations and approximately \$2,307,748 of cash and cash equivalents on hand for capital budget projects.

In accordance with State law, the Town has adopted its budget for the fiscal year ending June 30, 2022. Total revenues are estimated at \$41,893,332 million, including \$36,438,045 from property taxes and \$3,693,452 million from the State. The Town's FY 2022 budget is posted on the Town's website. For information regarding the impact of COVID-19 on the State's finances and financial position, readers should consult the State's most recent filings on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") at <https://emma.msrb.org/>.

Government Response to COVID-19's Impact on the Economy

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") that provided in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19. The State received approximately \$1.4 billion in such funding, and it was given the discretion to provide those funds to local governments.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the "Program") which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID-19 related expenditures that were incurred between March 1, 2020 and December 30, 2020.

On December 27, 2020, President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which extends certain programs and benefits first authorized by the CARES Act. The relief package includes, among other items, over \$900 billion in stimulus for various COVID-19 relief programs, \$8.75 billion for vaccine distribution, \$54.3 billion of Elementary and Secondary School Emergency Relief Funds (ESSER I & II), \$4.1 billion for the Governors Emergency Education Relief Fund, and an allocation of \$284 billion of Paycheck Protection Program funds to support eligible small businesses and non-profits. The legislation expands and modifies the program by allowing second draw loans for certain borrowers. The Town has received \$389,307 from the ESSER I Grant and \$173,223 from the ESSER II Grant.

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan"). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments. The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State's K-12 schools are expected to receive approximately \$1.1 billion. The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

Over the next two years, the Town expects to receive \$3,034,677 in federal funding as a result of the Rescue Plan. On June 22, 2021, the Town received its first installment of \$1,517,339 in funding from this program. The Town has developed a plan for the use of such funds that complies with the program eligibility criteria.

Potential Impact

The potential impact of the national, State and Town response to COVID-19 to date, and the continued spread of COVID-19 and the national, State and Town response thereto, cannot be predicted at this time, but could have a materially adverse effect on the economies of the State and its municipalities, including the Town, and the Town's finances, credit ratings and ability to pay debt service on its outstanding indebtedness in the future.

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impacted and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including but not limited to, currently implementing multi-factor authentication, user training, and intrusion detection and prevention. In addition, the Town invests in cybersecurity insurance, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town is susceptible to significant winter storms, hurricanes and tropical storms. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

In an effort to mitigate damage from future storms, response de-briefings are held following significant events. Equipment needed during/subsequent to such an event is routinely evaluated and funding is provided in the Capital Improvement Plan for improved disaster preparedness. In addition, the Town actively identifies ways to increase sustainability.

Municipal Advisor

Phoenix Advisors, LLC, of Milford, Connecticut serves as Municipal Advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). The information in this Official Statement has been prepared by the Town, with the help of the Municipal Advisor. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The Bonds

The Bonds will be dated the date of delivery and mature on June 1 in each of the years as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on December 1, 2022 and semiannually thereafter on June 1 and December 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of May and November in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. The Bonds will be issued as fully registered in denominations of \$5,000 or any integral multiple thereof. (See "Book-Entry Only Transfer System" herein.)

Redemption Provisions

Bonds maturing on or before June 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing on June 1, 2030 and thereafter are subject to redemption prior to maturity, at the election of the Town, at any time on or after June 1, 2029, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<i>Period During Which Redeemed</i>	<i>Redemption Prices</i>
June 1, 2029 and thereafter.....	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended (the “Connecticut General Statutes” or “CGS”) and certain bond resolutions approved by the voters of the Town.

Use of Proceeds

The proceeds of the Bonds are anticipated to be used for the purposes set forth below:

<i>Project</i>	<i>Total</i>	
	<i>Amount of Authorization</i>	<i>This Issue: The Bonds</i>
Firehouse.....	5,400,000	5,400,000
Three Bridges.....	4,885,000	2,475,000
Totals.....	\$ 10,285,000	\$ 7,875,000

Book-Entry Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities 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 Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and 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 S&P Global 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 the Securities 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, except in the event that use of the book-entry system for the 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 may be 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; 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds 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 Town or 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, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or 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 at any time by giving reasonable notice to the Town or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC’s book-entry 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.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner’s name, will become the registered owner of the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt (hereafter “debt”) and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, moratorium and other similar laws affecting creditors rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title II of the United States Code, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

THE TOWN OF CANTON HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

Qualification for Financial Institutions

The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Availability of Continuing Disclosure Information

The Town of Canton prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management on an annual basis. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data for the Bonds, (ii) timely notices of the occurrence of certain events with respect to the Bonds not in excess of 10 business days after the occurrence of such events and (iii) timely notice of the failure by the Town to provide the required annual financial information and operating data on or before the date specified in the continuing disclosure agreements for the Bonds.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of material events pursuant to Rule 15c2-12(b)(5). In the past five years the Town has not failed to comply in any material respect with its undertakings under such agreements.

Ratings

The Bonds have been rated “AAA” from S&P Global Ratings (“S&P”). The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P and will be subject to revision or withdrawal, which could affect the market price of the Bonds. S&P should be contacted directly for its rating on the Bonds and an explanation of such rating. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

The Town expects to furnish to S&P information and materials that S&P may request. However, the Town may issue short-term or other debt for which a rating is not required.

Bond Insurance

The Town does not expect to purchase a credit enhancement facility for the Bonds.

Tax Matters

Opinion of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Bonds, and Bond Counsel has assumed compliance by the Town with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any future action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, changes in law or in interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount. “Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion

that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium. In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W- 9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

II. The Issuer



Description of the Municipality

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

Form Of Government

Canton utilizes the Town Meeting/Board of Selectmen/Board of Finance form of government under a Town Charter last revised effective January 1, 2020. In most cases, the Town Meeting acts as the legislative body. The five-member Board of Selectmen formulates and executes policy. A part-time First Selectman serves as the Chief Executive Officer. A Chief Administrative Officer (CAO), appointed by the Board of Selectmen, is responsible for the administration of all departments, agencies, and all Town employees and appointed officials of the Town. An elected six-member Board of Finance is responsible for the Town's fiscal policy and is assisted by a full-time Finance Officer who maintains the financial records and also serves as Treasurer. Growth in the Town is controlled by a Planning and Zoning Commission, an Inland Wetlands and Watercourse Agency, and a Land Use Department. The Land Use Department consists of a Town Planner, an Assistant Town Planner, Building Official, Fire Marshal and a Land Use Coordinator.

Principal Municipal Officials

Office	Name	Manner of Selection	Years of Service	Current Term / Appointment
First Selectman.....	Robert Bessel	Elected	2 years	11/19 - 11/23
Selectman.....	William Volovski	Elected	4 years	11/17 - 11/23
Selectman.....	Warren Humphrey	Elected	2 years	11/21 - 11/25
Selectman.....	Stephen Sedor	Elected	4 years	11/21 - 11/25
Selectman.....	Timothy LeGeyt	Elected	2 years	11/19 - 11/23
Chief Administrative Officer....	Robert Skinner	Appointed	13 years	7/6/2023
Chairman, Board of Finance.....	Kenneth Humphrey	Elected	4 years	11/21 - 11/25
Town Clerk.....	Linda Smith	Appointed	20 years	Indefinite
Tax Collector.....	Christine Silansky	Appointed	3 years	Indefinite
Superintendent of Schools.....	Kevin D. Case	Appointed	14 years	6/30/2024
Finance Officer / Treasurer.....	William Geiger	Appointed	1 year	Indefinite

Source: Town Officials.

Summary Of Municipal Services

Police Protection: The Canton Police Department consists of a Chief, a Captain, four Sergeants, a Detective, nine Patrol Officers, four Police/Fire Dispatchers, and one Administrative Assistant. All sworn personnel are certified pursuant to the requirements of the State of Connecticut’s Police Officers Standards and Training (POST) Council. All officers are considered first responders and are qualified as emergency responders and trained in CPR. The police department has seven patrol police vehicles (combination SUV’s and sedans) equipped with life-saving emergency gear. All cruisers are equipped with mobile and portable radios with man-to-man/car-to-car communications capabilities to all Farmington Valley police departments.

The Canton Police Department is part of the North Central Municipal Police Department (NCMPD). The NCMPD consists of nine (9) towns that provide specialized services to the nine towns on a regional basis. The NCMPD specialized units include the Emergency Services Team (EST) and the North Central Municipal Accident Reconstruction Squad (NCMARS). EST is comprised of personnel trained in hostage negotiations and SWAT type operations. NCMARS specializes in the investigation and documentation of serious injury and fatal motor vehicle accidents.

Police dispatchers, who coordinate police and fire calls via Enhanced 911 Emergency Service, are certified by the Office of Statewide Emergency Telecommunications and the National Crime Information Center. Dispatchers use a state-of-the-art radio system comprised of two base stations supported by an in-house computer-aided dispatch system and a computer system linked to the Connecticut Motor Vehicle Department, Connecticut State Police, and National Crime Information Center.

Fire Protection: Canton provides fire and emergency services to the Town through its volunteer Fire/Emergency Medical Service. The force consists of approximately fifty-three volunteers. The department maintains three fire stations throughout the Town. The business corridor along Route 44 and the Collinsville and Canton areas south of Route 44 are served by hydrants. The surrounding towns maintain mutual aid pacts with Canton.

Emergency Services: The Canton Police Department serves as first responders in medical emergencies. Officers are trained in basic first aid and are currently trained to the Emergency Medical Responders (EMR) level. On-the-scene emergency medical services, including paramedic services are provided by the Town’s own Emergency Medical Service. Patient transportation is provided by the Town’s emergency medical service.

Public Works: The Town of Canton Department of Public Works is responsible for the design, construction and maintenance of Town-owned roadways, drains, buildings, grounds, equipment, and services. The Public Works staff consists of seventeen employees in a comprehensive public works program responsible for more than seventy miles of roadways, a storm drainage system, all Town buildings, one hundred ten acres of park and athletic fields, and various pieces of motorized equipment. The Department also oversees the maintenance of all school facilities and grounds. After receiving a \$5.3 million grant in 2010 to rehabilitate the historic Town Bridge Road Bridge that spans the Farmington River the Town has completely refurbished the bridge and held a ribbon cutting ceremony in December 2021.

Canton's solid waste transfer station is also under the direction of the Director of Public Works. Improvements were made at the Transfer Station including building a new office in February 2022.

Canton uses contractual services when cost efficiencies are realized for tasks such as crack sealing, road paving, and repairs and construction of infrastructure. In August 2016, the Town accepted a grant in the amount of \$1,297,100 from Connecticut Department of Transportation to complete Phase II of the Collinsville Streetscape Project. Construction of sidewalks, lighting and other improvements began in the fall of 2021 and are expected to be completed by the summer of 2022.

The Department of Public Works operates out of new \$3.8 million facility that was completed in November 2018.

Water Pollution Control Facility and Collection Systems: The Water Pollution Control plant is operated by a Class IV Superintendent, a Chief Plant Operator, and two plant operators. The plant serves approximately 1,700 residential and commercial users on Route 179, north and south along Route 44, and the Village of Collinsville. In 1993, the plant was upgraded and expanded to a Class IV facility which includes the following four treatment processes: Primary - removal of grit and settleable solids; Secondary - biological break down of the waste stream and settling out of suspended solids through trickling filters, rotating biological contractors, and secondary clarifiers; Tertiary - removal of suspended solids through sand filters; and ultraviolet disinfection. The plant currently processes 600,000 gallons per day, with a capacity of up to 950,000 gallons per day. In 2009, the Town rebuilt the Dowd Avenue sewer from Route 44 to Commerce Drive removing the Route 44/Canton Valley Circle pump station, improving efficiencies and decreasing inflow and infiltration which created additional capacity at the facility. The collection system consists of approximately twenty-two miles of sewers and three pump stations located along Route 44 and on Town Bridge Road. The cost of the upgrade and the Dowd Avenue project are being repaid by benefiting users. Permanent financing was obtained under the Clean Water Fund Program of the State of Connecticut at a rate of 2%.

Finance: The Town has a consolidated Finance Department that oversees all financial matters of the Town of Canton including the Board of Education. In addition to the Finance Officer/Treasurer, the Finance Department includes an Accountant, Financial Assistant, Benefits Coordinator, Accounts Payable, Finance Clerk, Board of Education Payroll Clerk and Accounting Clerk. The Finance Department recently transitioned to new financial software so that both the Town and Board of Education are utilizing the same software platform. The Town has in place a formal investment and cash management policy. The policy provides for maximization of investment returns and security of principal. The Town has a debt management policy which establishes criteria for the issuance of debt obligations. The Town has a Fund Balance Policy that formalizes the Town's commitment to maintaining adequate Fund Balance. The Fund Balance is currently approximately 18% of budgeted expenditures.

Health Department: Comprehensive preventive health programs, food establishment inspections, and communicable disease surveillance are provided by the Farmington Valley Health District, a regional Health District serving ten municipalities. The District is headed by a Director of Health. The Board of Selectmen appoints two representatives to the District's Board of Directors. Coordination between the Farmington Valley Health District and Town officials has been critical during the COVID 19 pandemic.

Land Use: Canton's development is defined and directed under comprehensive zoning, subdivision and wetlands regulations formulated and administered by the Planning and Zoning Commission, the Inland Wetlands and Watercourses Agency, and the Zoning Board of Appeals. Assisting these commissions is a Town Planner and an Assistant Town Planner.

Comprehensive zoning regulations were instituted in 1958. A Plan of Conservation and Development, first adopted in 1972, was last updated in 2014. The Planning and Zoning Commission adopted a Form Based Code for Collinsville and the commercial areas of Canton in 2018. The subdivision regulations were updated in 2019.

Solid Waste Disposal: The Town executed a service contract with Murphy Road Recycling, LLC for the disposal of solid waste and recyclables from July 1, 2022 through June 30, 2027. This will replace the prior contract with Materials Innovation Recycling Authority and will provide lower rates and a more stable service. The tipping fee is \$111.00 per ton for solid waste for the period July 1, 2022 through June 30, 2023. The Town retains the responsibility for the collection, disposal and treatment of waste and recyclables which are not covered by the service agreement such as waste motor oil, tires, bulky waste and scrap metals.

Recreation: The Canton Park and Recreation Department provides recreation programs to meet the needs of the community. These activities include all towns' senior citizens, teens, and special need groups as well as adult and youth. The department operates the Town's major recreation facility, the Mills Pond Recreation Area. This 40-acre complex contains a variety of active and passive recreational opportunities, including: four tennis courts, three basketball courts, a volleyball court, an Olympic size swimming pool and a wading pool, picnic shelter, children's playscape, a skateboarding and in-line skating facility, a pond, hiking trails, two little league fields, soccer fields, baseball and softball diamonds and playing fields. The pool facility has received over \$800,000 in upgrades in recent years. The area provides field activities such as kite flying; pick-up games; interscholastic and intramural athletics; swimming, fishing, hiking, walking, and jogging; picnicking and a variety of special events, concerts, and summer programs.

The Town has approved the use of American Recovery Plan funds to improve numerous recreational facilities including ballfields, Mills Pond Park Swimming Pool, outdoor exercise equipment and the heavily utilized Farmington River Bike Trail. The funds will also be utilized to construct a splash pad and a boat ramp for the public to gain access to the Farmington River.

The Collinsville area, next to the scenic Farmington River, is located on the Farmington River Bike Trail. The trail is a segment of a linear trail system that runs through several river valleys and former railroad tracks. The system was constructed through the cooperative efforts of towns, non-profit organizations, and the state and federal governments. The area is a destination point for visitors interested in antiques, fly-fishing, canoeing, kayaking, bicycling and hiking.

Utilities: Electric service is provided by Eversource Energy.

Rated at 0.7074 B.T.U.'s per cubic foot, natural gas is supplied by the Connecticut Natural Gas Company.

Water is provided by the Connecticut Water Company to the Collinsville section and the commercial and light industrial areas of Routes 179 and 44. Approximately forty percent of the population is served by the water company. The remaining residents own private wells.

Economic Development

Canton is committed to expanding its commercial and industrial sector in order to promote diversity in the property tax base.

Interest in retail development in the Route 44 corridor continues since the completion of the Shoppes at Farmington Valley. The Shoppes consist of approximately 430,000 square feet of retail space including stores such as Dick's Sporting Goods, Kohl's, American Eagle, Barnes and Noble, ShopRite, Chicos, Talbots and several fine restaurants. At the corner of Lawton Road and Albany Turnpike, a CVS and Aldi's grocery store has been constructed along with the 17,000 square foot UCONN Health medical office building which created 40 full and part-time jobs. The Town has a privately owned industrial park with the potential for new development. One of the Town's largest private employers, Favarh is located within the industrial park and is currently expanding their facilities.

Retail business in the village of Collinsville, with a niche of arts, antiques and life-long recreation, is experiencing resurgence from tourists and from outdoor enthusiasts using the rails-to-trails segment along the Farmington River in Burlington and Collinsville which has recently been extended to the Route 44 Corridor. The area has been supported by two grants from the Connecticut Department of Transportation totaling approximately \$1.5 million that has funded streetscape improvements including sidewalks, lighting and signage. These historically appropriate improvements will provide enhanced improved pedestrian access, organized parking, and most importantly create critical linkages between areas of significant activity to areas of businesses. The program is supported by the Main Street Organization and local merchants. Collinsville was referred to as the Most Eccentric Town by the website Onlyinyourstate.com in August 17, 2017, characterizing the area as a "funky little village boasting natural beauty, artsy charm and an interesting past. What makes Collinsville really cool is the way contemporary artists, businesses, developers, and residents use old buildings for fresh purposes".

The Farmington River runs through the southwest portion of Town. Canton includes the village of Collinsville where the Collins Axe Factory complex is located. Founded by Samuel W. Collins, it is one of the first ax factories in the world. At the Collins Axe Factory, Elisha Root invented the important industrial technique of die casting. The factory was closed in 1966. The property consists of 25 historic buildings situated on 19 acres. Recently a New York development firm has contracted with the owner of the factory to redevelop the property into a mix use

of approximately 260 apartments and 40,000 to 50,000 square feet of commercial space. The total cost of the development is estimated to be between \$50 to \$60 million dollars.

At the corner of Route 79 and Route 44 a developer has begun construction of a 102-unit apartment complex. The project should be substantially completed in 2022.

Request for building permits has continued to rise even during the COVID-19 pandemic. The amount of building permits increased from 793 in fiscal year 2019 to 1,007 in fiscal year 2021.

In cooperation with the Economic Development Agency, the Town just completed a marketing website exclusively for the Town of Canton business community. The “Make it Canton” campaign highlights what makes Canton unique and attractive including its many cultural and recreational opportunities which bring people to Canton to shop in our stores and eat in the many restaurants in Town.

Collinsville Hydroelectric Project

The Town is interested in enhancing the long-term sustainability of the Town through evaluating and implementing various energy conservation and efficiency measures, including promoting renewable energy. The Upper Collinsville Dam, which was originally constructed beginning in the 1830’s by the Collins Company to harness the energy available in the Farmington River and abandoned in 1965, provide a unique infrastructure redevelopment opportunity to preserve and improve historic and cultural assets which are important to the regional economy and environment. The Town was granted a preliminary permit in 2009 by the Federal Energy Regulatory Commission (FERC) to develop the hydro facility.

In June 2014, President Obama signed into law the Collinsville Renewable Energy Promotion Act which allowed FERC to transfer previously issued permits for these dams to the Town of Canton thereby eliminating the need for the town to apply for final FERC licenses. The hydroelectric project has enjoyed considerable support from local, state and federal officials.

In 2019, the license to operate the dam was transferred to Canton Hydro LLC. They completed renovating the dam and power house along with construction of the fish ladder in the winter of 2021-22 and began producing power in December 2021.

Town Employees

<u>Department</u>	<u>Paid Positions</u>
General Government.....	34
Public Safety.....	22
Public Works.....	17
Park and Recreation.....	7
Public Libraries.....	11
Human Services.....	3
Planning and Development.....	4
Board of Education.....	292
<i>Source: Town Officials.</i>	390

Municipal Employees

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
General Government.....	97	98	100	97	109
Board of Education ¹	292	292	264	272	326
Total.....	389	390	364	369	435

¹ Includes full time employees only.

Source: Town of Canton.

Employee Relations and Collective Bargaining

Employee Bargaining Groups

General Government Unions	Positions Covered	Current Contract Expiration Date
Police - AFSCME.....	12	6/30/2022
Police Dispatchers - Connecticut Independent Labor Union.....	4	6/30/2022
Public Works - National Association of Government Employees.....	12	6/30/2024
Sub-Total	28	
Board of Education Unions		
Teachers - Education Association of Canton.....	154	6/30/2024
Custodians - Connecticut Independent Labor Union.....	11	6/30/2021 ¹
Principals & Supervisors - Administrator's Association of Canton.....	6	6/30/2022
Secretaries - AFCSME.....	15	6/30/2022
Paraeducators - Connecticut Federation of Educational Personnel....	86	6/30/2021 ¹
Sub-Total	272	
Total	300	

¹ In negotiation.

Source: Town of Canton.

Sections 7-473c, 7-474, and 10-153a to 10-153n of the Connecticut General Statutes provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of an affected municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organizations must be advised in writing for the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% with respect to other municipal employees, is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational System

As a leader among schools in Connecticut and a source of pride in the community, the Canton Public Schools shape the future of its students by *opening minds* and *transforming lives* through creative and innovative programs. Our mission is to unite with families and the community to provide challenging educational experiences and opportunities that develop the intellectual, physical, social and emotional potential of our students. Our mission is to prepare productive, tolerant and responsible citizens with the character and independence to embrace and contribute to the world. We accept this challenge and invite our stakeholders to join us in transforming this vision into reality.

The Canton Public Schools service grades pre-kindergarten through grade twelve and is governed by a local Board of Education. The Board of Education consists of nine members elected biennially to four-year terms. The primary function of the Board of Education is to establish policy. Some of the areas for which such policies are set include the development of curriculum, the implementation of both State and Federal laws, and the planning and maintenance of school facilities. The Board of Education submits an annual budget to the Town's Board of Finance subject to final approval by the voters. The Board of Education, with the assistance of its professional staff, oversees the budget and ensures that funds appropriated by the Town are properly expended.

Significant improvements have been made to virtually every aspect of the Canton Public Schools. Following is a list of recent awards and recognitions:

- 2009 – CT Middle School of the Year, Canton Middle School (CT Assoc. of Schools)
- 2011, 2012, 2013 – Canton High School named to the College Board’s Advanced Placement Honor Roll (increased student achievement and participation in Advanced Placement Courses)
- 2012, 2013, 2014, 2015 – Canton Public Schools named as one of the best communities supporting music education by the NAMM Foundation
- 2013 – Connecticut Association of Boards of Education (CABE) Excellence in Communication Award
- 2013 – Canton High School named one of the nation’s best high schools by Newsweek
- 2014 – Canton High School designated a Gold Medal Recipient and named one of the top 10 high schools in CT by US News and World Report
- 2014 – Cherry Brook Primary School named a Connecticut School of Distinction (one of 9 in CT) based upon student achievement results
- 2014 – Canton High School named as School of Excellence and School of Distinction (one of 15 in CT) based upon student achievement results
- 2016 – Connecticut Association of Boards of Education (CABE) Leadership Award
- 2017 – Canton High School named one of the best Public High Schools in Connecticut

School Facilities

School	Grades	Date of Construction (Remodeling)	Number of Classrooms ¹	10/1/2021 Enrollment	Maximum Capacity ²
Cherry Brook.....	Pre K-3	1942 (51)(61)(86)(88)(96)(11)	23	432	575
Canton Intermediate School..	4-6	1935 (55)(76)(86)(88)(12)	18	348	400
Canton Middle School.....	7-8	2006 (11)	20	244	400
Canton High School.....	9-12	1970 (86)(88)(06)(12)	30	497	685
Total.....			91	1,521	2,060

Source: Town of Canton.

School Enrollment

As of October 1	Grades Pre K-3	Grades 4-6	Grades 7-8	Grades 9-12	Total
Historical					
2016-17	459	379	283	494	1,615
2017-18	454	369	275	503	1,601
2018-19	453	351	255	489	1,548
2019-20	468	360	251	481	1,560
2020-21	432	348	244	497	1,521
Projected					
2021-22	459	330	242	466	1,497
2022-23	462	333	245	470	1,510
2023-24	464	335	248	473	1,520

Source: Town of Canton.

III. Economic and Demographic Information

Population and Density

Year	Actual		Density ²
	Population ¹	% Increase	
1970	6,868	22.1%	279
1980	7,635	11.2%	310
1990	8,268	8.3%	336
2000	8,840	6.9%	359
2010	10,292	16.4%	418
2020	10,124	-1.6%	412

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 24.6 square miles.

Age Distribution of the Population

Age	Town of Canton		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	534	5.2%	182,708	5.1%
5 to 9 years	524	5.1	192,321	5.4
10 to 14 years	738	7.2	221,648	6.2
15 to 19 years	482	4.7	241,286	6.8
20 to 24 years	422	4.1	243,381	6.8
25 to 34 years	743	7.2	443,917	12.4
35 to 44 years	1,133	11.0	426,097	11.9
45 to 54 years	1,248	12.1	493,186	13.8
55 to 59 years	1,019	9.9	267,164	7.5
60 to 64 years	1,016	9.9	243,375	6.8
65 to 74 years	1,419	13.8	345,407	9.7
75 to 84 years	574	5.6	175,909	4.9
85 years and over	422	4.1	94,150	2.6
Total.....	10,274	100.0%	3,570,549	100.0%
Median Age (Years).....	50.4		41.1	

Source: American Community Survey, 2016-2020.

Income Distribution

Income	Town of Canton		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	-	0.0%	24,418	2.7%
\$10,000 to \$14,999.....	-	-	14,648	1.6
\$15,000 to \$24,999.....	70	2.5	38,026	4.2
\$25,000 to \$34,999.....	41	1.4	46,409	5.1
\$35,000 to \$49,999.....	332	11.7	75,375	8.3
\$50,000 to \$74,999.....	439	15.5	129,070	14.3
\$75,000 to \$99,999.....	419	14.8	113,813	12.6
\$100,000 to \$149,999.....	460	16.2	189,460	21.0
\$150,000 to \$199,999.....	391	13.8	110,975	12.3
\$200,000 or more.....	688	24.2	160,802	17.8
Total.....	2,840	100.0%	902,996	100.0%

Source: American Community Survey, 2016-2020.

Income Levels

	Town of Canton	State of Connecticut
Per Capita Income, 2020 ¹	\$ 51,836	\$ 45,668
Per Capita Income, 2010.....	\$ 46,401	\$ 36,775
Median Family Income, 2020 ¹	\$ 117,011	\$ 102,061
Percent Below Poverty, 2020 ¹	0.7%	6.7%

¹ American Community Survey, 2016-2020

Source: U.S. Department of Commerce, Bureau of Census, 2010

Educational Attainment Persons 25 Years and Older

	Town of Canton		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	33	0.4%	99,436	4.0%
9th to 12th grade.....	98	1.3	126,114	5.1
High School graduate.....	1,260	16.6	655,381	26.3
Some college, no degree.....	1,535	20.3	419,238	16.8
Associate's degree.....	682	9.0	193,036	7.8
Bachelor's degree.....	2,243	29.6	551,459	22.2
Graduate or professional degree.....	1,723	22.7	444,541	17.9
Total	7,574	100.0%	2,489,205	100.0%
Total high school graduate or higher (%).....	98.3%		90.9%	
Total bachelor's degree or higher (%).....	52.4%		40.0%	

Source: American Community Survey, 2016-2020.

Employment by Industry

Sector	Town of Canton		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining	4	0.1%	7,173	0.4%
Construction	336	6.4	110,308	6.1
Manufacturing	500	9.6	188,968	10.5
Wholesale trade	196	3.8	42,782	2.4
Retail trade	473	9.1	190,314	10.5
Transportation and warehousing, and utilities	92	1.8	78,107	4.3
Information	59	1.1	36,880	2.0
Finance, insurance, real estate, rental & leasing	815	15.6	163,661	9.1
Professional, scientific, management, administrative, and waste mgmt services	783	15.0	211,665	11.7
Education, health and social services	1,228	23.5	478,318	26.5
Arts, entertainment, recreation, accommodation and food services	289	5.5	149,684	8.3
Other services (except public administration)	217	4.2	82,940	4.6
Public Administration	226	4.3	66,725	3.7
Total Labor Force, Employed	5,218	100.0%	1,807,525	100.0%

Source: American Community Survey, 2016-2020.

**Employment Data
By Place of Residence**

Period	Town of Canton		Percentage Unemployed		
	Employed	Unemployed	Town of Canton	Hartford Labor Market	State of Connecticut
March 2022	5,557	210	3.6	4.2	4.3
Annual Average					
2021	5,104	269	5.1	6.6	6.6
2020	5,398	294	5.2	7.0	7.3
2019	5,618	169	2.9	3.8	3.7
2018	5,568	182	3.2	4.1	4.1
2017	5,515	197	3.5	4.8	4.7
2016	5,448	204	3.6	5.3	5.1
2015	5,404	221	3.9	5.9	5.7
2014	5,326	260	4.7	6.9	6.6
2013	5,209	294	5.3	8.0	7.8
2012	5,240	312	5.6	8.7	8.3

Note: Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

**Major Employers
As of January 2022**

Name	Business	Number of Employees
Canton.....	Municipality	389
Farmington Valley ARC.....	Support Services	300
Cherry Brook Health Care Center.....	Nursing Home	170
Shoprite Grocery Store.....	Retail	170
Kohls.....	Retail	63
Mitchell Auto Group.....	Car Dealership	64
Martel Transportation.....	Cargo Haulers	59
Suburban Sanitation Service.....	Septic Tanks	46
Acura of Avon	Car Dealership	38
Barnes & Noble.....	Bookstore	28

Source: Telephone survey of Employers and State of Connecticut Department of Labor.

Land Use Summary

Land Use Category	Acres	Percent of Total Land
Developed Land.....	7,915	49.5%
Undeveloped Land.....	6,650	41.6%
Total Land Area.....	14,565	91.0%
Road / Waterbodies.....	1,435	9.0%
Total Land Area.....	16,000	100.0%

Note: All figures are approximate.

Source: Planning and Development, 2021, Town of Canton.

Building Permits

Fiscal Year Ended 6/30	Residential		Commercial / Industrial		Other		Totals	
	No.	Value	No.	Value	No.	Value	No.	Value
2021	7	\$ 1,957,000	6	\$ 7,308,350	1,006	\$ 15,165,439	1,019	\$ 24,430,789
2020	14	3,943,103	1	1,865,000	930	11,218,610	945	17,026,712
2019	11	2,897,091	3	6,785,640	776	12,422,613	790	22,105,344
2018	10	2,629,500	25	2,492,722	718	10,060,882	753	15,183,104
2017	9	2,561,200	17	627,112	662	6,432,540	688	9,620,852
2016	7	2,292,000	8	392,000	619	5,044,509	634	7,728,509
2015	10	3,076,876	13	1,043,138	677	8,020,722	700	12,140,736
2014	9	2,620,334	15	1,966,115	715	6,047,845	739	10,634,294
2013	12	2,621,902	19	929,929	684	5,934,137	715	9,485,968
2012	8	2,640,000	24	3,170,980	580	3,943,661	612	9,754,641

Source: Building Department, Town of Canton.

Age Distribution of Housing

Year Built	Town of Canton		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	575	12.8%	327,771	21.5%
1940 to 1969.....	1,320	29.4	532,459	35.0
1970 to 1979.....	754	16.8	204,902	13.5
1980 to 1989.....	560	12.5	188,346	12.4
1990 to 1999.....	354	7.9	118,768	7.8
2000 or 2009.....	780	17.4	102,986	6.8
2010 or later.....	144	3.2	45,967	3.0
Total Housing Units.....	4,487	100.0%	1,521,199	100.0%
Percent Owner Occupied	79.4%		66.1%	

Source: American Community Survey, 2016-2020.

Housing Inventory

Type	Town of Canton		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	3,158	70.4%	897,094	59.0%
1-unit, attached.....	397	8.8	85,585	5.6
2 units.....	144	3.2	125,289	8.2
3 or 4 units.....	160	3.6	128,352	8.4
5 to 9 units.....	484	10.8	80,405	5.3
10 to 19 units.....	38	0.8	54,136	3.6
20 or more units.....	106	2.4	137,923	9.1
Mobile home.....	-	-	11,943	0.8
Boat, RV, van, etc.....	-	-	472	0.0
Total Inventory.....	4,487	100.0%	1,521,199	100.0%

Source: American Community Survey, 2016-2020.

Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Canton		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	53	1.6%	17,908	2.0%
\$50,000 to \$99,999.....	46	1.4	26,616	2.9
\$100,000 to \$149,999.....	228	6.8	76,280	8.3
\$150,000 to \$199,999.....	120	3.6	135,429	14.8
\$200,000 to \$299,999.....	964	28.6	249,697	27.3
\$300,000 to \$499,999.....	1,263	37.5	255,697	27.9
\$500,000 to \$999,999.....	691	20.5	110,850	12.1
\$1,000,000 or more.....	-	-	42,931	4.7
Total.....	3,365	100.0%	915,408	100.0%
Median Sales Price.....	\$328,500		\$279,700	

Source: American Community Survey, 2016-2020.

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IV. Tax Base Data

Assessments

The Town of Canton had a general property revaluation effective October 1, 2018. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years; the next general property revaluation will be effective October 1, 2023. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of Canton for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable and non-taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

When a new structure, or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure is classified and priced from a schedule developed at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An assessor's check and audit is completed periodically.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town of Canton. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle has been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

The Town did participate in the deferred payment program. Even with the opportunity for payment deferral, most taxpayers paid on time. The Town did not participate in the low interest rate program.

Property Tax Collection Procedure

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments on July 1 and January 1. Real estate and personal property taxes of less than \$100 are due in full in July. Motor vehicle taxes are payable in full, regardless of amount, on July 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received by August 1 and February 1, respectively, become delinquent with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Comparative Assessed Valuations

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
2021	83.7	5.5	10.8	\$1,140,761,725	\$ 3,126,218	\$1,137,635,507	2.69
2020	86.2	5.2	7.8	1,110,648,435	2,846,145	1,107,802,290	1.46
2019	86.8	4.7	8.3	1,095,117,511	3,211,337	1,091,906,174	1.02
2018 ¹	87.2	4.5	8.5	1,083,749,531	2,878,998	1,080,870,533	(3.66)
2017	88.0	4.1	8.6	1,124,226,660	2,330,780	1,121,895,880	0.46
2016	88.2	4.0	7.9	1,119,184,055	2,467,100	1,116,716,955	0.82
2015	88.5	3.9	7.6	1,110,153,569	2,501,900	1,107,651,669	0.62
2014	88.5	4.0	7.5	1,103,048,233	2,238,710	1,100,809,523	0.61
2013 ¹	88.6	3.9	7.5	1,096,374,170	2,278,230	1,094,095,940	(3.68)
2012	89.4	3.6	7.0	1,138,218,630	2,279,080	1,135,939,550	0.44

¹ Revaluation.

Source: Assessor's Office, Town of Canton.

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2021
2020	2022 ²	\$ 1,107,802,290	33.22	\$ 36,812,187	<i>IN COLLECTION</i>		
2019	2021	1,091,906,174	32.59	35,304,191	99.2%	0.8%	0.8%
2018 ¹	2020	1,080,870,533	32.03	34,276,728	99.4%	0.6%	0.3%
2017	2019	1,121,895,880	30.70	34,231,106	99.5%	0.5%	0.2%
2016	2018	1,116,716,955	30.49	33,706,287	99.3%	0.7%	0.2%
2015	2017	1,107,651,669	29.76	32,539,326	99.3%	0.7%	0.1%
2014	2016	1,100,809,523	29.19	32,173,858	99.3%	0.7%	0.1%
2013 ¹	2015	1,094,095,940	28.56	31,280,112	99.1%	0.9%	0.1%
2012	2014	1,135,939,550	26.91	30,598,767	98.9%	1.1%	0.1%
2011	2013	1,130,952,090	26.42	29,937,826	98.9%	1.1%	0.1%

¹ Revaluation.

² Subject to audit.

Sources: Tax Collector's Office, Town of Canton.

Property Tax Receivable

Fiscal Year Ending 6/30	Total Uncollected	Uncollected for Current Year of Levy
2021	\$786,641	\$276,712
2020	701,363	223,280
2019	611,272	172,272
2018	615,430	219,872
2017	607,825	234,646

Source: Tax Collector's Report, Town of Canton Annual Audited Financial Statements, 2017-2021.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
W/S Peak Canton Properties LLC.....	Retail Shopping Center	\$ 49,859,600	4.38%
Eversource.....	Utility	28,270,690	2.49%
Connecticut Water Company.....	Utility	4,584,710	0.40%
CPIMF1 UCHSCCT LLC.....	Real Estate	4,518,500	0.40%
Boulder Ridge Association LTD.....	Apartments	4,303,030	0.38%
CT SVC LLC.....	Real Estate	4,200,000	0.37%
Canton Village Shopping Center LLC.....	Real Estate	3,030,090	0.27%
Perry Lansford.....	Technology	2,593,180	0.23%
Maple Glen Associates.....	Apartments	2,515,260	0.22%
Canton Realty.....	Real Estate	2,466,050	0.22%
Total.....		\$ 106,341,110	9.35%

¹ Based on the October 1, 2021 Net Taxable Grand List of \$1,137,635,507.

Source: Assessor's Office, Town of Canton.

Equalized Net Grand List

Grand List of 10/1	Equalized Net Grand List	% Growth
2019	\$1,659,979,517	7.52%
2018	1,543,858,847	(0.53%)
2017	1,552,114,127	(0.18%)
2016	1,554,910,972	(3.28%)
2015	1,607,651,531	4.59%
2014	1,537,052,180	(1.67%)
2013	1,563,227,414	1.46%
2012	1,540,795,085	1.45%
2011	1,518,771,590	(2.51%)
2010	1,557,809,830	(0.91%)

Source: State of Connecticut, Office of Policy and Management.

V. Debt Summary

Principal Amount of Bonded Indebtedness As of June 8, 2022 (Pro-Forma)

Long-Term Debt			Amount of	Outstanding	Fiscal Year
Date	Purpose	Rate %	Original Issue	After This Issue	of Final Maturity
07/01/10	Sewers - CWF.....	2.00	\$ 1,295,791	\$ 514,292	2030
09/25/12	Schools Refunding	1.00 - 3.00	7,830,000	855,000	2035
06/01/15	General Purpose.....	2.00-4.00	4,655,000	3,005,000	2035
06/01/15	Schools.....	2.00-4.00	945,000	595,000	2035
10/24/17	General Purpose.....	2.00-5.00	3,825,000	3,045,000	2037
04/26/22	General Purpose Refunding.....	4.00	1,305,000	1,305,000	2034
04/26/22	Schools Refunding.....	4.00	2,570,000	2,570,000	2034
Total.....			\$ 22,425,791	\$ 11,889,292	
This Issue					
06/08/22	General Purpose	<i>tbd</i>	\$ 7,875,000	\$ 7,875,000	2042
Sub-Total.....			7,875,000	7,875,000	
Total All Bonds.....			\$ 38,175,791	\$ 27,639,292	

Short-Term Debt As of June 8, 2022 (Pro-Forma)

The Town's does not have any outstanding short-term debt as of June 8, 2022.

Overlapping/Underlying Debt

The Town of Canton does not have any overlapping or underlying debt.

A special taxing district, The Secret Lake Association, Inc., is located within the boundaries of Canton. The Townhas been informed that the Association has no authority to incur debt.

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Annual Bonded Debt Maturity Schedule ¹
As of June 8, 2022
(Pro-Forma)

Fiscal Year Ended	This Issue						Cumulative Principal Retired
	Principal	Interest	Total	General Purpose	Total	Total	
2022 ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
2023	1,338,268	347,230	1,685,498	395,000	395,000	1,733,268	8.8%
2024	974,646	335,053	1,309,699	395,000	395,000	1,369,646	15.7%
2025	1,041,052	302,800	1,343,852	395,000	395,000	1,436,052	23.0%
2026	867,486	270,738	1,138,224	395,000	395,000	1,262,486	29.4%
2027	868,949	240,044	1,108,993	395,000	395,000	1,263,949	35.7%
2028	875,442	211,607	1,087,049	395,000	395,000	1,270,442	42.2%
2029	876,965	185,310	1,062,275	395,000	395,000	1,271,965	48.6%
2030	806,483	158,880	965,363	395,000	395,000	1,201,483	54.7%
2031	800,000	132,338	932,338	395,000	395,000	1,195,000	60.7%
2032	805,000	104,888	909,888	395,000	395,000	1,200,000	66.8%
2033	805,000	77,338	882,338	395,000	395,000	1,200,000	72.9%
2034	795,000	49,713	844,713	395,000	395,000	1,190,000	78.9%
2035	465,000	28,750	493,750	395,000	395,000	860,000	83.3%
2036	190,000	14,250	204,250	395,000	395,000	585,000	86.2%
2037	190,000	8,550	198,550	395,000	395,000	585,000	89.2%
2038	190,000	2,850	192,850	390,000	390,000	580,000	92.1%
2039	-	-	-	390,000	390,000	390,000	94.1%
2040	-	-	-	390,000	390,000	390,000	96.1%
2041	-	-	-	390,000	390,000	390,000	98.0%
2042	-	-	-	390,000	390,000	390,000	100.0%
Total.....	\$ 11,889,291	\$ 2,470,339	\$ 14,359,630	\$ 7,875,000	\$ 7,875,000	\$ 19,764,291	

¹ Excludes \$1,431,918 in principal payments and \$265,288 in interest payments from July 1, 2021 through June 8, 2022.

School Building Grant Reimbursements

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State's share of the eligible construction costs. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Debt service reimbursements will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the prior program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the Town for principal and interest costs for eligible school construction projects over the life of the outstanding school bonds and subsequent bond issues necessary to completely fund the approved school project.

Clean Water Fund Program

The Town of Canton is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at the rate of 2% per annum. All participating municipalities receive funding for eligible expenses of 20% grant and 80% loan, except for combined sewer overflow projects (50% grant and 50% loan) and denitrofication projects (30% grant and 70% loan). Loans to each municipality are made pursuant to Project Loan and Project Grant Agreements (the "Loan Agreements"). During construction the municipality enters into a short-term borrowing agreement with the State called an Interim Funding Obligation ("IFO") from which it pays project costs as needed. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Upon project completion, the IFO is permanently financed through the issuance of a 20-year debt obligation called a Project Loan Obligation ("PLO"). The IFOs and PLOs issued to the State are secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Debt Statement ¹
As of June 8, 2022
(Pro-Forma)

Long-Term Debt Outstanding:

General Purpose (Includes this Issue).....	\$ 15,230,000
Schools.....	4,020,000
Sewers.....	514,292
Water	-
Total Long-Term Debt	19,764,292

Short-Term Debt:

Bond Anticipation Notes.....	-
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Total Short-Term Debt	-
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Total Overall Debt	19,764,292
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Less: Sewer Assessments Receivable ¹	(31,492)
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Total Overall Net Debt	\$ 19,732,800
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¹ Represents sewer user charges receivable as of June 30, 2021.

Current Debt Ratios
As of June 8, 2022
(Pro-Forma)

Population (2020)	10,124
Net Taxable Grand List (10/1/21)	\$ 1,137,635,507
Estimated Full Value	\$ 1,625,193,581
Equalized Grand List (10/1/19) ²	\$ 1,659,979,517
Money Income per Capita (2020) ¹	\$ 51,836

	Total Overall Debt	Total Overall Net Debt
	\$19,764,292	\$19,732,800
Per Capita.....	\$1,952.22	\$1,949.11
Ratio to Net Taxable Grand List.....	1.74%	1.73%
Ratio to Estimated Full Value.....	1.22%	1.21%
Ratio to Equalized Grand List.....	1.19%	1.19%
Debt per Capita to Money Income per Capita.....	3.77%	3.76%

¹ U.S. Department of Commerce, Bureau of Census, American Community Survey, 2016-2020.

² Office of Policy and Management, State of Connecticut.

Bond Authorization

The Town of Canton has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the requirements of the Town Charter. Under the Town Charter, the issuance of bonds and notes is authorized upon the recommendation of the Board of Finance and approved by the voters at a Town Meeting or, upon Board of Selectmen initiative or by petition, at a referendum, except for refunding bonds which are authorized by the Board of Selectmen.

Maturities

General obligation bonds, with the exception of refunding bonds, are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The term of an issue may not exceed twenty years except in the case of bonds issued for school building projects, sewer bonds and for any bonds issued on or after July 1, 2017 but prior to July 1, 2022, each of which may mature up to thirty years (CGS Sec. 7-371).

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

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Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation. Annual receipts from taxation (the "base") are defined as total tax collections (including interest, penalties and late payments) and state payments for tax revenue loss under the Connecticut General Statutes Sections 12-129d and 7-528.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas and electricity; for electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the State, a State agency or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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Statement of Statutory Debt Limitation ¹
As of June 8, 2022
(Pro Forma)

Total Tax Collections (including interest and lien fees)
 Received by the Treasurer for the year ended June 30, 2021 \$ 35,738,981

Reimbursement For Revenue Loss:

Tax relief for elderly 2,874
Base for Debt Limitation Computation..... \$ 35,741,855

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 80,419,174	-	-	-	-
4 1/2 times base.....	-	\$ 160,838,348	-	-	-
3 3/4 times base.....	-	-	\$ 134,031,956	-	-
3 1/4 times base.....	-	-	-	\$ 116,161,029	-
3 times base.....	-	-	-	-	\$ 107,225,565
Total Debt Limitation	\$ 80,419,174	\$ 160,838,348	\$ 134,031,956	\$ 116,161,029	\$ 107,225,565

Indebtedness:

Bonds Outstanding.....	7,355,000	4,020,000	514,292	-	-
Bonds (This Issue).....	7,875,000	-	-	-	-
Debt Authorized But Unissued.....	2,410,000	-	-	-	-
Total Indebtedness	25,515,000	4,020,000	514,292	-	-
Less:					
State School Grants Receivable	-	(31,492)	-	-	-
Total Net Indebtedness	25,515,000	3,988,508	514,292	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS.... \$ 54,904,174 \$ 156,849,840 \$ 133,517,664 \$ 116,161,029 \$ 107,225,565

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$250,192,985.

Authorized but Unissued Debt
As of June 8, 2022
(Pro Forma)

Project	Total	Previously	Authorized But Unissued		
	Amount of Authorization	Bonded / Grants / Other	This Issue: The Bonds	General Purpose	Schools
Firehouse.....	\$ 5,400,000	\$ -	\$ 5,400,000	-	-
Three Bridges.....	4,885,000	-	2,475,000	2,410,000 ¹	-
Totals	\$ 10,285,000	\$ -	\$ 7,875,000	\$ 2,410,000	-

¹ Grant proceeds in the amount of \$2,409,000 are expected to fund a portion of the cost of the project.

**THE TOWN OF CANTON HAS NEVER DEFAULTED IN THE PAYMENT OF
 PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**Principal Amount of Outstanding Government Activities Debt
Last Five Fiscal Years Ending June 30**

Long-Term Debt	2022¹	2021	2020	2019	2018
Bonds.....	\$ 11,375,000	\$ 12,945,000	\$ 14,425,000	\$ 16,035,000	\$ 17,655,000
CWF.....	514,201	581,119	646,713	711,009	774,033
Total Long-Term Debt.....	\$ 11,889,201	\$ 13,526,119	\$ 15,071,713	\$ 16,746,009	\$ 18,429,033
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Grand Total.....	\$ 11,375,000	\$ 12,945,000	\$ 14,425,000	\$ 16,035,000	\$ 17,655,000

¹ Subject to audit.

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Net Estimated Full Value¹ (000s)	Net Long-Term Debt¹ (000s)	Ratio of Net Long-Term Debt to		Population²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income³ (%)
				Assessed Value (%)	Estimated Full Value (%)			
2021	\$ 1,091,906	\$ 1,559,866	\$ 13,526	1.24%	0.87%	10,124	\$ 1,336.04	2.58%
2020	1,080,871	1,544,101	15,072	1.39%	0.98%	10,124	1,488.74	2.87%
2019	1,121,896	1,602,708	16,746	1.49%	1.04%	10,124	1,654.09	3.19%
2018	1,116,717	1,595,310	18,429	1.65%	1.16%	10,124	1,820.33	3.51%
2017	1,107,652	1,582,360	16,116	1.45%	1.02%	10,124	1,591.86	3.07%

¹ Does not reflect State of Connecticut School Construction and interest subsidy grants applied to the retirement of the outstanding debt.

² U.S. Department of Commerce, Bureau of Census, 2020.

³ Money Income per Capita: ACS Estimates 2016-2020 data: \$51,836 used for all calculations.

**Ratios of Annual Long-Term Government Activities Debt Service Expenditures
To Total General Fund Expenditures**

Fiscal Year Ended 6/30	Ratio of General Fund Debt Service To Total General Fund Expenditures		
	Total Debt Service	Total General Fund Expenditures¹	(%)
2022 ¹	\$ 1,757,751	\$ 41,793,332	4.21%
2021	1,912,913	45,645,960	4.19%
2020	2,084,913	43,708,005	4.77%
2019	2,146,213	43,200,586	4.97%
2018	1,956,364	41,934,239	4.67%
2017	1,945,625	40,974,276	4.75%
2016	1,741,150	39,756,587	4.38%

¹ GAAP basis of accounting. Includes Transfers out.

² Subject to audit.

VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Basis of Accounting

Accounting Policies

The financial statements of the Town of Canton, Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town complied with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2003. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

Fund financial statements – provide information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A "Basic Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town of Canton.

Budget Procedure

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

- The budget calendar requires the Board of Selectmen and the Board of Education to submit their sections of the annual budget to the Board of Finance for review no later than the second Monday in March, at which time the Board of Finance may increase or decrease the total amount of either proposed budget. The Board of Finance may also increase or decrease the total amount of the annual contribution to the Town's Capital Improvements Fund but does not have the authority to select or delete specific capital projects that have been recommended by the Board of Selectmen for inclusion therein
- An annual budget hearing is held on the fourth Monday in April at which the Board of Finance presents the recommended annual budget for public comment. The Board of Finance then considers the public comments and makes any further revisions to the budget it deems necessary or appropriate before approving the budget for submission to the voters.
- The budget is submitted for vote at an annual budget referendum to be held on or before the second Thursday in May. Once the budget is approved at referendum, the Board of Finance meets to levy a tax on the grand list, which will be sufficient, together with other estimated income of the Town, to pay the amounts appropriated and any revenue deficit of the Town

- Expenditures are budgeted by function, department and object. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is established at the department level except for expenditures for education which are appropriated as one department.
- Each of the Board of Selectmen and the Board of Education is authorized to approve transfers of unexpended balances within and between departments, categories or items within its respective budget.
- In any fiscal year, upon request of the Board of Selectmen or the Board of Education, as the case may be, the Board of Finance (comprised of six members) may with the approval of four members, make additional appropriations of up to \$50,000 in the aggregate to each of the Board of Selectmen and the Board of Finance, from the undesignated fund balance, and, with approval of at least five members, may authorize additional appropriations in excess of \$50,000, but not to exceed \$100,000, in the aggregate from the undesignated fund balance. If the requisite number of members do not agree, a majority of those present and voting may recommend the appropriation for Town Meeting approval. Additional appropriations in excess of \$100,000 require approval at a Town Meeting.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting. "On behalf" payments made by the State of Connecticut into the State Teachers' Retirement System are not recorder for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Municipal Budget Expenditures Cap

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The fiscal 2022-2023 biennium budget legislation adopted by the General Assembly in June 2021 provides funding for the municipal revenue sharing grant for the fiscal years ending June 30, 2022 and June 30, 2023. The Town does not expect to receive a municipal revenue sharing grant in fiscal year 2021-2022.

Annual Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The Town of Canton is in full compliance with said provisions. For the fiscal year ended June 30, 2021, the financial statements of the Town were audited by the firm of Mahoney Sabol, Certified Public Accountants and Advisors of Glastonbury, Connecticut.

Certificate of Achievement for Excellence in Financial Reporting: The Town of Canton has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (“GFOA”) of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 2000 through June 30, 2020. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

Pensions

The Town is the administrator of two single-employer defined benefit plans: the Town of Canton Employee Retirement Plan and the Town of Canton Volunteer Firefighters and Ambulance Plan (the “Plans”). The Town Employee Retirement Plan covers eligible Town employees and not-certified employees of the Board of Education and employed prior to September 10, 1979. The Volunteer Firefighters and Ambulance Plan covers all firefighters and ambulance volunteers. The Plans do not issue stand-alone financial statements and are part of the Town’s financial reporting entity. Plan administration and management is vested in the Pension Committee, which consists of five members appointed by the Board of Selectmen.

The contribution requirements of plan members and the Town are established and may be amended by the Pension Committee. The Town’s funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs for all Plan were actuarially determined using the Entry Age Actuarial Cost Method.

Employee Retirement Plan

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

For retirees prior to December 31, 1999, the normal retirement benefit is calculated at 2.0% (2.25% with 60% of paycap for Police retirees prior to July 1, 1999) of the participant’s average annual compensation for the highest three of the last ten calendar years, multiplied by years of credited service. Subsequent, the normal retirement benefit is calculated at 1.75% for Town, Police and Custodial employees, and 1.50% for Board of Education employees.

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

Early retirement benefits shall be reduced by the appropriate early retirement adjustment factor for each month the early retirement date precedes the normal retirement date. Deferred retirement benefits shall be calculated using the member’s credited service to the deferred retirement date. Death benefits will be paid if the member dies after his early retirement date (age 52 with 5 years of credited service; age 45 with 10 years of credited service for Police members) and before his actual retirement date. Spouses of members eligible for the spouse’s benefit calculated the day before death. Death benefits for members not eligible for the spouse’s benefit will be paid in a lump sum based on the accumulated member contributions with credited interest.

A plan member who leaves Town service may withdraw his or her contributions with credited interest of, if they have completed 5 years of service, will be entitled to a deferred retirement benefit to commence on the member's normal retirement date.

An active Board of Education Member who terminated prior to January 1, 2000 shall be vested upon the completion of 10 years of credited service. The benefit will be based on the number of years of credited service and final average compensation as of the date of termination. The member shall not be eligible for the death benefit provision.

The Town Plan provides that as of July 1, 2001, non-Police members will contribute 4% of their annual compensation. As of January 1, 2003, Police members are required to contribute 6.5% of their annual compensation.

	2022¹	2021	2020	2019	2018
Actuarially Determined Employer					
Contribution (ADEC).....	\$ 1,143,547	\$ 1,222,927	\$ 1,048,642	\$ 1,011,461	\$ 1,034,241
Contributions in Relation to the ADEC.....	1,143,547	1,222,927	1,048,642	1,011,461	1,034,241
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll.....	\$ 1,195,950	\$ 1,196,717	\$ 1,195,950	\$ 1,303,597	\$ 1,391,594
Contributions as a Percentage of					
Covered Employee Payroll.....	95.62%	102.19%	87.68%	77.59%	74.32%
Contributions as a Percentage of the ADEC.....	100.00%	100.00%	100.00%	100.00%	100.00%

¹ Subject to audit.

Volunteer Firefighters and Ambulance Plan

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

The Plan provides retirement, disability and death benefits. A volunteer is credited with a year of service for any plan year during which the volunteer has been credited with at least 50 points. The monthly retirement benefit to be provided for an original participant who elects the original benefit shall be equal to \$10 per month for each year of service up to a maximum of 35 years. Service prior to July 1, 1990 is credited as 1 ½ years for each year of service (up to a maximum of 15 years). Service after July 1, 1990 is credited as one year of service for each year. Normal retirement age is 65 and 4 years of service.

Participants of the volunteer plan are not required to contribute to the Plan.

	2022¹	2021	2020	2019	2018
Actuarially Determined Employer					
Contribution (ADEC).....	\$ 28,342	\$ 26,348	\$ 26,697	\$ 30,614	\$ 30,314
Contributions in Relation to the ADEC.....	28,342	26,348	26,697	33,414	33,114
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ -	\$ (2,800)	\$ (2,800)
Covered Employee Payroll.....	n/a	n/a	n/a	n/a	n/a
Contributions as a Percentage of the ADEC.....	100.00%	100.00%	100.00%	109.15%	109.24%

¹ Subject to audit.

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Town Plan on June 30, 2021, determined by an actuarial valuation as of January 1, 2020 and based on actuarial assumptions as of that date, were as follows:

	Town Plan	Volunteer Firefighters & Ambulance Plan	Total
Total Pension Liability.....	\$ 23,217,863	\$ 482,801	\$ 23,700,664
Plan Fiduciary Net Position.....	21,356,172	439,990	21,796,162
Town Net Pension Liability (Asset).....	\$ 1,861,691	\$ 42,811	\$ 1,904,502
Plan Fiduciary Net Position as % of Total Pension Liability.....	91.98%	91.13%	91.96%

The following presents the net pension liability, calculated using the discount rate of 6.25% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate.

Net Pension Liability	Current Discount Rate		
	1% Decrease 5.25%	6.25%	1% Increase 7.25%
Town Plan.....	\$ 8,365,742	\$ 6,016,758	\$ 4,016,902
Firefighters' and Ambulance Plan.....	183,080	137,733	98,911
Total.....	\$ 8,548,822	\$ 6,154,491	\$ 4,115,813

Defined Contribution Plans

Town of Canton Defined Contribution Retirement Plan

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

Any employee hired since January 1, 2003, other than an employee whose employment is part-time or seasonal, working at least 30 hours a week or 5 months per year, shall become a participant in the Plan after completing one month of service. Participation is mandatory. Participants' interest in their contributions, rollovers and Town contributions are fully vested at all times.

The Town and the participants are required to make contributions. For a general Town employee, the Town is required to make a 6% of covered payroll contribution and the employee is required to make a 4% of covered payroll contribution. For full-time police employees, the Town is required to make a contribution up to 12% and police employees are required to make a 7.0% contribution.

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

The Town is the administrator of the Volunteer Firefighters and Ambulance Personnel Pension Plan, a defined contribution pension plan. The Plan covers Volunteer Firefighters and Volunteer Ambulance personnel with service beginning after July 1, 1994. The Plan was closed to new participants on July 1, 2009. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity.

A volunteer shall become a participant in the Plan on the first eligibility date immediately following the plan year in which he earns at least 50 Points. Points are earned by performing certain duties during the Plan year. Normal retirement date shall be the date on which the participant attained his 65th birthday and received credit for at least 7 years of service under the Plan. Plan provisions and the authority to amend the provisions are established by the Board of Selectmen.

The Town shall contribute \$400 on behalf of each participant who elects the new benefit. The maximum number of plan years for which the Town will make a contribution on behalf of any participant is 35 years. Participants are not required or allowed to make contributions.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106. The Town does not and is not legally responsible to contribute to the plan.

Please refer to the Town of Canton's "Notes to Financial Statements", Note J in "Appendix A" herein for further information on the Town's Pension Plan.

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Other Post-Employment Benefits (OPEB)

The Town administers one single-employer defined benefit plan. The Plan provides healthcare insurance benefits foreligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Town and the Connecticut General Statutes. The Plan is considered to be part of the Town’s financial reporting entity. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. The Town is funding these benefits in an Other Post-Employment Benefits Trust Fund.

The OPEB liability under GASB 45 per the July 1, 2018 Actuarial Valuation is as follows:

	2021	2020	2019	2018	2017
Actuarially Determined Employer					
Contribution (ADEC).....	\$ 58,211	\$ 58,211	\$ 96,990	\$ 96,990	\$ 242,918
Contributions in Relation to the ADEC.....	58,211	58,211	93,562	103,026	242,918
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ 3,428	\$ (6,036)	\$ -
Covered Employee Payroll.....	\$ 10,703,638	\$ 12,679,074	\$ 10,653,154	\$ 10,870,565	\$ 10,029,183
Contributions as a Percentage of					
Covered Employee Payroll.....	0.54%	0.46%	0.88%	0.95%	2.42%
Contributions as a % of the ADEC.....	100.00%	100.00%	96.47%	106.22%	100.00%

The Town implemented GASB Statement No. 74 effective in Fiscal Year 2020. The following net OPEB liability of the Town Plan at June 30, 2021, determined by an actuarial valuation as of July 1, 2018 and based on actuarial assumptions as of that date, were as follows:

Total OPEB Liability.....	\$ 1,214,417
Plan Fiduciary Net Position.....	1,115,487
Town Net OPEB Liability.....	\$ 98,930
Plan Fiduciary Net Position as % of Total OPEB Liability.....	91.85%

The following presents the net OPEB liability, calculated using the discount rate of 6.25%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current	1% Increase
	5.25%	Discount Rate	7.25%
	5.25%	6.25%	7.25%
Town's Net OPEB Liability	\$ 201,522	\$ 98,930	\$ 5,419

The following presents the net OPEB liability, calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	1% Decrease	Cost Trend Rate	1% Increase
	1% Decrease	6.25%	7.25%
Town's Net OPEB Liability	\$ (38,446)	\$ 98,930	\$ 259,540

Please refer to the Town of Canton’s “Notes to Financial Statements”, Note K in “Appendix A” herein for further information on the Town’s Postemployment Benefits.

Investment Policies and Practices

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments and deposits the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government and money market mutual funds.

The Town's investment practices are in compliance with its Charter and the Connecticut General Statutes.

General Fund Balance Sheet Five Year Summary of Assets, Liabilities, and General Fund Equity

	Actual 6/30/2021	Actual 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017
Assets:					
Cash and cash equivalents	\$ 10,026,858	\$ 7,455,715	\$ 4,191,692	\$ 4,333,835	\$ 3,028,474
Investments	3,588,688	3,754,302	4,765,777	4,711,899	4,603,192
Receivables, net.....	436,871	333,468	498,776	321,437	317,721
Due from other funds	-	290,614	490,111	209,872	42,755
Prepaid Items	44,121	40,588	38,279	136,507	290,332
Total Assets	14,096,538	11,874,687	9,984,635	9,713,550	8,282,474
Liabilities, Equity, & Other Credits:					
Current Liabilities					
Accounts Payables.....	1,170,665	518,914	593,478	510,094	388,242
Accrued Liabilities	265,839	405,504	326,771	336,762	249,837
Due to Other Funds	1,652,449	808,536	188,257	108,863	133,902
Unearned Revenues	6,066	9,852	6,158	5,194	17,782
Other Liabilities	238,208	106,164	80,735	75,712	87,421
Total Liabilities	3,333,227	1,848,970	1,195,399	1,036,625	877,184
Deferred Inflow of Resources					
Unavailable Revenue	274,257	208,928	147,042	176,378	164,121
Advance Property Tax Collections	2,527,883	1,968,550	1,324,690	2,003,729	1,043,039
Total Deferred Inflow of Resources	2,802,140	2,177,478	1,471,732	2,180,107	1,207,160
Equity & Other Credits					
Nonspendable	44,121	40,588	38,279	136,507	290,332
Committed	-	-	-	-	-
Assigned	100,000	200,000	102,500	205,500	40,823
Unassigned	7,817,050	7,607,651	7,176,725	6,154,811	5,866,975
Total Equity & Other Credits	7,961,171	7,848,239	7,317,504	6,496,818	6,198,130
Total Liabilities, Equity & Other Credits ...	\$ 14,096,538	\$ 11,874,687	\$ 9,984,635	\$ 9,713,550	\$ 8,282,474

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis) and
Current Year Budget and Adopted Budget (Budgetary Basis)

	Adopted Budget ¹ 6/30/2023	Adopted Budget ¹ 6/30/2022	Actual 6/30/2021	Actual 6/30/2020	Actual 6/30/2019	Actual 6/30/2018
Revenues:						
Property Taxes, Interest and Liens	\$ 38,517,628	\$ 36,962,045	\$ 35,739,350	\$ 34,823,420	\$ 34,798,780	\$ 34,234,046
Intergovernmental.....	4,247,732	4,158,452	8,040,636	8,023,322	7,893,238	6,621,109
Charges for Services.....	880,730	694,785	1,329,051	1,037,348	889,492	939,289
Investment Income.....	34,825	78,050	15,821	254,650	263,082	113,483
Other Revenue.....	-	-	-	-	65,680	-
Total.....	\$ 43,680,915	\$ 41,893,332	\$ 45,124,858	\$ 44,138,740	\$ 43,910,272	\$ 41,907,927
Expenditures:						
General Government.....	\$ 825,606	\$ 743,407	\$ 1,821,505	\$ 692,171	\$ 668,462	\$ 651,478
Finance.....	681,230	664,551	-	734,021	632,981	456,432
Public Safety.....	3,021,409	2,946,242	3,703,338	2,485,299	2,466,387	2,476,968
Public Works.....	2,028,593	1,977,108	2,639,148	1,921,296	1,876,178	1,908,384
Human Services.....	1,317,177	1,203,188	1,500,446	1,048,627	1,083,687	1,052,385
Insurance.....	333,866	320,616	-	295,165	301,110	282,791
Planning & Development.....	432,588	408,989	540,444	350,481	362,737	358,457
Fringe Benefits.....	2,432,142	2,409,486	-	2,229,545	2,212,290	2,088,560
Education.....	29,567,291	28,349,791	31,234,784	30,448,965	29,838,787	28,963,130
Capital Improvements.....	1,289,352	1,044,403	634,034	-	-	-
Debt Service.....	1,683,001	1,757,751	1,912,913	2,084,913	2,146,213	1,956,364
Other.....	68,660	67,800	-	-	-	-
Total.....	\$ 43,680,915	\$ 41,893,332	\$ 43,986,612	\$ 42,290,483	\$ 41,588,832	\$ 40,194,949
Excess (Deficiency) of Revenues						
Over Expenditures.....	\$ -	\$ -	\$ 1,138,246	\$ 1,848,257	\$ 2,321,440	\$ 1,712,978
Other Financing Sources (Uses):						
Loans.....	\$ -	\$ -	\$ 634,034	\$ -	\$ -	\$ -
Transfers in.....	-	-	-	100,000	111,000	325,000
Transfers out.....	-	100,000	(1,659,348)	(1,417,522)	(1,611,754)	(1,739,290)
Net Other Financing Sources (Uses).....	\$ -	\$ 100,000	\$ (1,025,314)	\$ (1,317,522)	\$ (1,500,754)	\$ (1,414,290)
Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures and Other Financing Uses.....						
	-	100,000	112,932	530,735	820,686	298,688
Fund Equity, Beginning of Year.....	8,061,171	7,961,171	7,848,239	7,317,504	6,496,818	6,198,130
Fund Equity, End of Year.....	\$ 8,061,171	\$ 8,061,171	\$ 7,961,171	\$ 7,848,239	\$ 7,317,504	\$ 6,496,818

¹ Budgetary basis, subject to audit.

² Subject to audit.

VII. Legal and Other Information

Legal Matters

Hawkins Delafield & Wood LLP is serving as Bond Counsel to the Town with respect to the Bonds and will render its approving opinion in substantially the form attached hereto as Appendix B.

Litigation

The Town Attorney expects that the final disposition of all pending matters, either individually or in the aggregate, will not be finally determined in a manner which would have a material adverse effect on the financial condition of the Town of Canton.

Transcript and Closing Documents

Upon delivery of the Bonds, the winning purchaser will be furnished with the following documents for the Bonds purchased when such Bonds are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the First Selectman and the Treasurer which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that at the time bids were accepted on the Bonds, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A Receipt for the purchase price of the Bonds.
4. An executed continuing disclosure agreement for the Bonds substantially in the form attached hereto as Appendix C.
5. The approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel substantially in the form attached hereto as Appendix B.
6. The Town will make available to the winning purchaser of the Bonds ten (10) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or re-offering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Bonds. The winning purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchaser at their own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103 and may be examined upon reasonable request.

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Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

Any questions concerning this Official Statement should be directed to William Geiger, Finance Director/Treasurer, Town of Canton, Town Hall, 4 Market Street, P.O. Box 168, Canton, Connecticut 06022, telephone number (860) 693-7852. This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF CANTON, CONNECTICUT

By: _____
Robert Bessel, *First Selectman*

By: _____
William Geiger, *Finance Officer / Treasurer*

Dated as of May __, 2022

Appendix A

2021 General Purpose Financial Statements

The following includes excerpts from the Comprehensive Annual Financial Report of the Town of Canton, Connecticut for the fiscal year ended June 30, 2021. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone (203) 878-4945.

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Canton, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Canton, Connecticut (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, 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 from material misstatement.

An audit involves 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 the 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, each major fund, and the aggregate remaining fund information of the Town of Canton, Connecticut, as of June 30, 2021, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, and the information on pages 76 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 on pages i through vii, the combining and individual fund statements and schedules on pages 91 through 111, and the statistical section on pages 112 through 128 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 fund statements and schedules are fairly stated, in all material respects, in 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 our report dated December 14, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

The management of the Town of Canton, Connecticut (the "Town"), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$87,800,499 (net position). Of this amount, \$8,614,817 represents the Town's unrestricted net position, which may be used to meet its ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$2,030,956 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,999,197, an increase of \$616,124 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$7,817,050, which represents 18.7% of the total General Fund budgetary expenditures appropriation for fiscal year 2022. Expressed another way, unassigned fund balance for the General Fund is sufficient to cover approximately 2.3 months of General Fund operating expenditures.
- The Town's total capital assets decreased by \$521,950 or 0.6% during the current fiscal year.
- The Town's total long-term bonded debt, consisting of general obligation bonds, a note payable and contract financing, decreased by \$958,079 or 6.4% during the current fiscal year due to the addition of a contract payable for energy efficiency upgrades in the amount of \$634,034, offset by scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents information on all of the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. 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.

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

The statement of activities presents information showing how the Town'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 result in cash flows in future fiscal periods.

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, finance, public safety, public works, human services, planning and development, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the CDBG Small Cities Fund, the Education Grants Fund, the Town Grants Fund, and the Capital and Nonrecurring Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 through 21 of this report.

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Proprietary Funds

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 75 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 76 through 90 of this report. Combining and individual fund statements and schedules can be found on pages 91 through 111 of this report and statistical information can be found on pages 112 through 128 of this report.

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

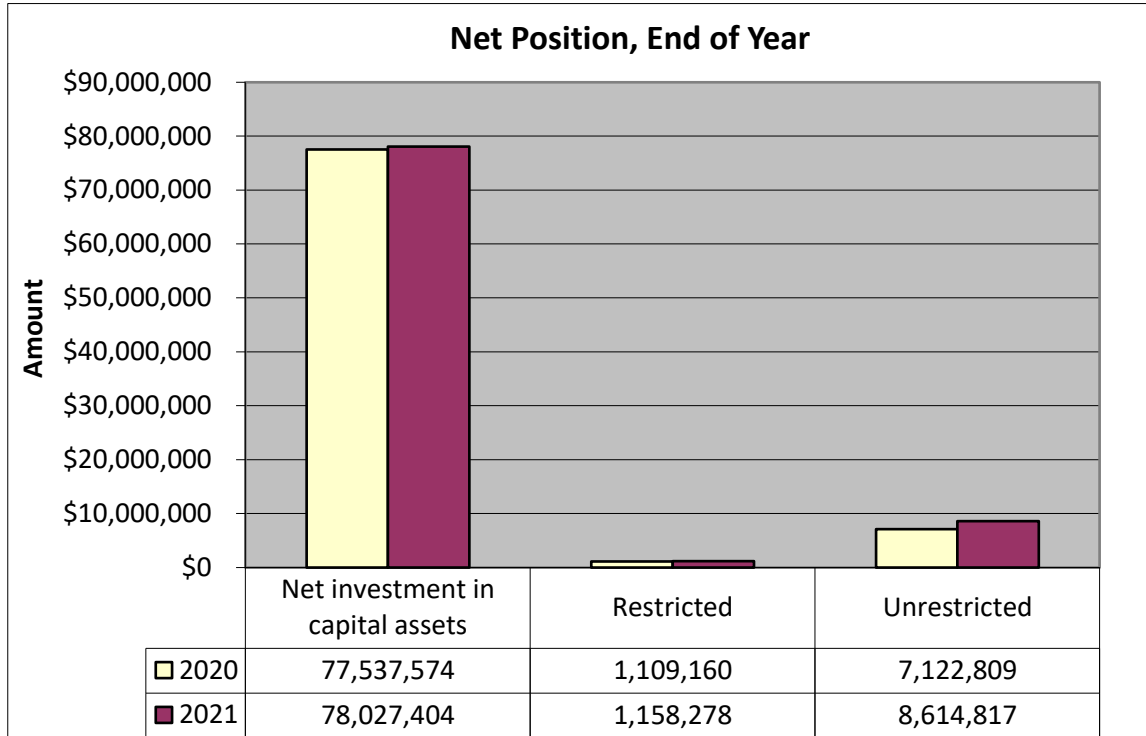
Over time, net position may serve as one measure of a government's financial position. The Town's net position as of June 30, 2020 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's net position of \$250,649 as of June 30, 2020. Net position of the Town totaled \$87,800,499 as of June 30, 2021 and \$85,769,543 as of June 30, 2020, respectively, and are summarized as follows:

	2021	2020 <i>(As Restated)</i>	\$ Change	% Change
Current and other assets	\$ 23,285,866	\$ 19,756,466	\$ 3,529,400	17.9%
Capital assets, net	92,564,950	93,086,900	(521,950)	-0.6%
Total assets	<u>115,850,816</u>	<u>112,843,366</u>	<u>3,007,450</u>	2.7%
Deferred outflows of resources	434,054	813,861	(379,807)	-46.7%
Long-term liabilities	17,922,269	23,390,900	(5,468,631)	-23.4%
Other liabilities	4,638,186	2,292,896	2,345,290	102.3%
Total liabilities	<u>22,560,455</u>	<u>25,683,796</u>	<u>(3,123,341)</u>	-12.2%
Deferred inflows of resources	5,923,916	2,203,888	3,720,028	168.8%
Net position:				
Net investment in capital assets	78,027,404	77,537,574	489,830	0.6%
Restricted	1,158,278	1,109,160	49,118	4.4%
Unrestricted	8,614,817	7,122,809	1,492,008	20.9%
Total net position	<u>\$ 87,800,499</u>	<u>\$ 85,769,543</u>	<u>\$ 2,030,956</u>	2.4%

TOWN OF CANTON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



Of the Town's net position, 88.9% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 1.3% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position increased by \$2,030,956 in comparison with the prior year.

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position

The change in net position for the year ended June 30, 2020 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's change in net position of \$10,873 for the year ended June 30, 2020. In addition, certain reclassifications were made to amounts reported for the year ended June 30, 2020 in order to conform to current year presentations. Changes in net position for the years ended June 30, 2021 and 2020 are as follows.

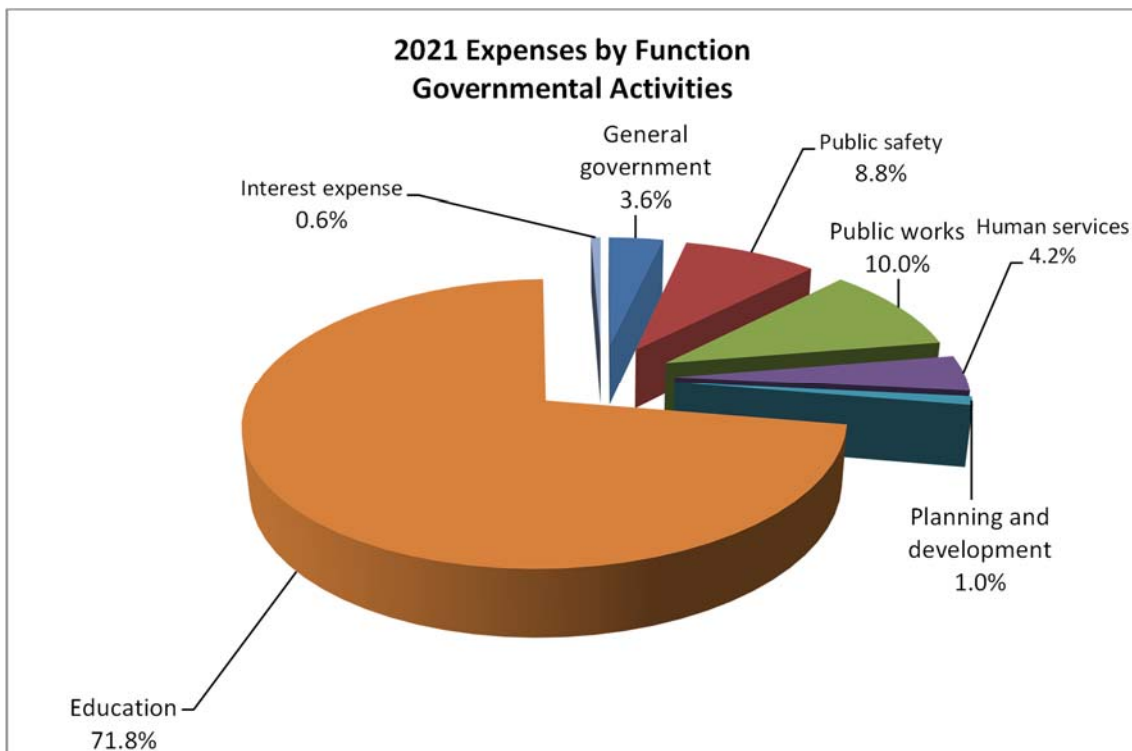
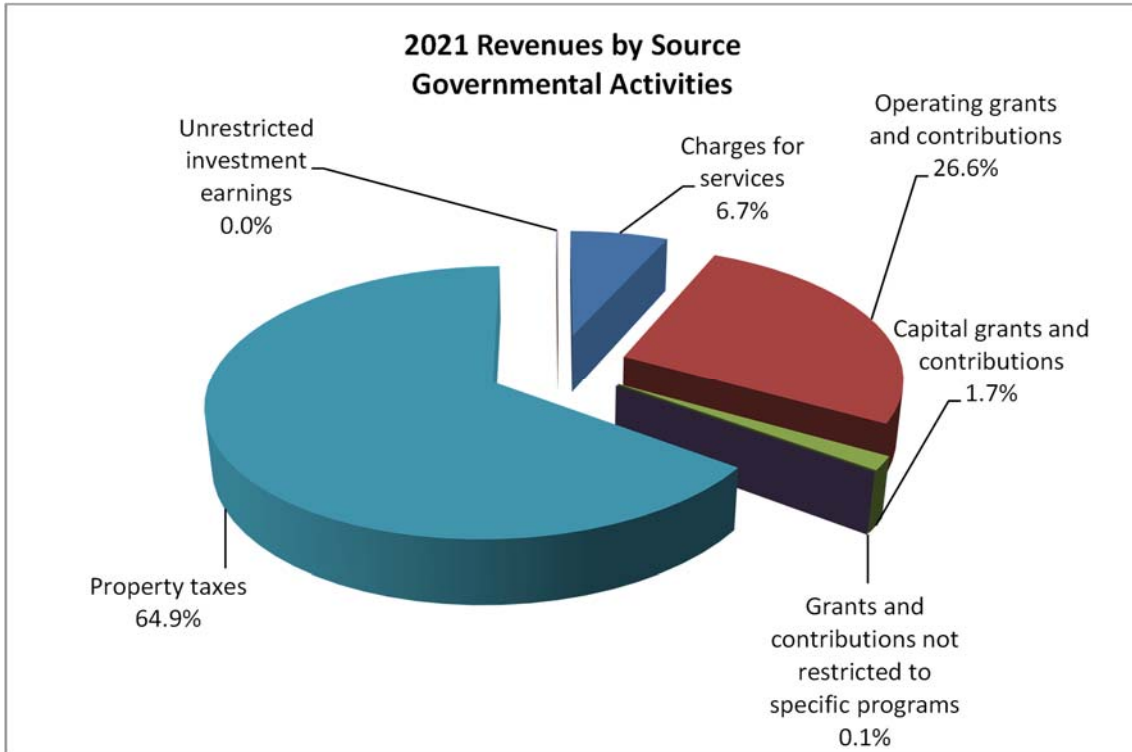
	2021	2020 <i>(As Restated)</i>	\$ Change	% Change
Program revenues:				
Charges for services	\$ 3,675,686	\$ 3,877,830	\$ (202,144)	-5.2%
Operating grants and contributions	14,683,612	11,103,192	3,580,420	32.2%
Capital grants and contributions	924,710	1,426,525	(501,815)	-35.2%
General revenues:				
Property taxes	35,804,679	34,885,306	919,373	2.6%
Grants and contributions not restricted to specific programs	39,155	37,437	1,718	4.6%
Unrestricted investment earnings	21,017	338,867	(317,850)	-93.8%
Total revenues	<u>55,148,859</u>	<u>51,669,157</u>	<u>3,479,702</u>	6.7%
Program expenses				
General government	1,896,273	2,020,680	(124,407)	-6.2%
Public safety	4,659,492	4,545,791	113,701	2.5%
Public works	5,337,569	4,596,463	741,106	16.1%
Human services	2,245,871	2,348,602	(102,731)	-4.4%
Planning and development	534,285	504,704	29,581	5.9%
Education	38,110,867	34,249,433	3,861,434	11.3%
Interest expense	333,546	425,252	(91,706)	-21.6%
Total expenses	<u>53,117,903</u>	<u>48,690,925</u>	<u>4,426,978</u>	9.1%
Change in net position	2,030,956	2,978,232	<u>\$ (947,276)</u>	-31.8%
Net position - beginning, as adjusted	<u>85,769,543</u>	<u>82,791,311</u>		
Net position, ending	<u>\$ 87,800,499</u>	<u>\$ 85,769,543</u>		

Revenues generated by the Town increased by \$3,479,702 or 6.7% and expenses increased by \$4,426,978 or 9.1% over the prior year. Significant changes from prior year consisted an increase in both operating grants and contributions and education expenses in the amount of \$3,513,379. This increase primarily consists of an increase in on-behalf pension expense recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System.

TOWN OF CANTON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*



TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,999,197.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,817,050. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 18.7% of the total General Fund budgetary expenditures appropriation for fiscal year 2022. Expressed another way, unassigned fund balance for the General Fund is sufficient to cover approximately 2.3 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$112,932 during the current fiscal year. The increase in the change in fund balance was primarily driven by favorable budgetary results. Refer to General Fund budgetary highlights discussed below for additional discussions regarding the increase in fund balance of the General Fund.

CDBG Small Cities Fund

The fund balance of the CDBG Small Cities Fund increased by \$47,925 during the current fiscal year. The Town is not currently administering any new Small Cities grants and as a result, this fund experienced minimal activity for the current year.

Education Grants Fund

The Education Grants Fund has no fund balance because the fund records activity related to cost reimbursement grants and contracts. Consequently, grant and contract revenues equal expenditures.

Town Grants Fund

The fund balance of the Town Grants Fund increased by \$3,695 during the current fiscal year. Grant reimbursements were offset by related expenditures of \$93,526.

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Fund increased by \$372,256 during the current fiscal year. Grant reimbursements and transfers in from other funds were offset by capital outlays of \$2,339,555. Significant capital outlays consisted of road and bridge reconstruction.

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund provided for the use of fund balance in the amount of \$200,000. During the year, the Town authorized additional appropriations in the amount of \$311,118. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$168,300. Actual revenues were \$375,987 more than budgeted while actual expenditures were \$303,431 less than budgeted. Charges for services were \$332,486 higher than anticipated due to favorable variances on conveyance taxes and building permits. Expenditures were under budget across all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2021 and 2020 totaled \$92,564,950 and \$93,086,900, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, development rights, buildings, improvements other than buildings, equipment, vehicles, furniture and fixtures and infrastructure. The total decrease in the Town's net investment in capital assets for the current fiscal year was \$521,950 or 0.6%. Major capital asset events during the current fiscal year included construction in progress on road and bridge reconstruction.

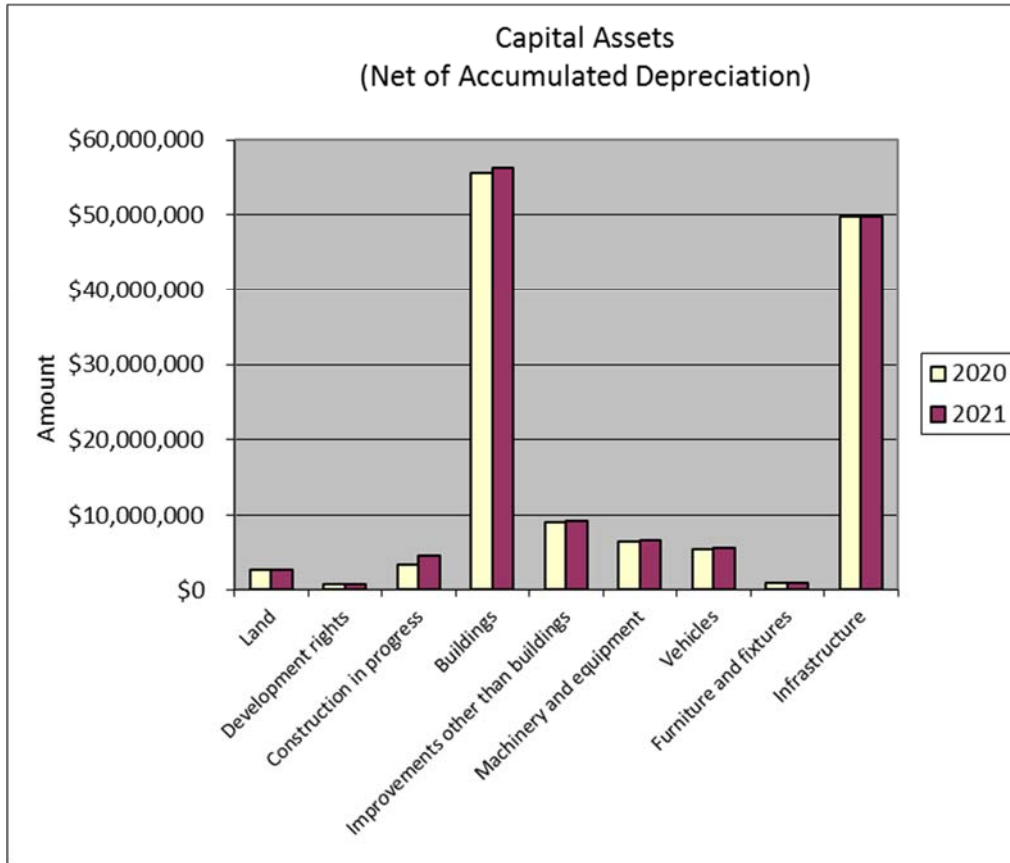
The following table is a two-year comparison of the Town's investment in capital assets:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 2,752,024	\$ 2,752,024	\$ -	0.0%
Development rights	685,778	685,778	-	0.0%
Construction in progress	4,630,729	3,525,662	1,105,067	31.3%
Buildings and improvements	56,251,431	55,517,457	733,974	1.3%
Improvements other than buildings	9,328,219	9,175,441	152,778	1.7%
Machinery and equipment	6,635,026	6,585,282	49,744	0.8%
Vehicles	5,744,971	5,528,691	216,280	3.9%
Furniture and fixtures	936,176	887,286	48,890	5.5%
Infrastructure	49,734,093	49,734,093	-	0.0%
Accumulated depreciation	(44,133,497)	(41,304,814)	(2,828,683)	6.8%
Totals	<u>\$ 92,564,950</u>	<u>\$ 93,086,900</u>	<u>\$ (521,950)</u>	-0.6%

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



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

TOWN OF CANTON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

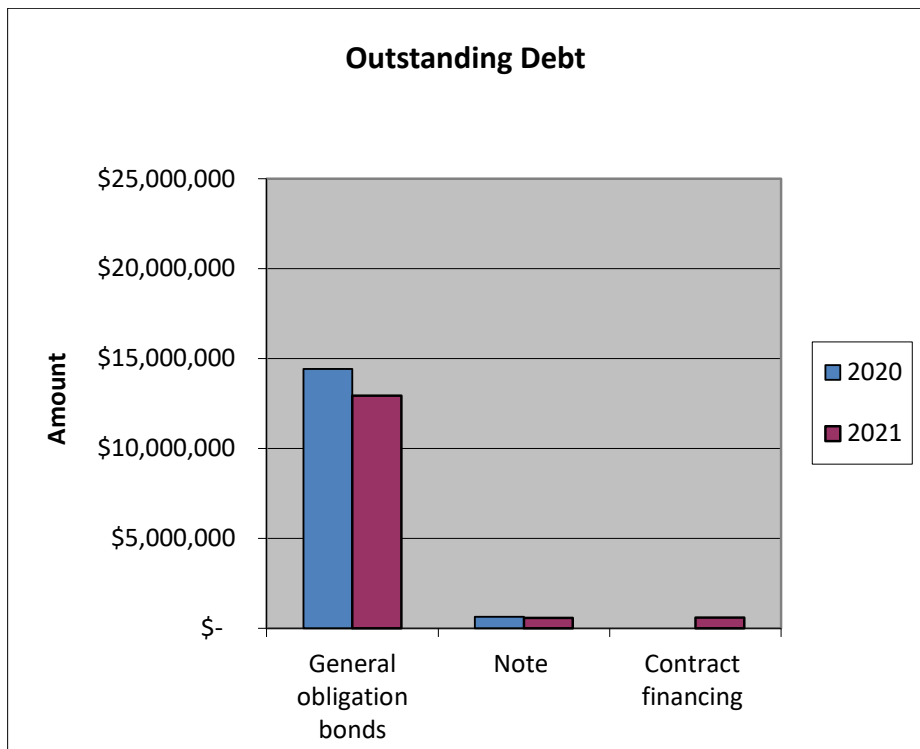
Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$14,113,634. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$958,079 or 6.4% during the current fiscal year due to the addition of a contract payable for energy efficiency upgrades in the amount of \$634,034, offset by current year principal repayments.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation is significantly in excess of the Town's outstanding general obligation debt. The Town's rating is a AAA by Standard and Poor's.

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

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 12,945,000	\$ 14,425,000	\$ (1,480,000)	-10.3%
Note	581,119	646,713	(65,594)	-10.1%
Contract financing	587,515	-	587,515	100.0%
Totals	<u>\$ 14,113,634</u>	<u>\$ 15,071,713</u>	<u>\$ (958,079)</u>	-6.4%



Additional information on the Town's long-term debt can be found in Note 8 starting on page 43 of this report.

TOWN OF CANTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Inflationary trends in the region approximate national indices.
- For purposes of calculating property tax revenues, the assessor's grand list is used along with an estimated tax rate and an estimated rate of collection, with deductions for payment in lieu of taxes to be paid by the State on-behalf of certain taxpayers.
- The Town receives a significant amount of municipal aid from the State of Connecticut. Potential cuts in funding could negatively impact the Town's mill rate and/or the types and quality of services provided to its citizens.
- In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2022. The Town's fiscal year 2022 approved budget contemplates budgetary expenditure appropriations in the amount of \$41,893,332. The fiscal year 2022 budget contemplates the use of fund balance in the amount of \$100,000 to reduce the overall impact on the Town's mill rate.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

TOWN OF CANTON, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,446,378
Investments	3,588,688
Receivables:	
Property taxes and interest, net	361,636
User charges, net	33,092
Grants and contracts	693,614
Other	147,807
Prepays	48,458
Loans receivable, long-term portion	446,960
Net OPEB asset	519,233
Capital assets:	
Non-depreciable	8,068,531
Depreciable, net	84,496,419
Total assets	115,850,816
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	334,054
Deferred charge on refunding	100,000
Total deferred outflows of resources	434,054
LIABILITIES	
Accounts payable	1,310,028
Accrued liabilities:	
Salaries and benefits payable	285,298
Accrued interest	93,821
Other	238,208
Claims payable	363,711
Unearned revenue	2,347,120
Noncurrent liabilities:	
Due within one year	1,703,087
Due in more than one year	16,219,182
Total liabilities	22,560,455
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,654,685
OPEB related	741,348
Advanced tax collections	2,527,883
Total deferred inflows of resources	5,923,916
NET POSITION	
Net investment in capital assets	78,027,404
Restricted for:	
Endowments - nonexpendable	25,600
Endowments - expendable	9,688
Grant programs	666,620
Education programs	272,053
Donor restrictions	107,505
Library programs	76,812
Unrestricted	8,614,817
Total net position	\$ 87,800,499

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

TOWN OF CANTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,896,273	\$ 462,672	\$ 12,616	\$ -	\$ (1,420,985)
Public safety	4,659,492	614,020	239,166	-	(3,806,306)
Public works	5,337,569	1,364,954	436,528	924,710	(2,611,377)
Human services	2,245,871	271,577	85,872	-	(1,888,422)
Planning and development	534,285	327,647	-	-	(206,638)
Education	38,110,867	634,816	13,909,430	-	(23,566,621)
Interest expense	333,546	-	-	-	(333,546)
Total governmental activities	<u>\$ 53,117,903</u>	<u>\$ 3,675,686</u>	<u>\$ 14,683,612</u>	<u>\$ 924,710</u>	<u>(33,833,895)</u>
General revenues:					
					35,804,679
					39,155
					21,017
					<u>35,864,851</u>
					2,030,956
					85,518,894
					250,649
					<u>85,769,543</u>
					<u>\$ 87,800,499</u>

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

TOWN OF CANTON, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2021

	General Fund	CDBG Small Cities Fund	Education Grants Fund	Town Grants Fund	Capital and Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,026,858	\$ 217,112	\$ 542,176	\$ -	\$ 3,221,725	\$ 2,178,957	\$ 16,186,828
Investments	3,588,688	-	-	-	-	-	3,588,688
Receivables:							
Property taxes, net	325,899	-	-	-	-	-	325,899
User charges, net	-	-	-	-	-	33,092	33,092
Grants and contracts	63,418	-	42,660	-	526,131	61,405	693,614
Loans	-	446,960	-	-	-	-	446,960
Other	47,554	-	-	-	-	97,687	145,241
Due from other funds	-	1,075	-	1,525,076	56,892	156,734	1,739,777
Other assets	44,121	-	-	-	-	4,337	48,458
Total assets	<u>\$ 14,096,538</u>	<u>\$ 665,147</u>	<u>\$ 584,836</u>	<u>\$ 1,525,076</u>	<u>\$ 3,804,748</u>	<u>\$ 2,532,212</u>	<u>\$ 23,208,557</u>
LIABILITIES							
Accounts payable	\$ 1,170,665	\$ -	\$ 5,319	\$ 2,575	\$ 49,051	\$ 82,418	\$ 1,310,028
Salaries and benefits payable	265,839	-	-	-	-	19,459	285,298
Due to other funds	1,652,449	-	1,524	-	-	94,141	1,748,114
Unearned revenue	6,066	-	577,993	1,517,339	112,368	133,354	2,347,120
Other liabilities	238,208	-	-	-	-	-	238,208
Total liabilities	<u>3,333,227</u>	<u>-</u>	<u>584,836</u>	<u>1,519,914</u>	<u>161,419</u>	<u>329,372</u>	<u>5,928,768</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	274,257	-	-	-	-	-	274,257
Unavailable revenue - loans	-	446,960	-	-	-	-	446,960
Unavailable revenue - sewer charges	-	-	-	-	-	31,492	31,492
Advanced tax collections	2,527,883	-	-	-	-	-	2,527,883
Total deferred inflows of resources	<u>2,802,140</u>	<u>446,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,492</u>	<u>3,280,592</u>
FUND BALANCES							
Nonspendable	44,121	-	-	-	-	29,937	74,058
Restricted	-	218,187	-	5,162	5,642	474,876	703,867
Committed	-	-	-	-	3,637,687	1,666,535	5,304,222
Assigned	100,000	-	-	-	-	-	100,000
Unassigned	7,817,050	-	-	-	-	-	7,817,050
Total fund balances	<u>7,961,171</u>	<u>218,187</u>	<u>-</u>	<u>5,162</u>	<u>3,643,329</u>	<u>2,171,348</u>	<u>13,999,197</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,096,538</u>	<u>\$ 665,147</u>	<u>\$ 584,836</u>	<u>\$ 1,525,076</u>	<u>\$ 3,804,748</u>	<u>\$ 2,532,212</u>	<u>\$ 23,208,557</u>

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

TOWN OF CANTON, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total fund balances for governmental funds		\$ 13,999,197
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		92,564,950
Some of the Town's taxes, loans, user charges will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		752,709
Accrued interest on property taxes, sewer usage and sewer assessments, net of an allowance for uncollectibles are not susceptible to accrual and therefore are not reported in the funds.		35,737
The net OPEB asset is not available to pay for current period expenditures and, therefore, is not reported in the funds.		519,233
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest	\$ (93,821)	
Long-term debt:		
Bonds and notes	(13,526,120)	
Unamortized bond premium	(529,553)	
Deferred charge on refunding	100,000	
Contract financing	(587,515)	
Other long-term liabilities:		
Compensated absences	(1,374,579)	
Net pension liabilities	(1,904,502)	
Total long-term liabilities	(17,916,090)	
Deferred charges on pension and OPEB expenses are not susceptible to accrual and therefore are not reported in the funds.		(3,061,979)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		906,742
Net position of governmental activities		\$ 87,800,499

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

TOWN OF CANTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	CDBG Small Cities Fund	Education Grants Fund	Town Grants Fund	Capital and Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 35,739,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,739,350
Intergovernmental	8,040,636	-	1,523,874	97,221	1,086,405	382,811	11,130,947
Charges for services	1,329,051	47,785	-	-	-	2,313,247	3,690,083
Other	-	-	-	-	18,600	60,191	78,791
Investment income	15,821	140	-	-	3,621	2,237	21,819
Total revenues	<u>45,124,858</u>	<u>47,925</u>	<u>1,523,874</u>	<u>97,221</u>	<u>1,108,626</u>	<u>2,758,486</u>	<u>50,660,990</u>
EXPENDITURES							
Current:							
General government	1,821,505	-	-	32,744	-	-	1,854,249
Public safety	3,703,338	-	-	39,043	-	696,923	4,439,304
Public works	2,639,148	-	-	-	-	1,160,486	3,799,634
Human services	1,500,446	-	-	21,739	-	323,188	1,845,373
Planning and development	540,444	-	-	-	-	-	540,444
Education	31,234,784	-	1,523,874	-	-	476,805	33,235,463
Capital outlays	634,034	-	-	-	2,339,555	-	2,973,589
Debt service:							
Principal payments	1,480,000	-	-	-	-	65,594	1,545,594
Interest and fiscal charges	432,913	-	-	-	-	12,337	445,250
Total expenditures	<u>43,986,612</u>	<u>-</u>	<u>1,523,874</u>	<u>93,526</u>	<u>2,339,555</u>	<u>2,735,333</u>	<u>50,678,900</u>
Excess (deficiency) of revenues over expenditures	1,138,246	47,925	-	3,695	(1,230,929)	23,153	(17,910)
OTHER FINANCING SOURCES (USES)							
Loans	634,034	-	-	-	-	-	634,034
Transfers in	-	-	-	-	1,603,185	185,577	1,788,762
Transfers out	(1,659,348)	-	-	-	-	(129,414)	(1,788,762)
Total other financing sources (uses)	<u>(1,025,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,603,185</u>	<u>56,163</u>	<u>634,034</u>
Net change in fund balances	112,932	47,925	-	3,695	372,256	79,316	616,124
Fund balances - beginning, as adjusted <i>(see Note 1)</i>	<u>7,848,239</u>	<u>170,262</u>	<u>-</u>	<u>1,467</u>	<u>3,271,073</u>	<u>2,092,032</u>	<u>13,383,073</u>
Fund balances - ending	<u>\$ 7,961,171</u>	<u>\$ 218,187</u>	<u>\$ -</u>	<u>\$ 5,162</u>	<u>\$ 3,643,329</u>	<u>\$ 2,171,348</u>	<u>\$ 13,999,197</u>

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

TOWN OF CANTON, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 616,124

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 2,383,840	
Depreciation and amortization expense	<u>(2,937,692)</u>	
Net adjustment		(553,852)

In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. 31,902

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

Debt issued or incurred:		
Contract financing	\$ (634,034)	
Principal repayments:		
Bonds and notes	1,545,593	
Amortization of bond premiums	78,702	
Contract financing	<u>46,519</u>	
Net adjustment		1,036,780

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenues in the governmental funds. This amount represents the change in unavailable revenues. (27,859)
(Continued)

TOWN OF CANTON, CONNECTICUT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES *(Concluded)*
 FOR THE YEAR ENDED JUNE 30, 2021

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

Compensated absences	\$	82,931	
Accrued interest		11,486	
Net pension liabilities		4,249,989	
Net OPEB asset		618,163	
Deferred charges on refunding		(25,000)	
Deferred charges on OPEB		(594,580)	
Deferred charges on pensions		<u>(2,920,922)</u>	
	\$		1,422,067

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

			<u>(494,206)</u>
Change in net position of governmental activities	\$		<u>2,030,956</u>
			<i>(Concluded)</i>

TOWN OF CANTON, CONNECTICUT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
AS OF JUNE 30, 2021

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,259,550
Receivables	2,566
Due from other funds	8,337
Total assets	1,270,453
LIABILITIES	
Current liabilities:	
Claims payable	363,711
NET POSITION	
Unrestricted	906,742
Total net position	\$ 906,742

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

TOWN OF CANTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 4,585,628
Employee contributions	1,230,762
Total operating revenues	5,816,390
OPERATING EXPENSES	
Claims incurred	5,316,133
Health savings account contributions	304,741
Administrative, premiums and other	691,265
Total operating expenses	6,312,139
Operating loss	(495,749)
NON-OPERATING REVENUE	
Investment income	1,543
Change in net position	(494,206)
Net position - beginning	1,400,948
Net position - ending	\$ 906,742

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

TOWN OF CANTON, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 4,585,628
Cash received from employees	1,230,762
Cash payments for claims incurred	(5,040,754)
Cash payments to contractors for administration	(996,006)
Net cash used in operating activities	(220,370)
CASH FLOWS FROM INVESTING ACTIVITIES	
Income from investments	1,543
Net cash provided by investing activities	1,543
Net decrease in cash and cash equivalents	(218,827)
Cash and cash equivalents, beginning of year	1,478,377
Cash and cash equivalents, end of year	\$ 1,259,550
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (495,749)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in receivables	(2,333)
Change in due from other funds	219,575
Change in claims payable	58,970
Change in accounts payable	(833)
Net cash used in operating activities	\$ (220,370)

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

TOWN OF CANTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 268,614	\$ 19,171
Investments:		
Mutual funds	23,709,710	-
Receivables	-	59,106
Total assets	<u>23,978,324</u>	<u>78,277</u>
 LIABILITIES		
Payables	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
 NET POSITION		
Restricted for:		
Pensions	22,561,252	-
Other post-employment benefits	1,417,072	-
Other purposes	-	78,277
Total net position	<u>\$ 23,978,324</u>	<u>\$ 78,277</u>

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

TOWN OF CANTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 1,293,905	\$ -
Plan members	70,081	-
Total contributions	<u>1,363,986</u>	<u>-</u>
Investment earnings:		
Interest and dividends	327,963	12,489
Net increase in the fair value of investments, net of investment fees	<u>4,907,546</u>	<u>-</u>
Net investment earnings	<u>5,235,509</u>	<u>12,489</u>
Total additions	<u>6,599,495</u>	<u>12,489</u>
DEDUCTIONS		
Benefit payments	1,793,790	-
Awards expense	-	5,541
Administrative expenses	<u>46,746</u>	<u>-</u>
Total deductions	<u>1,840,536</u>	<u>5,541</u>
Change in net position	4,758,959	6,948
Net position - beginning	<u>19,219,365</u>	<u>71,329</u>
Net position - ending	<u>\$ 23,978,324</u>	<u>\$ 78,277</u>

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Town of Canton, Connecticut, operates under a charter enacted in 1984, which was most recently revised effective January 1, 2020. The Town operates under a Board of Selectmen/Town Meeting and Board of Finance form of government and provides the following services: finance, public safety, public works, human services, planning and development, education, and general government.

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

The Town is the administrator of the following two single-employer defined benefit pension plans: the Town Employee Retirement Plan and Volunteer Firefighters and Ambulance Plan (the “Plans”). The Plans do not issue stand-alone financial statements and are part of the Town’s financial reporting entity. As such, balances of the Plans as of and for the year ended June 30, 2021 are accounted for in the fiduciary fund financial statements as pension trust funds.

The Town is the administrator of the Other Post-Employment Benefits Program (the “OPEB Plan”), which is a single-employer defined benefit other post-employment benefits plan. The OPEB Plan does not issue stand-alone financial statements and is a part of the Town’s financial reporting entity. As such, balances of the OPEB Plan as of and for the year ended June 30, 2021 are accounted for in the fiduciary fund financial statements as an other post-employment benefits trust fund.

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

Education Grants Fund - A fund created to account for revenues and expenditures of Local, State and Federal education grants and contracts.

Town Grants Fund - A fund created to account for revenues and expenditures of Local, State and Federal grants.

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Government-wide and Fund Financial Statements *(Continued)*

Fund Financial Statements *(Continued)*

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

Internal Service Fund (proprietary) - This fund type is used to account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk financing activities for employee medical insurance benefits.

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

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Measurement Focus and Basis of Accounting *(Continued)*

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

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

The pension trust funds and other post-employment benefit trust fund are reported using the economic resources measurement focus and the accrual basis of accounting.

TOWN OF CANTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Implementation of Accounting Standards

Effective July 1, 2020, the Town implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* (Statement No. 84). The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Based on the application of Statement No. 84, the Town has recharacterized certain activities previously reported as fiduciary activities. The Town has reported the cumulative effect of applying Statement No. 84 as a restatement of its beginning net position and fund balances as follows:

	Governmental Activities	Governmental Funds
Net Position/Fund balance - beginning, as originally reported	\$ 85,518,894	\$ 13,132,424
Recharacterization of certain activities previously reported as fiduciary activities	250,649	250,649
Net Position/Fund balance - beginning, as adjusted	\$ 85,769,543	\$ 13,383,073

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

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

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts, certain external investment pools and synthetic guaranteed investment contracts. Investments in participating interest-earning investment contracts consist of negotiable certificates of deposit. Investments in these types of contracts, which have a remaining maturity at the time of purchase of one year or less, are measured by the Town at amortized costs.

Investments in certain external investment pools consists of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

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

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are recorded as expenditures when consumed rather than when purchased.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes of \$469,000 as of June 30, 2021.

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

Loans Receivable

The Town administers a Residential Rehabilitation Loan Program for low to moderate-income families. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2021, loans receivable totaled \$446,960 under this program.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets placed in service after June 30, 1980 (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$100,000 for infrastructure assets, \$20,000 for improvements and more than \$5,000 for all other assets. Purchased or constructed assets are recorded at historical cost, or estimated historical cost. Donated capital assets are recorded at acquisition value.

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

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

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

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represents an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

The Town reports unavailable revenue in the governmental funds balance sheet. Unavailable revenue is recognized as inflows of resources in the period that the amounts become available.

The Town reports deferred pension and OPEB expenses and deferred charges on refundings in the government-wide statement of net position. Deferred pension and OPEB expenses resulted from changes in the components of the Town's net pension and OPEB liabilities and are being amortized as a component of pension and OPEB expense on a systematic and rational basis. Deferred charges on refundings resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

Compensated Absences

Town and non-certified Board of Education employees are granted vacation and sick leave, and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time. All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position reported in three categories:

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

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows/inflows of resources, which do not meet the definition of the preceding two categories.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balances *(Continued)*

The Town's governmental funds report the following fund balance categories:

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

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

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the citizens of the Town (the highest level of decision making authority) specified by charter or ordinance and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken to commit fund balance includes formal voting procedures regulated by the Town Charter.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by resolution or other formal action of the Board of Finance and the issuance of an approved purchase order.

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

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Fund Balance Flow Assumption (Continued)

In accordance with the Town's Fund Balance Policy, the Town will use restricted resources first, then unrestricted resources as needed, unless legal requirements disallow it. Unrestricted resources are used in the following order: committed; assigned; then unassigned, unless the Board has provided otherwise in its commitment or assignment actions. The Board of Finance establishes a minimum unassigned fund balance on an annual basis.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash and cash equivalents as of June 30, 2021 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 17,446,378
Statement of fiduciary net position	<u>287,785</u>
	17,734,163
Less: cash equivalents considered investments for disclosure purposes	<u>(9,701,012)</u>
	<u><u>\$ 8,033,151</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$7,672,362 of the Town's bank balance of \$8,160,746 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,905,126
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>767,236</u>
	<u><u>\$ 7,672,362</u></u>

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments

A reconciliation of the Town's investments as of June 30, 2021 is as follows:

Investments:	
Government-wide statement of net position	\$ 3,588,688
Statement of fiduciary net position	23,709,710
	27,298,398
Add: cash equivalents considered investments for disclosure purposes	9,701,012
	\$ 36,999,410

As of June 30, 2021, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)	
				Less Than 1	1 to 5
Debt Securities:					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 7,693,091	\$ 7,693,091	\$ -
Negotiable certificates of deposit	Fair value	Unrated	1,068,589	710,882	357,707
U.S. Treasury securities	Fair value	*	2,763,783	999,296	1,764,487
U.S. Agency securities	Fair value	AAA	755,590	-	755,590
Money market mutual funds	Net asset value	Unrated	740,012	740,012	-
<i>Fiduciary activities:</i>					
Short-term Investment Fund	Net asset value	AAA	39,088	39,088	-
Money market mutual funds	Net asset value	Unrated	229,547	229,525	-
			13,289,700	\$ 10,411,894	\$ 2,877,784
Other investments:					
<i>Fiduciary activities:</i>					
Mutual funds	Fair value	*	23,709,710		
			\$ 36,999,410		

* Credit rating not required for disclosure purposes.

Because investments in the Short-term Investment Fund and money market mutual funds had weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

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

The Town's investments in debt securities were rated by either Standard & Poor's or Moody's as previously disclosed.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2021, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk disclosures. As of June 30, 2021, none of the Town's investments, in any one issuer that is subject to concentration credit risk disclosures, exceeded 5% or more of the total investments reported for the Town's governmental activities or fiduciary funds.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2021, by level within the fair value hierarchy are presented in the table below:

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Negotiable certificates of deposit	\$ -	\$ 1,068,589	\$ -	\$ 1,068,589
U.S. Treasury securities	2,763,783	-	-	2,763,783
U.S. Agency securities	-	755,590	-	755,590
Mutual funds	23,709,710	-	-	23,709,710
	<u>\$ 26,473,493</u>	<u>\$ 1,824,179</u>	<u>\$ -</u>	<u>28,297,672</u>
		Investments measured at NAV		<u>8,701,738</u>
				<u>\$ 36,999,410</u>

Mutual funds and U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Agency securities and negotiable certificates of deposit are classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 consisted of the following:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,752,024	\$ -	\$ -	\$ -	\$ 2,752,024
Development rights	685,778	-	-	-	685,778
Construction in progress	3,525,662	1,140,598	-	(35,531)	4,630,729
Total capital assets, not being depreciated	<u>6,963,464</u>	<u>1,140,598</u>	<u>-</u>	<u>(35,531)</u>	<u>8,068,531</u>
Capital assets, being depreciated:					
Buildings	55,517,457	733,974	-	-	56,251,431
Improvements other than buildings	9,175,441	152,778	-	-	9,328,219
Machinery and equipment	6,585,282	107,848	(93,635)	35,531	6,635,026
Vehicles	5,528,691	263,556	(47,276)	-	5,744,971
Furniture and fixtures	887,286	48,890	-	-	936,176
Infrastructure	49,734,093	-	-	-	49,734,093
Total capital assets, being depreciated	<u>127,428,250</u>	<u>1,307,046</u>	<u>(140,911)</u>	<u>35,531</u>	<u>128,629,916</u>
Less accumulated depreciation and amortization for:					
Buildings	18,569,696	769,811	-	-	19,339,507
Improvements other than buildings	3,753,790	363,432	-	-	4,117,222
Machinery and equipment	3,548,424	556,809	(61,733)	-	4,043,500
Vehicles	2,451,463	391,323	(47,276)	-	2,795,510
Furniture and fixtures	849,725	13,099	-	-	862,824
Infrastructure	12,131,716	843,218	-	-	12,974,934
Total accumulated depreciation and amortization	<u>41,304,814</u>	<u>2,937,692</u>	<u>(109,009)</u>	<u>-</u>	<u>44,133,497</u>
Total capital assets, being depreciated, net	<u>86,123,436</u>	<u>(1,630,646)</u>	<u>(31,902)</u>	<u>35,531</u>	<u>84,496,419</u>
Governmental activities capital assets, net	<u>\$ 93,086,900</u>	<u>\$ (490,048)</u>	<u>\$ (31,902)</u>	<u>\$ -</u>	<u>\$ 92,564,950</u>

TOWN OF CANTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS *(Continued)*

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

Governmental Activities:	
Public works	\$ 1,155,038
Education	947,895
Human services	426,170
Public safety	328,819
Land Use	4,491
General government	<u>75,279</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 2,937,692</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2021 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
CDBG Small Cities Fund	General Fund	\$ 1,075
Capital and Nonrecurring Fund	General Fund	56,892
Town Grants Fund	General Fund	1,525,076
Nonmajor Governmental Funds	General Fund	61,069
	Education Grants Fund	1,524
	Nonmajor Governmental Funds	<u>94,141</u>
		<u>156,734</u>
Subtotal interfund balances		<u>1,739,777</u>
Proprietary Funds:		
Internal Service Fund	General Fund	<u>8,337</u>
Total interfund balances		<u><u>\$ 1,748,114</u></u>

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Transfers In	Transfers Out	Amount
Governmental Funds		
Capital and Nonrecurring Fund	General Fund	\$ 1,473,771
	Nonmajor governmental funds	<u>129,414</u>
		<u>1,603,185</u>
Nonmajor Governmental Funds	General Fund	<u>185,577</u>
Total transfers		<u><u>\$ 1,788,762</u></u>

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

NOTE 7 - FUND BALANCE

The various components of fund balance at June 30, 2021 are as follows:

	General Fund	CDBG Small Cities Fund	Town Grants Fund	Capital and Nonrecurring Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepaid items and inventories	\$ 44,121	\$ -	\$ -	\$ -	\$ 4,337	\$ 48,458
Endowments - nonexpendable	-	-	-	-	25,600	25,600
Restricted for:						
Endowments - expendable	-	-	-	-	9,688	9,688
Grant programs	-	218,187	5,162	-	1,473	224,822
Donor restrictions	-	-	-	-	107,505	107,505
Library programs	-	-	-	-	76,812	76,812
Education programs	-	-	-	-	279,398	279,398
Capital projects	-	-	-	5,642	-	5,642
Committed to:						
Sewer operations	-	-	-	-	1,259,893	1,259,893
Capital outlays	-	-	-	3,637,687	-	3,637,687
Education	-	-	-	-	135,457	135,457
Transfer station	-	-	-	-	51,014	51,014
Recreation	-	-	-	-	146,042	146,042
Human services	-	-	-	-	36,212	36,212
Emergency services	-	-	-	-	37,917	37,917
Assigned to:						
Subsequent year's budget	100,000	-	-	-	-	100,000
Unassigned	<u>7,817,050</u>	-	-	-	-	<u>7,817,050</u>
	<u><u>\$ 7,961,171</u></u>	<u><u>\$ 218,187</u></u>	<u><u>\$ 5,162</u></u>	<u><u>\$ 3,643,329</u></u>	<u><u>\$ 2,171,348</u></u>	<u><u>\$ 13,999,197</u></u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Direct Placements:					
General obligation bonds	\$ 14,425,000	\$ -	\$ (1,480,000)	\$ 12,945,000	\$ 1,365,000
Unamortized premium	608,255	-	(78,702)	529,553	78,702
Total bonds payable	15,033,255	-	(1,558,702)	13,474,553	1,443,702
Direct Borrowings:					
Contract financing	-	634,034	(46,519)	587,515	77,020
Note	646,713	-	(65,594)	581,119	66,918
	<u>\$ 15,679,968</u>	<u>\$ 634,034</u>	<u>\$ (1,670,815)</u>	<u>\$ 14,643,187</u>	<u>\$ 1,587,640</u>

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are secured by the full faith and credit of the Town but are substantially liquidated by the General Fund via taxes collected from the levy on all taxable properties located within the Town. The note payable is liquidated by the Sewer Assessment Fund.

Direct Placements - General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2021 is as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Refunding Bonds	09/2012	\$ 8,030,000	1.0% - 3.0%	10/2024	\$ 1,395,000
General Obligation Bonds	08/2013	6,855,000	2.0% - 4.0%	08/2033	4,425,000
General Obligation Bonds	06/2015	5,600,000	2.0% - 4.0%	06/2035	3,885,000
General Obligation Bonds	10/2017	3,825,000	2.0% - 5.0%	10/2037	3,240,000
					<u>\$ 12,945,000</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT *(Continued)*

Direct Placements - General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2021:

Year ending June 30:	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
2022	\$ 1,365,000	\$ 392,751	\$ 1,757,751
2023	1,330,000	353,001	1,683,001
2024	990,000	313,869	1,303,869
2025	985,000	285,272	1,270,272
2026	805,000	257,544	1,062,544
2027-2031	4,025,000	907,333	4,932,333
2032-2036	3,065,000	275,013	3,340,013
2037-2038	380,000	11,400	391,400
	<u>\$ 12,945,000</u>	<u>\$ 2,796,183</u>	<u>\$ 15,741,183</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2021.

Direct Borrowings - Note Payable

The State of Connecticut Department of Energy and Environmental Protection has provided Clean Water financing in the form of permanently financed serial notes to the Town dated January 4, 2010, in the initial amount of \$1,295,791. The note is payable in 240 monthly installments of \$6,494 and matures in July 2029. The note bears an interest rate of 2.0%.

TOWN OF CANTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT *(Continued)*

Direct Borrowings - Note Payable *(Continued)*

Annual debt service requirements to maturity on these obligations are as follows as of June 30, 2021:

Year ending June 30:	Governmental Activities		
	Note Payable		
	Principal	Interest	Total
2022	\$ 66,918	\$ 11,012	\$ 77,930
2023	68,268	9,663	77,931
2024	69,646	8,285	77,931
2025	71,053	6,877	77,930
2026	72,485	5,445	77,930
2027-2031	232,749	7,447	240,196
	<u>\$ 581,119</u>	<u>\$ 48,729</u>	<u>\$ 629,848</u>

Direct Borrowings - Contract Financing

The Town has entered into a contract with a vendor for the installation of energy efficient upgrades. The project is being funded by a contract financing arrangement and is payable in fixed monthly installments to the vendor.

Future annual contract payments are as follows as of June 30, 2021:

Year ending June 30:	Governmental Activities		
	Contract Financing Payable		
	Principal	Interest	Total
2022	\$ 77,020	\$ 13,254	\$ 90,274
2023	78,888	11,386	90,274
2024	80,802	9,471	90,273
2025	82,763	7,512	90,275
2026	84,771	5,503	90,274
2027-2029	183,271	4,802	188,073
	<u>\$ 587,515</u>	<u>\$ 51,928</u>	<u>\$ 639,443</u>

NOTE 9 - OTHER LONG-TERM LIABILITIES

Change in other long-term liabilities for the year ended June 30, 2021 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 1,457,511	\$ 101,757	\$ (184,688)	\$ 1,374,580	\$ 115,447
Net pension liabilities <i>(see Note 10)</i>	6,154,491	-	(4,249,989)	1,904,502	-
Net OPEB liability <i>(see Note 11)</i>	98,930	-	(618,163)	(519,233)	-
	<u>\$ 7,710,932</u>	<u>\$ 101,757</u>	<u>\$ (5,052,840)</u>	<u>\$ 2,759,849</u>	<u>\$ 115,447</u>

The remaining liabilities above typically have been liquidated in the General Fund.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS

Defined Benefit Plans

Plan Description

The Town is the administrator of the following two single-employer defined benefit pension plans: the Town Employee Retirement Plan and the Volunteer Firefighters and Ambulance Plan (the "Plans"). The Town Employee Retirement Plan covers eligible Town employees and non-certified employees of the Board of Education and employed prior to September 10, 1979. The Volunteer Firefighters and Ambulance Plan covers all firefighter and ambulance volunteers. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, balances of the Plans as of and for the year ended June 30, 2021 are accounted for in the fiduciary fund financial statements as pension trust funds.

Plan Administration

Plan administration and management is vested in the Pension Committee, which consists of five members appointed by the Board of Selectmen.

Plan Membership

Town Employee Retirement Plan

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

Volunteer Firefighters and Ambulance Plan

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

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

	Town Plan	Volunteer Firefighters and Ambulance Plan
Inactive plan members or beneficiaries currently receiving benefits	85	10
Inactive plan members entitled to but not yet receiving benefits	11	12
Active plan members	15	4
	111	26

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Benefit Provisions

Town Employee Retirement Plan

For retirees prior to December 31, 1999, the normal retirement benefit is calculated at 2.0% (2.25% with 60% of pay cap for Police retirees prior to July 1, 1999) of the participant's average annual compensation for the highest three of the last ten calendar years, multiplied by years of credited service. Subsequent, the normal retirement benefit is calculated at 1.75% for Town, Police and Custodial employees, and 1.50% for Board of Education employees.

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

Early retirement benefits shall be reduced by the appropriate early retirement adjustment factor for each month the early retirement date precedes the normal retirement date. Deferred retirement benefits shall be calculated using the member's credited service to the deferred retirement date. Death benefits will be paid if the member dies after his early retirement date (age 52 with 5 years of credited service; age 45 with 10 years of credited service for Police members) and before his actual retirement date. Spouses of members eligible for the spouse's benefit will receive for life a monthly death benefit equal to 50% of the early retirement benefit calculated the day before the death. Death benefits for members not eligible for the spouse's benefit will be paid in a lump sum based on the accumulated member contributions with credited interest.

A plan member who leaves Town service may withdraw his or her contributions with credited interest or, if they have completed 5 years of service, will be entitled to a deferred retirement benefit to commence on the member's normal retirement date.

An active Board of Education Member who terminated prior to January 1, 2000 shall be vested upon the completion of 10 years of credited service. The benefit will be based on the number of years of credited service and final average compensation as of the date of termination. The member shall not be eligible for the death benefit provision.

Volunteer Firefighters and Ambulance Plan

The plan provides retirement, disability and death benefits. A volunteer is credited with a year of service for any plan year during which the volunteer has been credited with at least 50 Points. The monthly retirement benefit to be provided for an original participant who elects the original benefit shall be equal to \$10 per month for each year of service up to a maximum of 35 years. Service prior to July 1, 1990 is credited as 1 ½ years for each year of service (up to a maximum of 15 years). Service after July 1, 1990 is credited as one year of service for each year. Normal retirement age is age 65 and 4 years of service.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Other Benefit Provisions

Retirement benefits for participants who elect the new benefit are the total value of the participant's account paid either in a single lump sum or substantially equal monthly or annual installments for a period not to exceed 10 years. The normal retirement date for new participants is when the participant has both attained his 65th birthday and received credit for at least 7 years of service.

Disability retirement and death benefits are determined in the same manner as retirement. If a terminated participant dies prior to receiving any benefit payments from the plan, the beneficiary shall be entitled to the present value of his vested accrued benefit not to exceed \$10,000. If an original participant dies prior to his normal retirement date, his spouse shall be entitled to an amount equal to 50% of the accrued benefit to date as of the date of the participant's death provided the participant shall have completed at least 10 years of service and attained 55 years of age and been married at least 1 year.

Contributions

The contribution requirements of plan members and the Town are established and may be amended by the Pension Committee. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs for all Plans were actuarially determined using the Entry Age Actuarial Cost Method.

Town Employee Retirement Plan

The Town Plan provides that as of July 1, 2001, non-Police members will contribute 4% of their annual compensation. As of January 1, 2003, Police members are required to contribute 6.5% of their annual compensation.

For the year ended June 30, 2021, the average active contribution rate of annual compensation was 4% for Town Hall employees, 7% for Police and Highway employees, and 4% for Board of Education employees. Total employee contributions totaled \$70,081 for the year ended June 30, 2021.

For the year ended June 30, 2021, employer contributions to the Town Plan totaled \$1,222,927 and represented approximately 102.19% of covered payroll.

Volunteer Firefighters and Ambulance Plan

Participants of the volunteer plan are not required to contribute to the Plan.

For the year ended June 30, 2021, employer contributions to Volunteer Firefighters' and Volunteer Ambulance Plan totaled \$31,548.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Summary of Significant Accounting Policies

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

Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy - The Town policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee. The Town's Pension Committee pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Concentrations - As of June 30, 2021, there were no investments in any one issuer that represented 5% or more of the Town Plan's and the Volunteer Firefighters' and Ambulance Plan's total investments.

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on the Town Plan's and the Volunteer Firefighters' and Ambulance Plan's pension plan investments, net of pension plan investment expense, was 26.63% and 27.07%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liabilities

The components of the Town's net pension liabilities for each of its Plans as of June 30, 2021, were as follows:

	Town Plan	Volunteer Firefighters and Ambulance Plan	Total
Total pension liability	\$ 23,217,863	\$ 482,801	\$ 23,700,664
Plan fiduciary net position	21,356,172	439,990	21,796,162
Town's net pension liability	<u>\$ 1,861,691</u>	<u>\$ 42,811</u>	<u>\$ 1,904,502</u>
Plan fiduciary net position as a percentage of the total pension liability	91.98%	91.13%	

The components of the changes in the net pension liability for each of its Plans for the year ended June 30, 2021, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2020	\$ 23,112,316	\$ 17,095,558	\$ 6,016,758
Changes for the year:			
Service cost	198,224	-	198,224
Interest	1,405,777	-	1,405,777
Differences between expected and actual experience	353,418	-	353,418
Changes of assumptions	(190,485)	-	(190,485)
Contributions - employer	-	1,222,927	(1,222,927)
Contributions - employee	-	70,081	(70,081)
Net investment income	-	4,661,376	(4,661,376)
Benefit payments, including refunds	(1,661,387)	(1,661,387)	-
Administrative expense	-	(32,383)	32,383
Net changes	<u>105,547</u>	<u>4,260,614</u>	<u>(4,155,067)</u>
Balance as of June 30, 2021	<u>\$ 23,217,863</u>	<u>\$ 21,356,172</u>	<u>\$ 1,861,691</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liabilities *(Continued)*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Volunteer Firefighters and Ambulance Plan			
Balance as of June 30, 2020	\$ 482,468	\$ 344,735	\$ 137,733
Changes for the year:			
Service cost	1,541	-	1,541
Interest	29,553	-	29,553
Differences between expected and actual experience	(6,320)	-	(6,320)
Changes of assumptions	(1,806)	-	(1,806)
Contributions - employer	-	26,348	(26,348)
Net investment income	-	96,542	(96,542)
Benefit payments, including refunds	(22,635)	(22,635)	-
Administrative expense	-	(5,000)	5,000
Net changes	333	95,255	(94,922)
Balance as of June 30, 2021	<u>\$ 482,801</u>	<u>\$ 439,990</u>	<u>\$ 42,811</u>

Actuarial assumptions - The total pension liabilities were determined by actuarial valuations as of January 1, 2021 for the Town Plan and the Volunteer Firefighters and Ambulance Plan using the following actuarial assumptions, applied to all periods included in the measurement:

	Town Plan	Volunteer Firefighters and Ambulance Plan
Inflation	2.60%	2.60%
Salary increases (average, including inflation)	3.60%	Not applicable
Investment rate of return (net of investment expense)	6.25%	6.25%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table Safety employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2020.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liabilities *(Continued)*

The long-term expected rate of returns on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each of the Plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Town Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	35.00%	1.85%
Long Duration	5.00%	2.25%
Domestic Large	22.50%	5.25%
Domestic Small	10.00%	5.80%
International Developed	15.50%	5.60%
Emerging Markets	7.00%	6.55%
REITs	5.00%	4.20%
	<u>100.00%</u>	

Volunteer Firefighters and Ambulance Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	35.00%	1.65%
Long Duration	5.00%	2.15%
Domestic Large	22.50%	5.55%
Domestic Small	10.00%	6.00%
International Developed	15.50%	5.55%
Emerging Markets	7.00%	6.50%
REITs	5.00%	4.40%
	<u>100.00%</u>	

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Net Pension Liabilities *(Continued)*

Discount rate - The discount rate used to measure the total pension liability for the Town Plan and the Volunteer Firefighters and Ambulance Plan was 6.25%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the each of the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on each Plan's investments were applied to all periods of projected benefit payments to determine each Plan's total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability for each Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension liability would be for each of the Plans if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rates		
	1.0% Decrease	Current	1.0% Increase
Net pension liability (asset):			
Town Plan	\$ 4,183,593	\$ 1,861,691	\$ (119,642)
Firefighters' & Ambulance Plan	84,913	42,811	6,553
	\$ 4,268,506	\$ 1,904,502	\$ (113,089)

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the aggregate amount of pension expense recognized for the Town and Volunteer Firefighters and Ambulance Plans was a negative \$79,792. The Town recognized negative pension expense of \$68,993 for the Town Plan and a negative pension expense of \$10,799 for the Volunteer Firefighters and Ambulance Plan. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to each of the Plans from the following sources:

	Deferrd Outflows of Resources	Deferred Inflows of Resources	Net Deferrals
Town Plan:			
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (2,597,599)	\$ (2,597,599)
Total Town Plan	-	(2,597,599)	(2,597,599)
Volunteer Firefighters and Ambulance Plan:			
Net difference between projected and actual earnings on pension plan investments	-	(57,086)	(57,086)
Total Volunteer Firefighters and Ambulance Plan	-	(57,086)	(57,086)
	\$ -	\$ (2,654,685)	\$ (2,654,685)

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)*

Amounts reported as deferred outflows and inflows of resources will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	Volunteer		Total
	Town Plan	Firefighters and Ambulance Plan	
2022	\$ (629,387)	\$ (14,521)	\$ (643,908)
2023	(614,932)	(13,858)	(628,790)
2024	(632,233)	(13,699)	(645,932)
2025	(721,047)	(15,008)	(736,055)
Total	<u>\$ (2,597,599)</u>	<u>\$ (57,086)</u>	<u>\$ (2,654,685)</u>

Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's defined benefit plans as of and for the year ended June 30, 2021:

Statement of Fiduciary Net Position		
	Town Plan	Volunteer Firefighters and Ambulance Plan
ASSETS		
Cash and cash equivalents	\$ 220,978	\$ 2,341
Investments	<u>21,135,194</u>	<u>437,649</u>
Total assets	<u>21,356,172</u>	<u>439,990</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 21,356,172</u>	<u>\$ 439,990</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Benefit Plans *(Continued)*

Plan Financial Statements *(Continued)*

Statement of Fiduciary Net Position		
	Town Plan	Volunteer Firefighters and Ambulance Plan
ASSETS		
Cash and cash equivalents	\$ 220,978	\$ 2,341
Investments	21,135,194	437,649
Total assets	21,356,172	439,990
NET POSITION		
Restricted for pension benefits	\$ 21,356,172	\$ 439,990

Statement of Changes in Fiduciary Net Position		
	Town Plan	Volunteer Firefighters and Ambulance Plan
ADDITIONS		
Contributions:		
Employers	\$ 1,222,927	\$ 26,348
Plan members	70,081	-
Total contributions	1,293,008	26,348
Investment earnings:		
Interest and dividends	310,170	6,349
Net change in the fair value of investments, net of investment fees	4,351,215	90,193
Total investment earnings, net	4,661,385	96,542
Total additions	5,954,393	122,890
DEDUCTIONS		
Benefit payments	1,661,387	22,635
Administrative expenses	32,383	5,000
Total deductions	1,693,770	27,635
Changes in net position	4,260,623	95,255
Net position - beginning	17,095,549	344,735
Net position - ending	\$ 21,356,172	\$ 439,990

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Contribution Plans

Plan Descriptions

Town of Canton Defined Contribution Retirement Plan

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

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

The Town is the administrator of the Volunteer Firefighters and Ambulance Personnel Pension Plan, a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan covers Volunteer Firefighters and Volunteer Ambulance personnel with service beginning after July 1, 1994. The Plan was closed to new participants on July 1, 2009. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, balances of the Plan as of and for the year ended June 30, 2021 are accounted for in the fiduciary fund financial statements as pension trust funds.

Plan Provisions

Town of Canton Defined Contribution Retirement Plan

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

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

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

TOWN OF CANTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Contribution Plans *(Continued)*

Contributions

Town of Canton Defined Contribution Retirement Plan

The Town and the participants are required to make contributions. The percentage of required contributions from both employees and the Town is listed in the table below:

<u>Employee Group</u>	<u>Town/BOE %</u>	<u>Employee %</u>
Town		
Government Directors	7.50%	7.50%
Non-Union	7.50%	7.50%
Police	11.00%	7.00%
Dispatch	8.00%	8.00%
Department of Public Works	7.50%	8.50%
Board of Education - Union	6.00%	4.00%
Board of Education - Non-Union	6.00%	6.00%

The total Town and Board of Education contributions during the year ended June 30, 2021 was \$566,429 and employee contributions totaled \$496,172.

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

The Town contributes \$400 on-behalf of each participant who elects the new benefit. The maximum number of plan years for which the Town will make a contribution on behalf of any participant is 35 plan years. The total Town contribution during the year ended June 30, 2021 was \$5,200. Participants are not required or allowed to make contributions.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Defined Contribution Plans *(Continued)*

Plan Financial Statements

Town of Canton Volunteer Firefighters and Ambulance Personnel Pension Plan

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Volunteer Firefighters and Ambulance Personnel Pension Plan as of and for the year ended June 30, 2021:

Statement of Fiduciary Net Position	
	Volunteer Firefighters and Ambulance Plan
ASSETS	
Cash and cash equivalents	\$ 4,071
Investments	761,019
Total assets	765,090
NET POSITION	
Restricted for pension benefits	\$ 765,090
Statement of Changes in Fiduciary Net Position	
	Volunteer Firefighters and Ambulance Plan
ADDITIONS	
Contributions:	
Employers	\$ 5,200
Plan members	-
Total contributions	5,200
Investment earnings:	
Interest and dividends	11,444
Net change in the fair value of investments, net of investment fees	162,553
Total investment earnings, net	173,997
Total additions	179,197
DEDUCTIONS	
Benefit payments	70,338
Administrative expenses	7,363
Total deductions	77,701
Changes in net position	101,496
Net position - beginning	663,594
Net position - ending	\$ 765,090

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net pension liability at June 30, 2020 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the 2020 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.284% as of the most recent measurement date.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2020, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 18,846,090,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.284%	<u>\$ 53,485,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$3,430,587 or 0.284% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2021.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$7,661,42 or 0.284% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	<u>100.0%</u>	

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan

Plan Description

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

Benefits Provided

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

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

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

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

Board of Education Nurses and Non-Union staff: A retired nurse of non-union support employee with 10 years of service shall be eligible to continue health insurance coverage for self and spouse.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Board of Education Plan (Continued)

Employees Covered by Benefit Terms

Membership of the Plan consisted of the following as of July 1, 2020, the date of the latest actuarial valuation:

Current retirees, beneficiaries, and dependents	7
Current active participants	137
	144
	144

Contributions

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Plan members are currently required to contribute 100% of their premiums to the Town, less any reimbursements received by the Town from the State Retirement Board for retired teachers. Town contributions made to its Other Post-Employment Benefits Trust Fund are based on an actuarially determined rate. Town contributions totaled \$39,430 for the year ended June 30, 2021.

Net OPEB Asset

The Town's net OPEB asset reported as of June 30, 2021 totaled \$519,323. The net OPEB asset was measured as of June 30, 2021 using the Entry Age Normal Method. The components of the net OPEB asset as of June 30, 2021, was as follows:

	OPEB Plan
Total OPEB liability	\$ 897,749
Plan fiduciary net position	1,417,072
Town's net OPEB asset	\$ (519,323)
 Plan fiduciary net position as a percentage of the total OPEB liability	157.85%

Actuarial Assumptions - The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Discount rate	6.25%
Salary increases	3.30%
Healthcare cost trend rate	
Medical and prescription drug	6.50% in 2020, reducing by 0.20% each year to an ultimate level of 4.40% per year rate for 2031 and later

Mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Teachers), projected to the valuation date with Scale MP-2020.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan (Continued)

Net OPEB Asset *(Continued)*

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	37.50%	5.25%
International developed markets equity	27.50%	5.75%
Core Fixed Income	30.00%	1.25%
Money Market, Short Term Bonds	5.00%	-0.25%
	100.00%	

Discount rate - The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

Changes in the Net OPEB Asset

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balance as of June 30, 2020	\$ 1,214,417	\$ 1,115,487	\$ 98,930
Changes for the year:			
Service Cost	44,190	-	44,190
Interest	76,199	-	76,199
Changes of assumptions	(88,768)	-	(88,768)
Differences between expected and actual experience	(308,859)	-	(308,859)
Contributions - employer	-	39,430	(39,430)
Net investment income	-	303,585	(303,585)
Benefit payments	(39,430)	(39,430)	-
Administrative expense	-	(2,000)	2,000
Net Changes	(316,668)	301,585	(618,253)
Balance as of June 30, 2021	\$ 897,749	\$ 1,417,072	\$ (519,323)

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

Changes in the Net OPEB Asset *(Continued)*

Sensitivity of the net OPEB asset to changes in the discount rate - The following presents the Town's net OPEB asset, calculated using the discount rate disclosed above, as well as what the Town's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	Discount Rates		
	1.0% Decrease	Current	1.0% Increase
Town's Net OPEB asset	\$ (441,250)	\$ (519,323)	\$ (590,114)

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates - The following presents the Town's net OPEB asset, calculated using the discount rate disclosed above, as well as what the Town's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Healthcare Cost Trend Rates		
	1.0% Decrease	Current	1.0% Increase
Town's Net OPEB asset	\$ (611,884)	\$ (519,323)	\$ (411,783)

OPEB Plan Financial Statements

The following presents the statement of fiduciary net position for the Town's OPEB Plan as of June 30, 2021:

Statement of Fiduciary Net Position	
	OPEB Trust Fund Plan
ASSETS	
Cash and cash equivalents	\$ 41,224
Investments	1,375,848
Total assets	1,417,072
NET POSITION	
Restricted for OPEB	\$ 1,417,072

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

OPEB Plan Financial Statements

The following presents the statement of changes in fiduciary net position for the Town's OPEB Plan for the year ended June 30, 2021:

	OPEB Trust Fund Plan
ADDITIONS	
Contributions:	
Employers	\$ 39,430
Plan members	-
Total contributions	39,430
Investment earnings:	
Interest and dividends	-
Net change in the fair value of investments, net of investment fees	303,585
Total investment earnings, net	303,585
Total additions	343,015
DEDUCTIONS	
Benefit payments	39,430
Administrative expenses	2,000
Total deductions	41,430
Changes in net position	301,585
Net position - beginning	1,115,487
Net position - ending	\$ 1,417,072

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the Town recognized OPEB expense of \$15,758. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferrd Outflows of Resources	Deferred Inflows of Resources	Net Deferrals
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (164,570)	\$ (164,570)
Differences between expected and actual experience	334,054	(336,615)	(2,561)
Changes of assumptions	-	(240,163)	(240,163)
Total	\$ 334,054	\$ (741,348)	\$ (407,294)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2022	\$ (37,040)
2023	(50,246)
2024	(51,547)
2025	(53,821)
2026	(7,021)
Thereafter	(207,619)
Total	\$ (407,294)

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

TOWN OF CANTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the 2020 expected contribution effort for each participating employer. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.284% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2020, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,810,895,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.284%	<u>\$ 7,977,000</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$82,792 or 0.284% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2021.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled \$368,488 or 0.284% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

TOWN OF CANTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.00%	0.42%	1.78%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

NOTE 12 - RISK MANAGEMENT AND UNCERTAINTIES

Risk Management - Insurance

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Town established an internal service fund, the medical insurance fund, to account for and finance the risk of loss for the Town's employee medical benefits claims. The Town purchases commercial insurance for all other risks of loss. During the year ended June 30, 2020 deductibles paid by the Town were insignificant. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2021. There were no significant reductions in insurance coverage from amounts held in the prior year.

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT AND UNCERTAINTIES

Risk Management – Insurance (Continued)

The medical insurance fund is substantially funded by the Town’s General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported at June 30, 2021 is recognized if information prior to the issuance of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claims payable is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. Claims payable does not include other allocated or unallocated claims adjustment expenses.

A schedule of changes in the claims liability for the years ended June 30, 2020 and 2021 is presented below:

<u>Year Ended June 30</u>	<u>Claims Payable, Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable, End of Year</u>
2021	\$ 304,741	\$ 5,316,133	\$ 5,257,163	\$ 363,711
2020	415,597	4,429,452	4,540,308	304,741

Uncertainties - Pandemic

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

The extent to which COVID-19 will impact the Town’s tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CANTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 35,625,296	\$ 35,625,296	\$ 35,739,350	\$ 114,054
Intergovernmental	3,693,452	3,693,452	3,715,060	21,608
Charges for services	996,565	996,565	1,329,855	333,290
Investment income	165,000	165,000	67,287	(97,713)
Total revenues	<u>40,480,313</u>	<u>40,480,313</u>	<u>40,851,552</u>	<u>371,239</u>
EXPENDITURES				
Current:				
General government	645,849	623,553	623,553	-
Finance	694,970	724,939	713,982	(10,957)
Public safety	2,763,207	2,805,556	2,786,870	(18,686)
Public works	1,939,632	1,980,851	1,966,285	(14,566)
Human services	1,129,899	1,114,567	1,114,567	-
Insurance	300,287	276,051	276,051	-
Planning and development	383,589	376,075	376,075	-
Fringe benefits	2,351,533	2,387,874	2,386,269	(1,605)
Education	27,438,282	27,438,282	27,175,909	(262,373)
Debt service:				
Principal payments	1,480,000	1,480,000	1,480,000	-
Interest and fiscal charges	432,913	432,913	432,913	-
Total expenditures	<u>39,560,161</u>	<u>39,640,661</u>	<u>39,332,474</u>	<u>(308,187)</u>
Excess of revenues over expenditures	920,152	839,652	1,519,078	679,426
OTHER FINANCING SOURCES (USES)				
Appropriations of fund balance	200,000	511,118	-	(511,118)
Transfers out	(1,039,652)	(1,350,770)	(1,350,770)	-
Total other financing sources (uses)	<u>(839,652)</u>	<u>(839,652)</u>	<u>(1,350,770)</u>	<u>(511,118)</u>
Net change in fund balance	<u>\$ 80,500</u>	<u>\$ -</u>	<u>\$ 168,308</u>	<u>\$ 168,308</u>

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	<u>53,485,000</u>	<u>49,544,000</u>	<u>38,201,000</u>	<u>37,488,000</u>	<u>39,550,000</u>	<u>31,383,000</u>	<u>29,008,000</u>
Total	<u>\$ 53,485,000</u>	<u>\$ 49,544,000</u>	<u>\$ 38,201,000</u>	<u>\$ 37,488,000</u>	<u>\$ 39,550,000</u>	<u>\$ 31,383,000</u>	<u>\$ 29,008,000</u>
Town's covered payroll	\$ 12,354,000	\$ 12,739,000	\$ 11,987,000	\$ 12,121,000	\$ 11,087,000	\$ 11,164,000	\$ 10,835,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective pension liability	49.24%	52.00%	57.69%	55.93%	52.56%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) -
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST FIVE FISCAL YEARS*

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 44,190	\$ 42,861	\$ 48,754	\$ 47,105	\$ 29,680
Interest	76,199	73,098	89,646	52,595	51,382
Differences between expected and actual experience	(308,859)	-	(70,461)	529,978	-
Changes in assumptions	(88,768)	-	(213,581)	-	-
Benefit payments, including refunds	(39,430)	(56,511)	(59,598)	(63,026)	(95,141)
Net change in total pension liability	(316,668)	59,448	(205,240)	566,652	(14,079)
Total OPEB liability - beginning	1,214,417	1,154,969	1,360,209	793,557	807,636
Total OPEB liability - ending	897,749	1,214,417	1,154,969	1,360,209	793,557
Plan fiduciary net position					
Contributions - employer	39,430	58,211	93,652	103,026	242,918
Net investment income	303,585	54,784	55,340	(3,619)	5,665
Benefit payments, including refunds	(39,430)	(56,511)	(59,598)	(63,026)	(95,141)
Administrative expenses	(2,000)	-	(5,845)	(2,426)	-
Net change in plan net position	301,585	56,484	83,549	33,955	153,442
Plan fiduciary net position - beginning	1,115,487	1,059,003	975,454	941,499	788,057
Plan fiduciary net position - ending	1,417,072	1,115,487	1,059,003	975,454	941,499
Town's net OPEB liability (asset)	\$ (519,323)	\$ 98,930	\$ 95,966	\$ 384,755	\$ (147,942)
Plan fiduciary net pension as percentage of total OPEB liability	157.8%	91.9%	91.7%	71.7%	118.6%
Covered payroll	\$ 10,703,638	\$ 12,679,074	\$ 10,653,154	\$ 10,870,565	\$ 10,029,183
Town net OPEB liability as a percentage of covered payroll	-4.9%	0.8%	0.9%	3.5%	-1.5%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
OTHER POST-EMPLOYMENT BENEFITS PROGRAM (UNAUDITED)
LAST FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 58,211	\$ 58,211	\$ 96,990	\$ 96,990	\$ 242,918
Contributions in relation to actuarially determined contribution	<u>39,430</u>	<u>58,211</u>	<u>93,562</u>	<u>103,026</u>	<u>242,918</u>
Excess (deficiency) of contribution	<u>\$ (18,781)</u>	<u>\$ -</u>	<u>\$ (3,428)</u>	<u>\$ 6,036</u>	<u>\$ -</u>
Covered payroll	\$ 10,703,638	\$ 12,679,074	\$ 10,653,154	\$ 10,870,565	\$ 10,029,183
Contributions as a percentage of covered payroll	0.37%	0.46%	0.88%	0.95%	2.42%
Annual money-weighted rate of return, net of investment expense	27.23%	5.16%	5.65%	-0.37%	0.66%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET COLLECTIVE OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.000%	0.000%	0.000%	0.000%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	<u>7,977,000</u>	<u>7,727,000</u>	<u>7,637,000</u>	<u>9,649,000</u>
Total	<u>\$ 7,977,000</u>	<u>\$ 7,727,000</u>	<u>\$ 7,637,000</u>	<u>\$ 9,649,000</u>
Town's covered payroll	\$ 12,354,000	\$ 12,739,000	\$ 11,987,000	\$ 12,121,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.50%	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY -
TOWN EMPLOYEE RETIREMENT PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 198,224	\$ 222,776	\$ 230,284	\$ 214,208	\$ 226,139	\$ 235,042	\$ 219,877	\$ 223,264
Interest	1,405,777	1,439,435	1,378,686	1,410,540	1,424,856	1,416,712	1,404,821	1,435,872
Changes in assumptions	(190,485)	(51,738)	566,559	361,841	(276,068)	-	343,231	514,507
Differences between expected and actual experience	353,418	(487,950)	423,526	(76,392)	(62,685)	(6,751)	(324,701)	(361,113)
Benefit payments, including refunds	<u>(1,661,387)</u>	<u>(1,612,314)</u>	<u>(1,626,634)</u>	<u>(1,510,032)</u>	<u>(1,530,776)</u>	<u>(1,491,471)</u>	<u>(1,459,934)</u>	<u>(1,475,809)</u>
Net change in total pension liability	105,547	(489,791)	972,421	400,165	(218,534)	153,532	183,294	336,721
Total pension liability - beginning	<u>23,112,316</u>	<u>23,602,107</u>	<u>22,629,686</u>	<u>22,229,521</u>	<u>22,448,055</u>	<u>22,294,523</u>	<u>22,111,229</u>	<u>21,774,508</u>
Total pension liability - ending	<u>23,217,863</u>	<u>23,112,316</u>	<u>23,602,107</u>	<u>22,629,686</u>	<u>22,229,521</u>	<u>22,448,055</u>	<u>22,294,523</u>	<u>22,111,229</u>
Plan net position								
Contributions - employer	1,222,927	1,048,642	1,011,461	1,034,241	1,081,283	1,056,295	1,043,495	1,007,679
Contributions - members	70,081	64,461	72,925	79,933	76,427	77,711	88,446	91,141
Net investment income	4,661,376	603,436	936,879	1,097,593	1,543,691	136,660	285,414	1,983,000
Benefit payments, including refunds	(1,661,387)	(1,612,314)	(1,626,634)	(1,510,032)	(1,530,776)	(1,491,471)	(1,459,934)	(1,475,809)
Administrative expenses	<u>(32,383)</u>	<u>(28,886)</u>	<u>(30,427)</u>	<u>(29,139)</u>	<u>(55,589)</u>	<u>(26,209)</u>	<u>(23,093)</u>	<u>(51,190)</u>
Net change in plan net position	4,260,614	75,339	364,204	672,596	1,115,036	(247,014)	(65,672)	1,554,821
Plan net position - beginning	<u>17,095,558</u>	<u>17,020,219</u>	<u>16,656,015</u>	<u>15,983,419</u>	<u>14,868,383</u>	<u>15,115,397</u>	<u>15,181,069</u>	<u>13,626,248</u>
Plan net position - ending	<u>21,356,172</u>	<u>17,095,558</u>	<u>17,020,219</u>	<u>16,656,015</u>	<u>15,983,419</u>	<u>14,868,383</u>	<u>15,115,397</u>	<u>15,181,069</u>
Town's net pension liability	<u>\$ 1,861,691</u>	<u>\$ 6,016,758</u>	<u>\$ 6,581,888</u>	<u>\$ 5,973,671</u>	<u>\$ 6,246,102</u>	<u>\$ 7,579,672</u>	<u>\$ 7,179,126</u>	<u>\$ 6,930,160</u>
Plan net pension as percentage of total pension liability	92.0%	74.0%	72.1%	73.6%	71.9%	66.2%	67.8%	68.7%
Covered payroll	\$ 1,196,717	\$ 1,195,950	\$ 1,303,597	\$ 1,391,594	\$ 1,359,056	\$ 1,434,238	\$ 1,503,323	\$ 1,662,611
Town net pension liability as a percentage of covered payroll	155.6%	503.1%	504.9%	429.3%	459.6%	528.5%	477.6%	416.8%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
TOWN EMPLOYEE RETIREMENT PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,222,927	\$ 1,048,642	\$ 1,011,461	\$ 1,034,241	\$ 1,081,283	\$ 1,056,295	\$ 1,043,495	\$ 1,007,680
Contributions in relation to actuarially determined contribution	<u>1,222,927</u>	<u>1,048,642</u>	<u>1,011,461</u>	<u>1,034,241</u>	<u>1,081,283</u>	<u>1,056,295</u>	<u>1,043,495</u>	<u>1,007,679</u>
Deficiency of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Covered payroll	\$ 1,196,717	\$ 1,195,950	\$ 1,303,597	\$ 1,391,594	\$ 1,359,056	\$ 1,434,238	\$ 1,503,323	\$ 1,662,611
Contributions as a percentage of covered employee payroll	102.19%	87.68%	77.59%	74.32%	79.56%	73.65%	69.41%	60.61%
Annual money-weighted rate of return, net of investment expense	26.63%	3.50%	5.58%	6.75%	10.05%	0.89%	1.85%	14.07%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY -
VOLUNTEER FIREFIGHTERS AND AMBULANCE PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 1,541	\$ 1,547	\$ 1,471	\$ 1,292	\$ 1,804	\$ 1,763	\$ 1,325	\$ 1,307
Interest	29,553	27,813	29,024	30,020	29,449	29,482	28,304	35,126
Differences between expected and actual experience	(6,320)	22,838	1,053	4,257	4,411	(13,499)	14,958	(27,818)
Changes in assumptions	(1,806)	(1,596)	(6,918)	8,508	(7,516)	-	21,164	(12,039)
Benefit payments, including refunds	(22,635)	(22,839)	(64,670)	(19,453)	(18,283)	(18,283)	(76,936)	(76,122)
Net change in total pension liability	333	27,763	(40,040)	24,624	9,865	(537)	(11,185)	(79,546)
Total pension liability - beginning	482,468	454,705	494,745	470,121	460,256	460,793	471,978	551,524
Total pension liability - ending	482,801	482,468	454,705	494,745	470,121	460,256	460,793	471,978
Plan net position								
Contributions - employer	26,348	26,697	33,414	33,114	31,182	27,745	41,800	41,000
Net investment income	96,542	14,162	21,242	24,017	31,450	2,383	6,782	50,974
Benefit payments, including refunds	(22,635)	(22,839)	(64,670)	(19,453)	(18,283)	(18,283)	(76,936)	(76,122)
Administrative expenses	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(3,170)	(3,470)	(2,922)
Other	-	(8)	-	-	-	(26)	51	56
Net change in plan net position	95,255	13,012	(15,014)	32,678	39,349	8,649	(31,773)	12,986
Plan net position - beginning	344,735	331,723	346,737	314,059	274,710	266,061	297,834	284,848
Plan net position - ending	439,990	344,735	331,723	346,737	314,059	274,710	266,061	297,834
Town's net pension liability	\$ 42,811	\$ 137,733	\$ 122,982	\$ 148,008	\$ 156,062	\$ 185,546	\$ 194,732	\$ 174,144
Plan net pension as percentage of total pension liability	91.1%	71.5%	73.0%	70.1%	66.8%	59.7%	57.7%	63.1%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
VOLUNTEER FIREFIGHTERS AND AMBULANCE PLAN (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 26,348	\$ 26,697	\$ 30,614	\$ 30,314	\$ 29,582	\$ 26,544	\$ 34,824	\$ 34,859
Contributions in relation to actuarially determined contribution	<u>26,348</u>	<u>26,697</u>	<u>33,414</u>	<u>33,114</u>	<u>31,182</u>	<u>27,745</u>	<u>41,800</u>	<u>41,000</u>
Excess of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,800</u>	<u>\$ 2,800</u>	<u>\$ 1,600</u>	<u>\$ 1,201</u>	<u>\$ 6,976</u>	<u>\$ 6,141</u>
Annual money-weighted rate of return, net of investment expense	27.07%	4.12%	5.85%	7.20%	10.85%	0.84%	2.21%	18.63%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the financial statements:

- In May, the Board of Finance submits proposed operating budgets for the fiscal year commencing July 1 to a Town Meeting, at which taxpayer comments are obtained. The operating budgets include proposed expenditures and the means of financing them.
- Prior to July 1, the budgets are legally enacted through passage of a resolution.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Board of Finance is authorized to make additional appropriations of up to \$25,000 in the aggregate and, with approval of five members, may authorize additional appropriations in excess of \$25,000, but not to exceed \$50,000, in the aggregate from fund balance or as a transfer from the contingency fund. If five members do not agree, a majority of those present and voting may recommend the appropriation for Town Meeting approval. Additional appropriations in excess of \$50,000 require approval at a Town Meeting. During the year ended June 30, 2021, the Board of Finance and Town Meeting approved additional appropriations of \$311,118 from General Fund unassigned fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and, if necessary, Town Meeting approval.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teachers' Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF CANTON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

Budgetary Information *(Continued)*

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2021:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 40,850,750	\$ 39,331,680	\$ (1,350,770)	\$ 168,300
"On-behalf" payments - State Teachers' Retirement Fund	3,513,379	3,513,379	-	-
Adjustment for encumbrances	-	3,902	-	(3,902)
Contract financing not recognized for budgetary purposes	-	634,034	634,034	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	811,393	811,393	-	-
Certain transfers recorded as expenditures for budgetary purposes	-	(308,578)	(308,578)	-
Investment activity	(51,466)	-	-	(51,466)
GAAP basis	<u>\$ 45,124,056</u>	<u>\$ 43,985,810</u>	<u>\$ (1,025,314)</u>	<u>\$ 112,932</u>

TOWN OF CANTON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. The liabilities were estimated based on a measurement date of June 30, 2020. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There were no benefit term changes that have had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2021.

Assumption Changes - The following significant assumptions had a significant effect on the measurement of the collective pension liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

NOTE 3 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

The July 1, 2020 actuarial valuation directly calculated the July 1, 2020 total OPEB liability. The July 1, 2020 total OPEB liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - The following significant assumptions had a significant effect on the measurement of the collective pension liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 3.50% to 3.30%;
- the current Mortality Table is Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Teachers). Projected to the valuation date with Scale MP-2020, previously Scale MP-2018;
- Mortality Improvement is projected to the date of decrement using Scale MP-2020, prior Scale MP-2018

TOWN OF CANTON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2020. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2021:

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

NOTE 5 - SCHEDULE OF THE TOWN'S NET PENSION LIABILITY - TOWN EMPLOYEE RETIREMENT PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

The January 1, 2021 actuarial valuation directly calculated the January 1, 2021 total pension liability. The January 1, 2021 total pension liability was increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumptions Changes - The following significant assumptions had a significant effect on the measurement of the collective pension liability reported as of June 30, 2021.

- Mortality Improvement is projected to the date of decrement using Scale MP-2019, prior Scale MP-2018

TOWN OF CANTON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN EMPLOYEE RETIREMENT PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of January 1, two fiscal years prior to the fiscal year in which contributions are reported. Actuarial contributions for fiscal year ending June 30, 2021 were determined from the January 1, 2019 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of Salary
Remaining amortization period	10 years
Asset valuation method	Market Value
Inflation	2.60%
Investment rate of return	6.25%
Salary increases	3.60%
Retirement age	Varies by year of service and age

Mortality, for Police employees, based on Pub-2010 Public Retirement Plans Mortality Tables for Public Safety Employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

Mortality, for all other employees, based on Pub-2010 Public Retirement Plans Mortality Tables for General Employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

NOTE 7 - SCHEDULE OF THE TOWN'S NET PENSION LIABILITY - VOLUNTEER FIREFIGHTERS AND AMBULANCE PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

The January 1, 2021 actuarial valuation directly calculated the January 1, 2021 total pension liability. The January 1, 2021 total pension liability was increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2021.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following significant assumptions had a significant effect on the measurement of the collective pension liability reported as of June 30, 2021.

- Mortality Improvement is projected to the date of decrement using Scale MP-2020, prior Scale MP-2019

TOWN OF CANTON, CONNECTICUT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - VOLUNTEER FIREFIGHTERS AND AMBULANCE PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of January 1, two fiscal years prior to the fiscal year in which contributions are reported. Actuarial contributions for fiscal year ending June 30, 2021 were determined from the January 1, 2019 valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of Salary
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	2.60%
Investment rate of return	6.25%
Retirement age	65 or 4 years of service

Mortality based on Pub-2010 Public Retirement Plans Mortality Tables for Public Safety employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018.

Appendix B

Form of Opinion of Bond Counsel

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form. The opinion will be dated the date of delivery of the Bonds.

Town of Canton
Canton, Connecticut

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Canton, Connecticut (the “Town”) in connection with the issuance by the Town of \$7,875,000 aggregate principal amount of General Obligation Bonds, Issue of 2022, Series B, dated their date of delivery (the “Bonds”).

The Bonds are issued pursuant to the provisions of Title 7 of the General Statutes of Connecticut, as amended, the Constitution and laws of the State of Connecticut (the “State”), and proceedings of the Town authorizing the Bonds.

In our capacity as Bond Counsel to the Town, we have examined the law, certified records of proceedings of the Town relating to the issuance of the Bonds, and other certifications and documents as we deem necessary to render this opinion.

Based on the foregoing, we are of the opinion that:

1. The above-referenced proceedings show lawful authority for the issuance and sale of the Bonds under authority of the constitution and statutes of the State and that said Bonds are valid and legally binding general obligations of the Town payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

The enforceability of rights and remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described below, (i) 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”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Town will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 2 above, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Town with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Other than the record of proceedings, we have not been requested to examine or review and have not examined or reviewed the accuracy, completeness or sufficiency of the official statement with respect to the Bonds or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of said Bonds, and we express no opinion with respect to the official statement or any such financial or other information or the accuracy or sufficiency thereof.

We have examined an executed Bond and, in our opinion, the form of such Bond and its execution are regular and proper.

Very truly yours,

Appendix C

Form of Continuing Disclosure Agreement

FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement to be executed by the Town in connection with the issuance of the Bonds substantially in the following form, to provide annual financial information and timely notice of the occurrence of certain events with respect to the Bonds.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “*Agreement*”) is made as of _____, 2022 by the Town of Canton, Connecticut (the “*Issuer*”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$7,875,000 aggregate principal amount of General Obligation Refunding Bonds, Issue of 2022, dated _____, 2022 (the “*Bonds*”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“*Annual Information*” shall mean the information specified in Section 3 hereof.

“*EMMA*” shall mean the Electronic Municipal Market Access System implemented by the MSRB, the current web address of which is www.emma.msrb.org.

“*Financial Obligation*” shall mean, for purposes of the events identified in clauses (15) and (16) of the Listed Events set forth in Exhibit A hereto: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*GAAP*” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“*Listed Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit A.

“*MSRB*” means the Municipal Securities Rulemaking Board 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 Agreement.

“*Rule*” means rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the date of this Agreement which are applicable to this Agreement.

“*SEC*” means the Securities and Exchange Commission of the United States.

Section 2. Continuing Disclosure Obligation.

(a) The Issuer hereby undertakes, for the benefit of holders of the Bonds, to provide or cause to be provided to the MSRB, through EMMA, the following:

- (i) *Annual Financial Information Disclosure*. No later than eight (8) months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2022, (A) the Annual Information relating to such fiscal year, and (B) the audited financial

statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; ***provided, however***, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the MSRB through the EMMA System as soon as practicable after they become available; ***provided further, however***, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

- (ii) ***Notice of Listed Events***. In a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the Listed Events with respect to the Bonds; and
- (iii) ***Notice of Failure***. In a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide any Annual Information required by Section 3 below by the date set forth in Section 2(a)(i) hereof.

(b) Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Information, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Information hereunder.

(c) Nothing in this Agreement shall be deemed to prevent the Issuer from providing notice of the occurrence of certain events other than the Listed Events if the Issuer determines that any such other event is material with respect to the Bonds, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any events other than the Listed Events.

Section 3. Annual Information.

(a) The required Annual Information shall consist of the following financial information and operating data, to the extent not included in the financial statements of the Issuer described in Section 2(a) above:

- (i) the amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (ii) a list of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (iii) the percentage of the annual property tax levy collected and uncollected as of the close of the preceding fiscal year,
- (iv) a schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (v) a calculation of total overall debt and total overall net debt as of the close of the fiscal year,
- (vi) the total overall debt and total overall net debt of the Issuer per capita,
- (vii) the ratios of the total overall debt and total net overall debt of the Issuer to the Issuer's net taxable grand list,
- (viii) a statement of statutory debt limitation as of the close of the fiscal year, and
- (ix) the funding status of the Issuer's pension benefit obligations.

(b) All or any portion of the Annual Information may be incorporated by cross-reference to any other documents, including official statements, which are (i) available to the public on EMMA, or (ii) filed with the SEC. All or a portion of the Annual Information may be provided in the form of a comprehensive annual financial report.

(c) Subject to the requirements of Section 7 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate, provided any such modification is done in a manner consistent with the Rule.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be in accordance with GAAP or mandated State statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with GAAP.

Subject to Section 7 hereof, the Issuer reserves the right to provide financial statements which are not audited if no longer required by law, and to modify the preparation and presentation of the financial statements as may be required to conform with changes in State law applicable to municipalities or changes in GAAP, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 5. Transmission of Information and Notices. Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided in electronic format through EMMA and shall be accompanied by identifying information, all as prescribed by the MSRB.

Section 6. Use of Agent. The Issuer may appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent without appointing a successor agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, or any provision of this Agreement may be waived, without the consent of the holders of the Bonds, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules and regulations), or a change in the identity, nature or status of the Issuer, and such amendment or waiver is supported by (i) an opinion of counsel expert in federal securities laws, addressed to the Issuer, to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy any such amendment shall be timely filed with the MSRB.

The Annual Information for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such modification and the impact of the change in the type of operating data or financial information being provided. If a change in accounting principles to be followed by the Issuer is included in any such modification, the Annual Information for the fiscal 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.

Section 8. Termination of Obligations. The obligations of the Issuer under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, this Agreement, or any provision hereof, shall be null and void in the event that the portions of the Rule requiring this Agreement or such provision, as the case may be, no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Enforcement; Remedies. The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time after receipt by the Issuer's Treasurer, or a successor, of written notice from any beneficial owner of the Bonds of such failure. The present address of the Treasurer is Town of Canton, 1 Newent Road, Canton, Connecticut 06351.

In the event the Issuer does not cure such failure within a reasonable time, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Issuer expressly acknowledges and the beneficial owners are deemed to hereby expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 10. Beneficiaries. This Agreement is executed to assist the underwriter of the Bonds in complying with paragraph (b)(5) of the Rule and is delivered for the benefit of the holders of the Bonds. No other person shall have any right to enforce the provisions hereof or be entitled to any rights hereunder.

Section 11. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first written.

TOWN OF CANTON

Robert Bessel, First Selectman

William Geiger, Treasurer

[Signature Page to Continuing Disclosure Agreement]

LISTED EVENTS WITH RESPECT TO THE BONDS FOR WHICH DISCLOSURE IS REQUIRED

- (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 of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of the holders 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 Bond, *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*;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, *if material*; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

* This event is considered to occur when any of the following occur: 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 other proceeding under state or federal law in which a court or government 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 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;

Appendix D

Notice of Sale

NOTICE OF SALE

\$7,875,000
TOWN OF CANTON, CONNECTICUT
GENERAL OBLIGATIONS BONDS, ISSUE OF 2022, SERIES B

NOTICE IS HEREBY GIVEN that ELECTRONIC PROPOSALS via **PARITY®** will be received by the **TOWN OF CANTON, CONNECTICUT** (the “Town”) for the purchase of all, but not less than all, of the Town’s \$7,875,000* General Obligation Bonds, Issue of 2022, Series B (the “Bonds”) until **11:30 A.M. (Eastern Time)**, on.

WEDNESDAY, MAY 25, 2022

Proposals submitted after 11:30 A.M. on Wednesday, May 25, 2022 (the “Sale Date”) or proposals submitted in person or via facsimile will not be considered by the Town. **No other form of proposal or provider of electronic bidding services will be accepted.** For purposes of the bidding process, the time as maintained by **PARITY®** shall constitute the official time with respect to all proposals submitted.

The Town reserves the right to amend the provisions of this Notice of Sale, including the date and time of the sale. Any such changes will be communicated by means of a supplement to this Notice of Sale to be posted through PARITY® no later than 10:00 A.M. on the Sale Date.

The following information includes only a brief summary of certain provisions of the Bonds, the security therefor and other terms relating thereto. Prior to submitting a proposal, bidders should read the Preliminary Official Statement dated May 17, 2022 relating to the Bonds (the “Preliminary Official Statement”). The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com.

If any summary of the terms of the sale of the Bonds posted by PARITY, as the approved provider of electronic bidding services for the Bonds, conflicts with this Notice of Sale in any respect, the terms of this Notice of Sale shall control.

DESCRIPTION OF THE BONDS

General. The Bonds will be dated and will bear interest from their date of delivery on or about June 8, 2022. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve (12) 30-day months and will be payable semi-annually, beginning December 1, 2022, and on each June 1 and December 1 thereafter until maturity or earlier redemption.

Principal Amortization. The Bonds will mature and become payable on June 1 in each of the years and in the principal amounts as follows:

\$395,000 in 2023 through 2037, inclusive
\$390,000 in 2038 through 2042, inclusive

Optional Redemption. The Bonds maturing on or before June 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing on June 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Town, at any time on or after June 1, 2029, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued and unpaid interest to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 1, 2029 and thereafter	100%

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of providing funds to finance the reconstruction of three bridges in the Town and the design and construction of a new fire station.

The Bonds will be general obligations of the Town and the full faith and credit of the Town shall be pledged to the payment of the principal or redemption price of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town is authorized by statute to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, subject to certain exceptions, to the extent other revenue sources are not lawfully available or appropriated for such purpose.

NO BANK QUALIFICATION

The Bonds **will not** be designated by the Town as “qualified tax-exempt obligations” under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

REGISTRATION

The Bonds will be by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for Bonds bearing the same interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC or its agent via Fast Automated Securities Transfer (“FAST”), registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

ELECTRONIC BIDDING

Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY® on the date and at the time indicated above. Any prospective bidder must be a subscriber of I-Deal LLC’s BiDCOMP competitive bidding system. Further information about Bidcomp/PARITY®, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

The use of PARITY® electronic bidding shall be at the Bidder's risk and expense, and the Town shall have no liability with respect thereto. An electronic bid for the Bonds shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. ***The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.***

Disclaimer. Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

BID SPECIFICATIONS AND BASIS OF AWARD

Each bid must be unconditional. Only electronic bids submitted via PARITY® will be accepted.

Each bid must be for all of the Bonds and specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify the rate or rates of interest per annum which the Bonds shall bear in a multiple of one-twentieth (1/20th) or one-eighth (1/8th) of one percent. Bids shall **not** specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bond which exceeds the interest rate specified in such bid for any other Bonds by more than three (3) percentage points. Interest shall be computed on the basis of a 30-day month and a 360-day year. No bid for less than par on all of the Bonds will be considered.

As between bids that comply with this Notice, the Bonds will be awarded to the responsible bidder offering to purchase such Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on such Bonds to the dated date (which is expected to be June 8, 2022), results in an amount equal to the purchase price for such Bonds. If there is more than one responsible bidder making said offer at the same lowest true interest cost on the Bonds, such Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in federal funds.

RIGHT OF REJECTION; WAIVER

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

POSTPONEMENT; CHANGE OF TERMS

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

DELIVERY OF DOCUMENTS

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Hawkins Delafield & Wood LLP, Hartford, Connecticut Bond Counsel to the Town (“Bond Counsel”), substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a signature and no litigation certificate, dated as of the date of delivery of the Bonds; a receipt of payment for the Bonds, a signed copy of the final Official Statement prepared in connection with the Bonds, a certificate of Town officials relating to the accuracy and completeness of the Official Statement; and an executed Continuing Disclosure Agreement substantially in the form set forth in Appendix C to the Official Statement. U.S. Bank Trust Company, National Association, Hartford, Connecticut, will keep a signed opinion and a transcript of proceedings, which may be examined at its office in Hartford, Connecticut, upon reasonable notice.

OPINION OF BOND COUNSEL – TAX STATUS

In addition to the validity of the Bonds, the approving opinion of Bond Counsel will state that under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. The opinion of Bond Counsel will also provide that under existing statutes; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax.

ESTABLISHMENT OF ISSUE PRICE; OBLIGATIONS OF WINNING BIDDER

By submitting a proposal for the Bonds, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirements”). The Municipal Advisor will advise the winning bidder if the Competitive Sale Requirements were met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

The winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial public offering price or yield of each maturity of the Bonds (the “Initial Reoffering Prices”) as of the date of the award.

If Competitive Sale Requirements Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Requirements are not met, it will elect and satisfy either option (1) or option (2) described below with respect to each maturity of the Bonds. Such election shall be set forth on an Issue Price Rule Selection Certificate (the “Selection Certificate”), which will be sent to the winning bidder promptly after

the award of the Bonds and any adjustments in principal amounts as provided herein. The winning bidder shall complete and execute the Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day following the Sale Date. **In the event that the Selection Certificate is not returned by this deadline or if no selection is made with respect to one or more maturities, the winning bidder will be deemed to have selected Option 1 (the Hold the Price Rule).**

(1) Hold the Price Rule. The winning bidder:

(a) will make a bona fide offering to the public of all of the Bonds at the Initial Reoffering Prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will neither offer nor sell to any person any Bonds within a maturity at a price that is higher, or a yield that is lower, than the Initial Reoffering Price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least 10 percent of the Bonds of such maturity at a price that is no higher, or a yield that is no lower, than the Initial Reoffering Price of such maturity or (ii) the close of business on the 5th business day after the date of the award of the Bonds, and

(c) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

(2) 10% Sale (Follow the Price) Rule. The winning bidder:

(a) will make a bona fide offering to the public of all of the Bonds at the Initial Reoffering Prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

(b) will report to the Town information regarding the first price that at least 10 percent of the Bonds within each maturity of the Bonds have been sold to the public,

(c) will provide the Town with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Bonds, will continue until such date that the requirement set forth in paragraph (b) above for each maturity of the Bonds is satisfied, and

(d) has or will include within any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

For purposes of the “hold the price” or “follow the price” requirement, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

Obligation to Deliver Issue Price Certificate. Regardless of whether or not the Competitive Sale Requirements were met, the winning bidder shall submit to the Town a certificate (the “Issue Price Certificate”), satisfactory to Bond Counsel, prior to the delivery of the Bonds stating the applicable facts as described above. The form of Issue Price Certificate is available by contacting Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, the Town’s Municipal Advisor, Email: mspoerndle@muniadvisors.com; Telephone (203) 878-4945.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Requirements were met, the Issue Price Certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

For purposes of this Notice, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

CERTIFYING AND PAYING AGENT

The Bonds will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as Paying Agent.

OFFICIAL STATEMENT

The Town has prepared a Preliminary Official Statement in connection with the issuance of the Bonds which is dated May 17, 2022. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision and to completion or amendment in a final Official Statement. The Town will make available to the winning purchaser or purchasers of the Bonds a ten (10) copies of the final Official Statement as prepared by the Town at the Town’s expense. The copies of the final Official Statement will be made available to the winning purchaser within seven (7) business days of the award of the Bonds (but not later than the date of the delivery of the Bonds). If the Town’s Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board (the “MSRB”) and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and MSRB rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

CONTINUING DISCLOSURE

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

CUSIP NUMBERS

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor will obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit such Bonds with DTC due to the failure to obtain such numbers and to supply them to the Town in a timely manner. Neither the failure to print such CUSIP number on any Bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for such 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 charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

DELIVERY AND PAYMENT

It is expected that the closing on the Bonds will occur on or about June 8, 2022 in New York, New York, against payment in immediately available Federal funds.

ROBERT BESSEL,
First Selectman

WILLIAM GEIGER,
Finance/Officer / Treasurer

May 17, 2022

**FORM OF ISSUE PRICE RULE SELECTION CERTIFICATE
(if Competitive Sale Requirements Not Met)**

Town of Canton, Connecticut
\$7,875,000 General Obligation Bonds, Issue of 2022, Series B

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE], [on behalf of itself and [OTHER UNDERWRITERS], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated May 17, 2022 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “ESTABLISHMENT OF ISSUE PRICE; OBLIGATIONS OF WINNING BIDDER - *If Competitive Sale Requirements Not Met*” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
06/01/2023	\$395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2024	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2025	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2026	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2027	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2028	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2029	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2030	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2031	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2032	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2033	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2034	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2035	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2036	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2037	395,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2038	390,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2039	390,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2040	390,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2041	390,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
06/01/2042	390,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds)

[NAME OF UNDERWRITER / REPRESENTATIVE]

By: _____
Name:
Title:

Email this completed and executed certificate by 5:00 P.M. (Eastern Time) on May 26, 2022, to the following:

Bond Counsel: lhall@hawkins.com

Municipal Advisor: mspoerndle@muniadvisors.com

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