**Board of Finance Annual Report 2019-2020**

This document and the Audited Financial Statements by King, King & Associates for the fiscal year ended June 30, 2020 form the Annual Report by the Board of Finance to the Town of Canaan.

The Board was co-chaired by John Allyn and Dick Heinz. Additional Board Members were Dan Silverman, Joel Jones, Louis Timolat and Steve Dean. Corinna Fleming, Linda Bowen and Carol Staats served as Alternates. After the November, 2019 election, the Board remained the same, but Corinna Fleming, Daly Reville and Eric Carlson were elected as Alternates. Rebecca Juchert-Derungs again served as Clerk.

The Board of Finance sent the Municipal and Board of Education Spending Plans for 2019-2020 to a Town Meeting on May 23, 2019. The Town approved the Municipal spending at $1,977,325 and Board of Education spending at $3,433,670. At Special Meeting following the Town Meeting, the Board of Finance met and unanimously voted to increase the mil rate for 2019-2020 by 0.7 mils to 24.60 mils for the fiscal year 2019-2020.

King, King & Associates, CPAs conducted the Annual Audit of the finances of the Town of Canaan. Town Treasurer, Linda Paviol, has experience working with the auditors and the process went smoothly. Mrs. Paviol does an outstanding job preparing monthly reports of the financial status of the Board of Education and the Town departments to keep the Board of Finance appraised of current affairs. The findings of the Audit, presented at the November 16, 2020 BOF meeting were that:

* The Town is in compliance in all major areas with generally acceptable accounting principles and the Town was determined to have adequate controls to ensure moneys are handled responsibly. The auditors found that the Town is using a Cash basis for reporting and should use an accrual basis. The Town will comply. Also, Auditors found that the Tax Collector is not keeping paper copies of Tax billing and should. The Treasurer will comply.
* The Town finished the 2019-2020 fiscal year with assets exceeding liabilities by $4,678,523, a decrease of $80,016 due to the planned use of General Fund surplus.
* The Town’s net position increased by $283,579 over fiscal year 2017-2018. This was the result of cost savings in all departments and better than anticipated tax collections and investment income.
* The General Fund ended with a balance of $440,165. Total government expenses were $4,755,469. The General Fund balance represents an 8.1% reserve in case of emergency. The Town also maintains Non-recurring Capital Reserve Accounts for future needs, such as a new sand/salt shed, new truck, etc. At the end of the year, Capital Reserve Accounts totaled $1,128,595.

In March, 2020 the Board of Finance began reviewing Municipal and Board of Education Spending Plans for 20-2021. The budget process was complicated in 2020 by the coronavirus epidemic and because Falls Village sent more students to Region 1 in the fall of 2019. When voters approved the Region 1 Budget the assessment for students attending the high school from the Town of Canaan was increased by $220,072 over the prior year. After the presentation of the educational spending plan by the Boards of Selectmen and Education, the Board of Finance requested that they review their plans for opportunities to reduce the bottom line. The Board of Education is to be commended as they were able to reduce the spending for Lee Kellogg to 0% increase. As a result, total BOE spending was up to $3,653,737, a 6.4% increase. Selectmen presented a Municipal spending plan of $1,862,244, which was a 0.4% decrease. Selectmen were able to do this by trimming department budgets and removing contributions to Reserve Accounts to $0 this year. The Town’s department heads and the Board of Education recognized the severe and unique nature of the novel coronavirus. With so many people out of work or no longer connected to their usual cash flow, there was concern about the ability of taxpayers to meet their obligation.

At Town Meeting on May 28, 2020 expenses for Lee Kellogg School were approved at $1,977,325. The Board of Finance met after the Town Meeting and set the mil rate at 25.7 mils, an increase of 1.1 mils.

The Board of Finance meets on the second Monday of each month (unless that falls on a holiday). The list of meetings scheduled for the year is posted in the Town Hall in January. Interested members of the public are encouraged to attend. A Public Comment forum starts each of our monthly meetings and we invite participation.

Respectfully submitted,

John Allyn (Co-Chair) Richard Heinz (Co-Chair)

Louis Timolat Daniel Silverman

Steven Dean Joel Jones