TOWN OF CANAAN, CT

Annual Financial Statements

For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
The Town of Canaan, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Canaan, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Canaan's basic financial statements as listed in the table of contents.

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 Canaan, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Canaan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Canaan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Town of Canaan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Canaan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules on pages 4-10 and 47-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Canaan's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplemental schedules, and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of the Town of Canaan's internal control over financial reporting and on our test 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 the effectiveness of the Town of Canaan's 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 of Canaan's internal control over financial reporting and compliance.

King, King & Associates

King, King & Associates, CPAs
Winsted, CT
January 14, 2025

As management of the Town of Canaan, CT, we offer readers of the Town of Canaan, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Canaan, CT for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of Canaan, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $5,382,457 (*net position*). Of this amount, $2,352,537 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Net Position of $23,477 was restricted for Special Revenue Fund purposes. The balance of $3,006,443 is invested in capital assets.

- The government's total net position increased by $212,764.

- The Town's governmental funds reported, on a current financial resources basis, combined ending fund balances of $2,534,699 an increase of $225,009 from the prior fiscal year. Of this amount, $1,059,366 is available for spending at the government's discretion with town approval (*unassigned fund balance*) and $149,049 has been assigned for subsequent year's appropriations. Additional amounts of $33,806 have been set for Cemetery Maintenance.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,059,366 or 18% percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Canaan, CT's basic financial statements. The Town of Canaan, CT's basic financial statements are comprised of 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 of Canaan, CT's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Canaan, CT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of Canaan, CT is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Canaan, CT that are principally supported by tax revenues, grants 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 town has no business-type activities as the Water Department was sold last fiscal year. The governmental activities of the Town of Canaan, CT include general government, public safety, public works, health and welfare, culture and recreation, sanitation, and education.

The government-wide financial statements can be found on pages 11-12 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 of Canaan, CT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Canaan, CT, can be divided into two categories: governmental 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 cash and other financial resources that can be readily converted to cash flow in and out, and balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a near or short-term view of the Town's finances that may be useful in evaluating the Town's near-term financing requirements. *Near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Canaan, CT maintains thirty (30) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the ARPA Fund, which are considered to be major funds. The remaining twenty-eight funds are combined into a single aggregated presentation in the financial statements. Individual fund data for each of these nonmajor funds is reported as supplementary information to the financial statements.

The Town of Canaan, CT adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-17 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town of Canaan. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains one pension trust fund, three private-purpose funds, and two custodial.

The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Canaan, CT, assets exceeded liabilities by $5,382,457 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		
	2024	2023	Variance
Current and Other Assets	$ 2,875,990	$ 2,976,958	$ (100,968)
Capital Assets	4,392,764	4,435,296	(42,532)
Total Assets	$ 7,268,754	$ 7,412,254	$ (143,500)
Deferred Outflows of Resources	25,555	25,840	(285)
Current Liabilities	$ 272,689	$ 493,120	$ (220,431)
Long-term Liabilities	1,608,740	1,714,944	(106,204)
Total Liabilities	1,881,429	2,208,064	(326,635)
Deferred Inflows of Resources	30,423	60,337	(29,914)
Net Position:			
Net Investment in Capital Assets	3,006,443	2,916,475	89,968
Restricted	23,477	23,765	(288)
Unrestricted	2,352,537	2,229,453	123,084
Total Net Position	$ 5,382,457	$ 5,169,693	$ 212,764

A portion of the Town of Canaan, CT's net position fifty-six (56%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town of Canaan, CT uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Of the Town of Canaan, CT's remaining net position, $23,477 is restricted for special revenue fund purposes, and $2,352,537 or forty-four (44%) of fund balance is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

The unrestricted net position reported last year was $2,229,453. At the end of the current fiscal year, the Town of Canaan, CT is able to report positive balances in all categories of net position for the government as a whole.

	Governmental Activities		
	2024	2023	Variance
REVENUES			
General Revenues:			
Property Taxes	$ 4,999,758	$ 4,936,006	$ 63,752
Unrestricted Grants	189,599	161,962	27,637
Investment Income	62,431	37,259	25,172
Other Income	43,566	45,150	(1,584)
Program Revenues:			-
Charges for Services	197,065	163,338	33,727
Operating Grants and			-
Contributions	696,573	891,283	(194,710)
Capital Grants and			
Contributions	-	-	-
Total Revenues	6,188,992	6,234,998	(46,006)
EXPENSES			
Governmental Activities:			
General Government	682,099	739,839	(57,740)
Public Safety	167,502	179,495	(11,993)
Public Works	711,981	636,800	75,181
Sanitation	148,961	146,255	2,706
Health and Welfare	177,558	175,347	2,211
Culture and Recreation	134,730	126,642	8,088
Education	3,916,251	4,004,984	(88,733)
Interest Expense	37,146	41,706	(4,560)
Total Expenses	5,976,228	6,051,068	(74,840)
Change in Net Position	212,764	183,930	28,834
Beginning Net Position	5,169,693	4,985,763	
Ending Net Position	$ 5,382,457	$ 5,169,693	

Governmental activities**:** Governmental activities increased the Town of Canaan, CT's net position by $212,764. Governmental activities revenues totaled $6,188,992 for fiscal year 2024, a decrease of $46,006 from the prior fiscal year. The most significant factor contributing to this decrease is the decrease in operating grants and contributions due to the utilization of ARPA funds for Cobble Road and to support multiple nonprofits.

Key elements of this increase are as follows:

Eighty-one percent (81%) of the revenues of the Town were derived from property taxes, followed by eleven percent (11%) intergovernmental operating grants, three percent (3%) charge for services, three percent (3%) unrestricted grants, and two percent (2%) other income and investment income.

Major revenue factors included:

- Property Tax Collections were greater than the amount budgeted
- Conveyance Tax and Building Permits were greater than the amount budgeted
- Additional town grants were received

Major expense factors include:

- Cost savings in most departments due to the diligence of department heads and employees
- Cost savings in Region 1 Tuition and the elimination of transfers to capital reserve funds out of the education budget

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds: The focus of the Town of Canaan, CT'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 of Canaan, CT's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Canaan, CT's governmental funds reported combined ending fund balances of $2,534,699 an increase of $225,009 in comparison with the prior fiscal year. Forty-one percent (41%) of this total constitutes unassigned fund balance and is available for spending at the government's discretion.

At the end of the current fiscal year, the Town of Canaan, CT is able to report positive balances in all categories of fund balance for the government as a whole.

General Fund: The General Fund is the chief operating fund of the Town of Canaan, CT. At the end of the current fiscal year, the total fund balance of the General Fund was $1,538,220 of which $149,049 was assigned for the next fiscal year, $33,806 was assigned to Cemetery Maintenance, $30,250 was committed to Post-Employment Retirement Benefits and $265,749 was committed to the Length of Service Award Plan. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the amount assigned for future periods to total fund expenditures. Unassigned fund balance and the amount assigned for future periods represents twenty percent (21%) of total General Fund expenditures for the fiscal year ending June 30, 2024.

During the current fiscal year, the fund balance of the Town of Canaan, CT's General Fund increased by $190,397. Key factors in this increase are as follows:

- The original budget included a budgeted use of fund balance totaling $335,542; however, due to better than anticipated revenues and controlled spending in various departments none was utilized.
- Cost savings in most of the town's departments.

General Fund Budgetary Highlights

- The original General Fund budget provided for the use of $323,542 of fund balance to finance approved expenditure appropriations not financed by projected revenue Additional appropriations totaling $12,000 were approved for Water testing at William Surdam Building ($6,000), for the Deputy Treasurer ($3,500), and secretaries for the BOS and BOF ($2,500). The amended budgeted use of surplus was $335,542; however, due to better than anticipated revenues and controlled spending in various departments none was utilized.

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On the budgetary basis, General Fund revenues for the fiscal year were $22,108 less than budgetary projections due to not utilizing fund balance, greater than anticipated tax collections, conveyance taxes, grants and other revenues. Budgetary expenditures were $167,916 less than budgeted amounts due to cost savings in General Government, Waste Management and Education Expenses, which is comprised of tuition paid to Regional One School District and eliminating transfers to capital reserve funds from the educational operating budget.

The final amended General fund budget provided for the use of fund balance of $335,542. As a result of the positive budgetary variances, none of it was utilized and an additional $145,808 was able to be returned to fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The Town of Canaan, CT's investment in capital assets, net of accumulated depreciation, is $4,392,764. This investment in capital assets includes land, building and improvements, furniture, vehicles, equipment, and infrastructure assets (roads, culverts and bridges).

Additional information on the Town's capital assets can be found in Note 6 on page 31 of this report.

Major capital asset events during the current fiscal year included the following:

- New roof at L. H. Kellogg School
- Engineering costs for Cobble Road Bridge replacement

CAPITAL ASSETS
(Net of Depreciation)

	2024	2023
Land and Non-Depreciable Assets	$ 474,367	$ 466,530
Buildings and Improvements	1,943,491	1,951,724
Infrastructure	1,510,141	1,484,230
Machinery and Equipment	464,765	532,812
Total	$ 4,392,764	$ 4,435,296

Long-term debt: The Town issued general obligation bonds totaling $2,300,000 on July 1, 2014, to finance the design and construction of the Falls Village Volunteer Emergency Services Center, requiring annual principal payments of $115,000. The balance was $1,251,457 at year-end. General obligation bonds totaling $350,000 were issued on August 1, 2015, to finance the Lee H. Kellogg School Roof and Amesville Bridge requiring annual payments of $17,500 plus interest. The balance was $134,864 at year-end.

Additional information on the Town of Canaan, CT's long-term debt can be found in Note 7 on pages 32 - 33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic factors affecting the Town of Canaan, CT, including those that were considered in preparing the Town's General Fund budget for the 2024-2025 fiscal year, and those that will affect future budgets are as follows:

- State grant funding is expected to remain constant.
- The education appropriations to Regional School District No. 1 are expected to remain constant for fiscal year 2024-2025.
- Mill rate remained the same.
- Received ARPA funds totaling $311,636 during fiscal years ending June 30, 2021 and 2023. As of June 30, 2024, $3,631 is left to be disbursed.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Canaan, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Selectmen, Town of Canaan, and P.O. Box 47, Falls Village, CT 06031.

TOWN OF CANAAN, CT
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 2,302,521
Investments	505,434
Property Taxes Receivable (Net)	50,370
Interest Receivable	11,665
Lease Payments Receivable	6,000
Noncurrent Assets:	
Nondepreciable Capital Assets	474,367
Capital Assets, Net of Depreciation	3,918,397
Total Assets	7,268,754
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	25,555
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 257,729
Refundable Advances	14,960
Noncurrent Liabilities:	
Due Within One Year	132,500
Due in More Than One Year	1,476,240
Total Liabilities	1,881,429
DEFERRED INFLOWS OF RESOURCES	
Deferred Lease Inflows	6,000
Changes in Assumptions Related to OPEB	24,423
Total Deferred Inflows of Resources	30,423
NET POSITION	
Net Investment in Capital Assets	3,006,443
Restricted for Special Revenue Fund Purposes	23,477
Unrestricted	2,352,537
Total Net Position	$ 5,382,457

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

TOWN OF CANAAN, CT
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General Government	$ 682,099	$ 170,579	$ 67,334	$ -	$ (444,186)
Public Safety	167,502	-	-	-	(167,502)
Public Works	711,981	-	195,078	-	(516,903)
Health & Welfare	177,558	-	-	-	(177,558)
Sanitation	148,961	19,157	-	-	(129,804)
Education	3,916,251	-	432,757	-	(3,483,494)
Culture & Recreation	134,730	7,329	1,404	-	(125,997)
Interest	37,146	-	-	-	(37,146)
Total Governmental Activities	5,976,228	197,065	696,573	-	(5,082,590)

General revenues:	
Property taxes levied for general purposes	4,999,758
Grants not restricted to specific purpose	189,599
Other Income	43,566
Unrestricted investment income (loss)	62,431
Total general revenues	5,295,354
Change in net position	212,764
Net position - beginning	5,169,693
Net position - ending	$ 5,382,457

See accountant's report

TOWN OF CANAAN
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Non-Major Funds	Total
ASSETS			
Cash and Cash Equivalents	$ 1,297,946	$ 1,004,575	$ 2,302,521
Investments	503,384	2,050	505,434
Taxes Receivable, Net	50,370	-	50,370
Interest & Lien Fees Receivable	11,665	-	11,665
Lease Receivable	6,000	-	6,000
Interfund Receivables	-	3,500	3,500
Total Assets	$ 1,869,365	$ 1,010,125	$ 2,879,490
LIABILITIES			
Accounts Payable	$ 254,370	$ 3,359	$ 257,729
Deferred Revenue	4,673	-	4,673
Interfund Payables	3,500	-	3,500
Refundable Advances	-	10,287	10,287
Total Liabilities	262,543	13,646	276,189
Deferred Inflows of Resources			
Leases	6,000	-	6,000
Deferred Taxes	62,602	-	62,602
Total Deferred Inflows of Resources	68,602	-	68,602
FUND BALANCES			
Restricted for:			
Special Revenue Fund Purposes	-	23,477	23,477
Committed to:			
Length of Service Awards Program	265,749	-	265,749
Capital Projects	-	973,002	973,002
OPEB Obligations (Note 10)	30,250	-	30,250
Assigned to:			
Cemetery Maintenance	33,806	-	33,806
Subsequent Year's Budget	149,049	-	149,049
Unassigned	1,059,366	-	1,059,366
Total Fund Balances	1,538,220	996,479	2,534,699
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,869,365	$ 1,010,125	$ 2,879,490

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

Fund balances reported in governmental funds Balance Sheet	$ 2,534,699
Amounts reported for governmental activities in the government- wide Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital Assets	8,712,634
Accumulated Depreciation	(4,319,870)
Deferred revenue for property taxes and grants are reported in the funds but accrued as revenue in the government-wide statements and added to net position.	
Property taxes, interest and liens receivable greater than 60 days	62,602
Certain changes related to pensions are deferred and amortized over time	
Deferred Inflows - OPEB	(24,423)
Deferred Outflows - OPEB	25,555
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
Bonds Payable	(1,386,321)
Compensated Absences	(69,128)
OPEB Liability	(153,291)
Net position of governmental activities	$ 5,382,457

TOWN OF CANAAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

	General	Non-Major Funds	Totals
Revenues			
Property Taxes	$ 5,083,304	$ -	$ 5,083,304
Intergovernmental	831,510	83,904	915,414
Charges for Services	196,238	827	197,065
Other Income	43,566	-	43,566
Investment Earnings	55,886	6,545	62,431
Total Revenues	6,210,504	91,276	6,301,780
Expenditures			
Current			
General Government	714,366	12,673	727,039
Public Safety	161,689	4,498	166,187
Public Works	556,118	8,632	564,750
Health & Welfare	164,395	5,429	169,824
Sanitation	148,961	-	148,961
Culture & Recreation	98,932	1,496	100,428
Education	3,864,000	71,292	3,935,292
Debt Service	169,646	-	169,646
Capital Outlay	-	94,644	94,644
Total Expenditures	5,878,107	198,664	6,076,771
Excess/(Deficiency) of Revenues Over Expenditures	332,397	(107,388)	225,009
Other Financing Sources/(Uses)			
Transfers In	-	142,000	142,000
Transfers Out	(142,000)	-	(142,000)
Total Other Financing Sources/(Uses)	(142,000)	142,000	-
Net Change in Fund Balances	190,397	34,612	225,009
Fund Balances - Beginning	1,347,823	961,867	2,309,690
Fund Balances - Ending	$ 1,538,220	$ 996,479	$ 2,534,699

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

TOWN OF CANAAN, CT
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, 2024

Net change in fund balances-total governmental funds	$ 225,009
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital Expenditures	216,353
Depreciation Expense	(258,885)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Bond Principal Payments	132,500
Adjustment for OPEB Obligation	(16,020)
Compensated absences and pension contributions are expended in the funds when resources are used, but are expensed in the Statement of Activities when the liability is incurred. This is the amount by which the accrued liability exceeded the resources expended.	
Compensated Absences	(10,276)
Net Amortization of Pension Inflows and Outflows	7,629
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds but are accrued in the government-wide financial statements.	
Property Taxes	(83,546)
Change in net position of governmental activities	$ 212,764

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

TOWN OF CANAAN, CT
Budgetary Comparison Statement
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final Adjusted	**Actual Amounts Budgetary Basis**	Differences Over (Under)
Revenues				
Property Taxes	$ 4,978,256	$ 4,978,256	**$ 5,083,304**	$ 105,048
Intergovernmental	435,801	452,301	**526,022**	73,721
Investment Income	5,000	5,000	**28,668**	23,668
Departmental	72,275	72,275	**174,460**	102,185
Other Revenue	53,225	53,225	**62,037**	8,812
Use of Fund Balance to Finance Budget	323,542	335,542	**-**	(335,542)
Total Revenues	5,868,099	5,896,599	**5,874,491**	(22,108)
Expenditures				
Current:				
General Government	736,945	768,521	**710,930**	(57,591)
Public Safety	183,439	184,839	**176,689**	(8,150)
Public Works	593,369	570,577	**556,118**	(14,459)
Health and Welfare	161,811	168,327	**167,895**	(432)
Culture and Recreation	87,145	98,945	**98,932**	(13)
Sanitation	173,715	173,715	**148,961**	(24,754)
Education	3,620,410	3,620,410	**3,558,512**	(61,898)
Debt Service	170,265	170,265	**169,646**	(619)
Total Expenditures	5,727,099	5,755,599	**5,587,683**	(167,916)
Excess/(Deficiency) of Revenues Over Expenditures	141,000	141,000	**286,808**	145,808
Other Financing Sources/(Uses)				
Transfers In	-	-	**-**	-
Transfers Out	(141,000)	(141,000)	**(141,000)**	-
Total Other Financing Sources/(Uses)	(141,000)	(141,000)	(141,000)	-
Revenues and other financing sources over/ (under) expenditures and other financing uses	$ -	$ -	**$ 145,808**	$ 145,808

TOWN OF CANAAN, CT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Pension Trust Fund	Private-Purpose Trust Funds	Custodial Funds	Totals
Assets				
Cash and Cash Equivalents	$ -	$ 28,339	$ 3,555	$ 31,894
Investments - Mutual Funds	1,018,473	-	-	1,018,473
Contributions Receivable	39,608	-	-	39,608
Total Assets	$ 1,058,081	$ 28,339	$ 3,555	$ 1,089,975
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Due to Others	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Deferred Inflows of Resources	-	-	-	-
Net Position, As Restated				
Restricted for Donor's Intentions	-	28,339	-	28,339
Restricted for Individuals & Organizations	-	-	3,555	3,555
Restricted for Pensions	1,058,081	-	-	1,058,081
Total Net Position	$ 1,058,081	$ 28,339	$ 3,555	$ 1,089,975

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

TOWN OF CANAAN, CT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Pension Trust Fund	Private-Purpose Trust Funds	Custodial Funds	Total
Additions				
Contributions				
Town	$ 39,412	$ -	$ -	$ 39,412
Employees	24,794	-	-	24,794
Foundation Grants	-	4,707	-	4,707
Private Donations	-	12,116	-	12,116
Events & Activities	-	-	1,568	1,568
Investment Income				
Interest and Dividends	-	67	1	68
Net Increase in Fair Value of Investments	233,952	-	-	233,952
Total Additions	298,158	16,890	1,569	316,617
Deductions				
Benefits Paid	398,963	-	-	398,963
Plan Administration	-	-	-	-
Financial Assistance	-	11,446	-	11,446
Events & Activities	-	-	1,514	1,514
Total Deductions	398,963	11,446	1,514	411,923
Change in Net Position	(100,805)	5,444	55	(95,306)
Net Position - Beginning	1,158,886	22,895	3,500	1,185,281
Net Position - Ending	$ 1,058,081	$ 28,339	$ 3,555	$ 1,089,975

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Canaan, Connecticut (the Town) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Reporting Entity

The Town of Canaan, CT (the "Town") was incorporated in 1739. It operates under a Board of Selectmen, Town Meeting, Board of Finance form of government and provides a full range of services including public safety, public works, sanitation, health and welfare, culture and recreation, education, and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the GASB have been considered and there are no entities which should be presented as component units of the Town.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

Governmental Funds are those through which most governmental functions typically are financed. The governmental funds are as follows:

> The *General Fund* is the primary operating fund of the Town. It is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.
>
> *Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital Project Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

Fiduciary Funds are used to account for assets held by the town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Funds are used for the accumulation of resources to be used for retirement benefits.

Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

Custodial Funds account for resources held by the Town in a purely custodial capacity.

Measurement focus, basis of accounting, and financial statements presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. 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.

Amounts reported as program revenues in the government-wide financial statements include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 fiscal period. Exceptions to this general rule include voluntary non-exchange transactions when all eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include compensated absences, pension obligations, and claims and judgments that are recorded only when payment is due.

Property taxes levied, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as governmental fund revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when program eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town, or specifically identified.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

Fiduciary Fund Types

Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organization, or other governments.

Pension Trust Funds are used to account for the accumulation of resources to be used for retirement benefits.

Custodial Funds account for monies held as a custodian for outside groups and agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to members and residents for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity
Cash and Cash Equivalents - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value. The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months from the original date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, obligations of any U.S. or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The pension and other trust funds may also invest in stocks or bonds, or other securities selected by the trustee. Investments are stated at fair value, primarily utilizing quoted market prices, with the exception of certificates of deposit (cost), and money market funds (amortized cost).

The Town’s investments consist of governmental fund certificates of deposit and a UBS investment account set aside for the Length of Service Awards Program (LOSAP). Other investments are stated at Fair Value, primarily utilizing quoted market prices, as provided by the Custodian. Certificates of Deposit are reported at cost.

Fair Value of Financial Instruments - In accordance with GASB 72, the town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.
Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

a. Quoted prices for similar assets or liabilities in active markets.
b. Quoted prices for identical or similar assets in markets that are not active.
c. Observable inputs other than quoted prices for the assets or liability.
d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. *Observable inputs* reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Leases Receivable – The Town’s lease receivable is the amount expected to be received during the lease terms. The amounts have not been discounted as the discount amount is considered immaterial. A corresponding deferred inflow of resources is also recorded, and the inflow of resources will be recorded on a straight-line basis over the term of the leases.

Property Taxes - In accordance with Connecticut General Statutes, property taxes are assessed as of October 1, levied on the following July 1, and are due in two installments, July 1, and January 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. The Town has established an allowance for estimated uncollectible property taxes in the amount of $8,500. Taxes not paid on or before the first day of the month next succeeding the month in which they became due and payable, or if not due and payable on the first day of the month, on or before the same date of the next succeeding month corresponding to that day of the month on which they all become due and payable, are considered delinquent. Continuing liens are filed within two years of the original due date. An allowance based on historical collection experience is provided for uncollectible taxes. Property taxes, interest, and lien fees receivable that are not considered available to liquidate general fund liabilities of the current period are reported as a deferred inflow of resources on the governmental fund balance sheet, and accordingly, are not recognized as revenue in the fund financial statements during the current fiscal period.

Advances to and from other funds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. As permitted under GASB 34, the Town has prospectively capitalized its governmental activities infrastructure assets in the statement of net position beginning July 1, 2003. The Town's governmental activities infrastructure assets acquired before July 1, 2003, have not been capitalized and are not reported as capital assets in the government-wide financial statements.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings & Improvements	15-50
Infrastructure	40-60
Water system assets	30-50
Equipment	4-60

Capital asset acquisitions are reported as expenditures and no depreciation is taken in the governmental fund financial statements.

Compensated absences – Employees accumulate, by prescribed formula, vacation and sick days for subsequent use or for payment upon termination or retirement. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 recognized as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, including capital leases, 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 services.

Long-term debt - Is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Deferred outflows/inflows of resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, Deferred Taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and leases. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The town reports deferred inflows on the Government-wide basis related to a change in OPEB assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner.

Retirement plan accounting-

Pension Trust Funds- In the pension trust funds employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements of the plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds- In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy- The Town funds its contributions in accordance with the terms of each plan.

Fund equity and net position– In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventory, prepaid expenditures, and permanent fund principal.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Finance and Town Meeting in accordance with provisions of the Connecticut General Statutes.

Assigned Fund Balance – Indicates amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by formal action of Town officials.

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts. The Town has a policy to maintain a General Fund Balance above 12.5% of annual General Fund expenses.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing budgetary data reflected in the financial statements:

Governmental Funds- Department heads, officers, and agencies of the Town file estimates of expenditures to be made and revenues to be collected in the upcoming year to the Board of Finance. These estimates, as revised by the Board of Finance, are recommended as the annual operating budget for adoption at the Town meeting in May. Upon the adoption of the budget, the Board of Finance is authorized to transfer appropriated amounts between departments, and to authorize additional departmental appropriations totaling less than $20,000. Town meeting approval is required whenever additional appropriations for a department exceed $20,000 in the aggregate. The legal level of control at which expenditures may not exceed appropriations is at the departmental level. Appropriations for capital projects do not lapse until completion of the applicable projects. Annual General Fund unexpended appropriations lapse at fiscal year-end. The Town does not have legally adopted annual budgets for its special revenue funds, and capital project funds, because budgetary control is alternatively achieved by constraints imposed by intergovernmental grant agreements, or Connecticut General Statutes.

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is frequently employed by governmental units as an extension of formal budgetary integration in the governmental funds. The Town is not utilizing encumbrance accounting.

The Town prepares its annual budget on a basis of accounting (“budgetary basis”) which differs in some respects from the United States Generally Accepted Accounting Principles basis (“GAAP basis”) of accounting.

Budgetary/GAAP Reconciliation

A reconciliation of General Fund operations as presented in accordance with the GAAP basis of accounting, to the amounts presented on the budgetary basis, is as follows:

	Revenues	Expenditures	Other Financing Sources/(Uses)	Change
Budgetary Basis	$ 5,874,491	$ 5,587,683	$ (141,000)	$ 145,808
Fund Balance Assignments	1,062	-	2,500	3,562
Teachers Retirement Fund On-Behalf Payments	294,479	294,479	-	-
Net LoSAP Contributions and Expense	26,156	(11,564)	-	37,720
Grant Revenue Passed to Region One School District	11,009	11,009	-	-
Interfund Transfers Appropriated from Dept. Budgets	-	(3,500)	(3,500)	-
Reverse FYE23 National Opiod Settlement Accrual	3,307	-	-	3,307
GAAP Basis	6,210,504	5,878,107	(142,000)	190,397
Net Total Receivables	$ 6,210,504	$ 5,878,107	$ (142,000)	

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposits of public funds are controlled by the Connecticut General Statutes.

Deposits and Investments
The Town deposits its public funds in conformance with Connecticut General Statutes (Section 7-402), and actively manages its deposits in such a manner as to ensure that substantially all deposits are at all times either insured by Federal Depository insurance or secured with collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 2,302,521	$ 31,894	$ 2,334,415

Custodial Credit Risk – Deposits. This is the risk that in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town has obtained pledge agreements from two of its three banks in amounts greater than those required by Connecticut General Statutes. The following is a summary of cash & cash equivalents at June 30, 2024.

Cash and Cash Equivalents	$ 2,334,415
Plus: Investments (CDs)	239,685
	$ 2,574,100

At June 30, 2024, Town bank deposits had a book balance of $2,574,100 and a bank balance of $2,358,336, including certificates of deposits classified as investments, which were insured by Federal Depository insurance. Of the bank balance, the Federal Depository Insurance Corporation insured $1,104,194. The remaining balances of Town deposits were exposed to custodial credit risk as follows: $1,112,336 was collateralized under security agreements protecting the Town's interest in collateral held by bank trust departments or agents but not in the Town's name, and $141,806 was uninsured and uncollateralized.

Credit Risk – Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. The Town has no credit risk policy beyond that of the Connecticut General Statutes.

Nationally recognized organizations assign ratings to various types of debt type instruments. The Town's mutual fund investments consist primarily of equity mutual funds for which no credit risk disclosure is required.

Custodial Credit Risk - Investments – This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The manner by which the Town addresses custodial credit risk associated with certificates of deposit is described in the previous sections of this footnote. The Town does not have a formal policy for custodial credit risk associated with other types of cash equivalents and investments; however, the Town's pension plan mutual fund investments are not directly exposed to custodial credit risk.

Interest Rate Risk – The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table presents information about the exposure of the Town's investments to this risk using the segmented time distribution model. As of June 30, 2024, the Town had the following investments:

			Investment Maturities	
Governmental Funds:	Reported Value	Maturity Not Applicable	Less Than 1 yr.	1-5 yrs.
General fund - certificates of deposit	$ 237,635	$ -	$ 208,291	$ 29,344
Training Fund CD	2,050	-	2,050	-
FVVFD LOSAP	265,749	265,749	-	-
Total governmental funds	$ 505,434	$ 265,749	$ 210,341	$ 29,344
Fiduciary Funds:				
Town pension plan - mutual funds	$ 1,018,473	$ 1,018,473	$ -	$ -
Total Fiduciary Funds	$ 1,018,473	$ 1,018,473	$ -	$ -

Fair Value Measurements
The following is a summary of assets measured at fair value.

		Fair Value Measurements Using		
	June 30, 2024	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unbservable Inputs (Level 3)
Cash & Money Equivalents	$ 20,474	$ 20,474	$ -	$ -
Mutual Funds	1,152,630	1,152,630	-	-
Fixed Income and Bond Funds	111,118	111,118	-	-
	1,284,222	$ 1,284,222	$ -	$ -
Add Certificates of Deposit not included above	239,685			
Total Investments Reported at Fair Value	$ 1,523,907			

NOTE 4 – RECEIVABLES

Town Receivable balances at June 30, 2024, are as follows:

	General Fund	Pension Trust Fund	Total
Receivables:			
Property Taxes	$ 55,370	$ -	$ 55,370
Interest, Liens, and Fees	17,665	-	17,665
Intergovernmental	-	-	-
Leases Receivable	6,000	-	6,000
Pension Contributions	-	39,608	39,608
Gross Receivables	79,035	39,608	118,643
Less Allowance for Collection Losses	(11,000)	-	(11,000)
Net Total Receivables	$ 68,035	$ 39,608	$ 107,643

Advance property tax collections, and governmental grant funds received but not earned in accordance with the terms of grant agreements, are reports as unearned revenue in the liabilities section of both the governmental activities column of the statement of net position, and in the governmental funds balance sheet.

To reflect that a portion of property taxes, interest, and lien fees receivable at June 30, 2024, are not considered available to liquidate general fund liabilities of the current period, the governmental funds balance sheet reports property tax revenue, unavailable for expenditure in the current fiscal year of $62,602 as a deferred inflow of resources.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) inter-fund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2024, the outstanding balances between funds were:

	Receivable Fund	
Payable Fund	Dog Fund	Totals
General Fund	$ 3,500	$ 3,500
	$ 3,500	$ 3,500

Fund 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) to account for unrestricted revenues from the General Fund used to finance various programs accounted for in other funds in accordance with budget authorizations. Interfund Transfers during the year ended June 30, 2024 were as follows:

	Transfers Out:		
Transfers In:	General Fund	Nonmajor Governmental Funds	Totals
Non-Major Funds	$ 142,000	$ -	$ 142,000
	$ 142,000	$ -	$ 142,000

NOTE 6 – CAPITAL ASSETS

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 379,825	$ -	$ -	$ 379,825
Construction in Progress	86,705	7,837	-	94,542
Total capital assets, not being depreciated	466,530	7,837	-	474,367
Capital assets, being depreciated:				
Buildings & Improvements	4,826,472	108,500	-	4,934,972
Infrastructure	1,807,567	100,016	-	1,907,583
Furniture, Equipment and Vehicles	1,654,597	-	-	1,654,597
Total capital assets, being depreciated	8,288,636	208,516	-	8,497,152
Less accumulated depreciation for:				
Buildings & Improvements	2,874,748	116,733	-	2,991,481
Infrastructure	323,337	74,105	-	397,442
Furniture, Equipment and Vehicles	1,121,785	68,047	-	1,189,832
Total accumulated depreciation	4,319,870	258,885	-	4,578,755
Total capital assets, being depreciated, net	3,968,766	(50,369)	-	3,918,397
Governmental activities capital assets, net	$ 4,435,296	$ (42,532)	$ -	$ 4,392,764

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

Governmental activities:	
General Government	$ 27,805
Public Safety	1,315
Public Works	121,447
Health and Welfare	7,734
Culture and Recreation	34,302
Education	66,282
	$ 258,885

NOTE 7 – LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bond (School Roof)	$ 152,364	$ -	$ (17,500)	$ 134,864	$ 17,500
General Obligation Bond	1,366,457	-	(115,000)	1,251,457	$ 115,000
Net Pension Liability	137,271	16,020	-	153,291	-
Compensated Absences-BOE	1,364	1,011	-	2,375	-
Compensated Absences - Town	50,396	16,357	-	66,753	-
Termination Benefits	7,092	-	(7,092)	-	-
Total	$ 1,714,944	$ 33,388	$ (139,592)	$ 1,608,740	$ 132,500

The General Fund has historically been used to liquidate other long-term liabilities.

General Obligation Bonds

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. Bonds payable are secured by the general revenue raising powers of the Town.

General Obligation Bond Issue

On July 1, 2014 the Town issued of general obligation bonds totaling $2,300,000 to finance the design and construction of a Falls Village Volunteer Emergency Services Center. Annual debt service requirements of the bonds are $115,000 commencing July 1, 2015, and maturing July 1, 2034. The bonds originally provided for an initial interest rate of 3.565%, with adjustment to the Treasury Rate plus the Treasury Rate margin on July 1, 2021, July 1, 2027, and July 1, 2032. The debt was refinanced in April 2021 at a fixed rate of 2.4% through July 1, 2026, and 1.87% above the five-year treasury rate thereafter. General obligation bonds were issued on August 20, 2015 to finance the Lee H Kellogg School roof and Amesville Bridge projects. Annual debt service requirements are $17,500 commencing August 1, 2016 and maturing August 1, 2035 with interest originally calculated at 3.61% payable semi-annually. The debt was refinanced in April 2021 at a fixed rate of 2.88% through maturity. The Amesville Bridge was completed last fiscal year and the balance of the associated debt was repaid.

At June 30, 2024 the Town was indebted under the following general obligation bonds:

	Date of Issue	Date of Maturity	Interest Rate %	Original Issue	Balance June 30, 2024
Amesville Bridge & School Roof	8/2016	8/2035	2.88%	$ 350,000	$ 134,864
Emergency Services Building	7/2014	7/2034	2.40%	2,300,000	1,251,457
				Total	$ 1,386,321

The annual debt service requirements of the Town's bonded indebtedness are as follows:

Year	Governmental Activities	
Ending	Principal	Interest
2025	$ 132,500	$ 39,279
2026	132,500	35,547
2027	132,500	31,815
2028	132,500	28,083
2029	132,500	24,351
2030-2034	622,364	66,441
2035-2039	101,457	2,922
	$ 1,386,321	$ 228,438

Termination Benefits

The collective bargaining agreement between the Canaan Board of Education (BOE) and the Lee H. Kellogg Faculty Association (LHKFA) provides a severance benefit to members of LHKFA who have been employed by the BOE for at least twenty years. Eligible members receive fifteen percent (15%) of their basic salary upon retirement. In addition, the BOE has offered one-time benefit packages to individual employees. At June 30, 2024, there was no liability for severance benefits earned by eligible individuals reflected in the government-wide statement of net position.

Overlapping Debt

Canaan is a member of the Regional School District No. 1, along with the Towns of Cornwall, Kent, North Canaan, Salisbury, and Sharon. Canaan's scheduled payment to the School District is a pro rata share of 8.25%, which is based upon student enrollment. The Town's portion of the bond principal for Regional School District No. 1 is as follows:

	Principal
Bonds Outstanding	$9,190,000
Town's Pro Rata %	8.25%
Town's Share	$ 758,249

NOTE 8 – EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

Plan Description - The Town provides retirement benefits through a single-employer defined contribution pension plan, the Town of Canaan Retirement Plan (the "plan"), for all eligible employees and elected officials, except certified personnel of the Board of Education who are covered by the State of Connecticut Teachers' Retirement System. The plan, which does not issue stand-alone financial statements, is considered to be part of the Town's financial reporting entity and is included in the Town's financial statements as a Pension Trust fund.

Plan benefits, and contribution requirements, are established by the plan, which may be amended by the Town. At June 30, 2024, the net position available for benefits was $1,058,061. Vested benefits totaled $1,046,449.

Plan Membership - At June 30, 2024, there were twelve active participants who have met the minimum service requirement under the plan.

Benefits Provided - To be eligible, participants must be twenty-one years old and have completed twelve months of service working at least 1,000 hours. Eligible participants may make voluntary contributions to the plan in accordance with Section 457 of the Internal Revenue Code, which are fully vested. Town contributions to the plan are equal to 100% of employee contributions up to two percent compensation, plus 200% of employee contributions between 2% and 3%. Participants direct the investment of contributed funds, and are fully vested after six years of service, at which time their account balances are available for distribution.

Contributions - The Town contributed $39,412 to plan participant accounts during the fiscal year, while employees contributed $24,794. The Town paid $398,963 in distributions to participants during the fiscal year. The Town's outstanding liability to the plan at fiscal year-end was $39,608.

Summary of Significant Accounting Policies
Basis of Accounting – The pension trust funds' financial statements are prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Valuation of Investments – fair value, primarily using quoted market prices.

Connecticut State Teacher's Retirement System
Plan Description: Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at www.ct.gov or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% 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% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective January 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement preceded 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% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15% nor more than 50%. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefits 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.

Contributions: Per Connecticut General Studies 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 State Teachers Retirement Board 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.

Employer (School Districts): School District employers are not required to make contributions to the plan, and contributions are required only from employees and the State. 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 amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2024, the certified teachers' contribution to the Connecticut Teachers Retirement Board was $67,518. The covered payroll for the Town for the year ended June 30, 2024, was approximately $964,558.

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

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2024 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	$ -
State's proportionate share of the net pension liability associated with the Town	3,131,213
Total	$ 3,131,213

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2024, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2024, the Town recognized benefits expense and contribution revenue of $290,526 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized $299,796 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Investment rate of return	6.90 Percent net of pension plan investment expense, including inflation.

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.

Future cost-of-living increases for members 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% 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% 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% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distributions 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the State of Connecticut's Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00%	6.80%
Public Credit	2.00%	2.90%
Core Fixed Income	13.00%	-0.40%
Liquidity Fund	1.00%	-0.40%
Risk Mitigation	5.00%	-0.10%
Private Equity	15.00%	11.20%
Private Credit	10.00%	6.10%
Real Estate	10.00%	6.20%
Infrastructure and Natural Resources	7.00%	7.70%

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 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The Town's proportionate share of the net pension liability is $0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

VOLUNTEER SERVICE INCENTIVE PROGRAM

General Information about the Plan

Plan Description - The Town provides retirement benefits for members of the Falls Village Volunteer Fire Department (FVVFD) through the Town of Canaan – Falls Village Volunteer Fire Department, Inc. Service Award Program (the "program"). The program is administered by a committee consisting of representatives of the Town and the FVVFD. The program, which does not issue stand-alone financial statements, is considered to be part of the Town's financial reporting entity and is included in the General Fund. The assets are not accumulated in a trust. At June 30, 2024, the net position available for benefits was $265,749.

At December 31, 2023, the date of the last annual program report, there were thirty-five plan participants of which seventeen were entitled to vested program benefits. To be eligible, members of the FVVFD must be at least eighteen years old and have earned sixty-five points under a system prescribed by the FVVFD. The Town's annual contribution to the program is based upon availability of funds and is allocated equally to participants that earned a year of service credit. Participants become fully vested after five years of service. The normal retirement age for receiving benefits is sixty-two, at which time participants are eligible for lump sum distributions of account balances. Participants may also apply for early disability distributions under certain circumstances as prescribed by the United States Social Security Administration. During the fiscal year, the Town contributed $15,000 to the program and no benefits were paid from the fund in retirement benefits to participants. Administration expenses of the plan were $3,436.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

Town OPEB

Summary of Significant Accounting Policies – For purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of Canaan and additions to/ deductions from the Town's fiduciary net position have been determined on the same bases as they are reported by the Town. For this purpose, the Town recognizes benefit payments when due and payable in accordance with the benefit terms.

Plan Description - The Town of Canaan Retiree Health Insurance Program provides post-employment health insurance coverage for Department of Public Works employees who attain age sixty-two and who have completed at least twenty-five years of continuous full-time service through a single-employer defined benefit plan. The Town does not issue stand-alone financial statements. No assets are accumulated in a trust as the plan is self-funded by the Town. Assets totaling $30,250 are committed by the Town.

Benefits Provided - The plan provides for Town-financed individual health insurance coverage for eligible retirees on the same basis as is provided for full-time Town employees. On February 10, 2014, the plan was amended to cease coverage at such time as eligible retirees first become eligible for Medicare. The plan also provides funding of fifty percent of the cost of spousal health insurance costs or family coverage. The plan continues to provide supplemental Medicare coverage to one surviving spouse who was receiving plan benefits prior to the plan amendment. Bi-annual actuarial valuations are made to re-determine the annual required contributions ("ARC"). Data from the Town's latest actuarial valuation, made July 1, 2023 has been updated by the Town's actuary to reflect the effect of the plan amendment. The contribution requirements of plan members and the Town are established and may be amended by the Town.

Employees covered by benefit terms - At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet received benefit payments	-
Active Employees	4
Total	5

Contributions - The Town funds post-employment benefits on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the benefits, which would require the reporting of a trust fund in accordance with GASB guidelines; however, the Town is committing funds for future benefit costs via annual General Fund appropriations. The Town's funding and payment of postemployment benefits are accounted for in the General Fund. There are no requirements for employees to contribute.

Net OPEB Liability – The Town's OPEB Liability is based on the July 1, 2023 valuation with a measurement date of June 30, 2024. The total OPEB liability, the Fiduciary Net Position, the Net OPEB Liability and Deferred (Outflows)/Inflows of resources are based on calculations as of the Valuation Date projected to the end of the fiscal year.

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Payroll Growth Rate	2.5% annually
Participant Salary Increases	3.5% annually
Investment rate of return	Self-funded by the town
Healthcare Cost Trend Rates	Rate was reset to 7.0% downgrading down .5% per annum to an ultimate rate of 4.5% in years 2028 and later
Mortality	RPH-2014 Total Dataset Headcount-Weighted Fully Generational Mortality Table using Projection Scale MP-2021

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65% from the Bond Buyer's 20 Index. The projection of cash flows used to determine the discount rate assumed the town will cover payments for current active and inactive employees on a Pay-as-you-go basis.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net OPEB liability, calculated using the discount rate of 3.65% as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease Discount Rate 2.65%	Current Discount Rate 3.65%	1% Increase Discount Rate 4.65%
Net OPEB liability as of June 30, 2024	$162,030	$153,291	$145,014

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability to the town, as well as what the cost liability would be if it were calculated using healthcare cost trend rates that a 1 percentage point lower or 1% higher than the current healthcare cost trend rates:

1% Decrease 5.5% Decreasing to 3.5%	Healthcare Cost Trend Rates 6.5% Decreasing to 4.5%	1% Increase 7.5% Decreasing to 5.5%
$139,468	$153,291	$169,236

	Total Pension Liability
Balance at June 30, 2023	$ 137,271
Changes for the year:	
Service Cost	6,613
Interest	5,437
Changes in Benefit Terms	-
Differences between Expected and Actual Experience	900
Changes of Assumptions and other Imputs	5,264
Benefit Payments, including Refunds of Member Contributions	(2,194)
Net Investment Income	-
Other	-
Net Changes	16,020
Balance at June 30, 2024	$ 153,291

OPEB Expense - For the year ended June 30, 2024, the Town recognized OPEB expense of $10,585.

	Deferred Outflows of Resources	Deferred Inflows of Resurces
Experience (Loss) Gain	$ (14,026)	$ 16,434
Changes of Assumptions	(11,529)	7,989
Investment Gain or Loss	-	-
Total	$ (25,555)	$ 24,423

Amounts received as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows for the year ending June 30, 2024:

Year ended June 30,	2024	$ (1,465)
	2025	(1,465)
	2026	(329)
	2027	2,316
	2028	1,491
	Thereafter	584

Connecticut Teacher's Retirement System - OPEB

Plan Description - 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 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 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 healthcare coverage with their former employer. A subsidy of up to $220 per month for a retired member plus an additional $220 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. A subsidy amount of $440 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 $440 per month towards coverage under a local school district plan. 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. 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 TRS. 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 Parks A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retires, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Contributions - 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.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was $3,953.

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 if the Connecticut General Statutes.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, 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
Municipal bond index rate:	
Measurement Date	3.65%
Prior Measurement Date	3.54%

The projected fiduciary net position is projected to be depleted in 2028.

Single equivalent interest rate	
Measurement Date	3.64%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.53%, net of OPEB plan investment expense, Including price inflation
Healthcare cost trend rates:	
Medicare	Known increases until calendar year 2024, then General trend decreasing to an ultimate rate of 4.5% by 2031.

Mortality rates were based on the PubT-2010 Health 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 GASB 75 valuation process. Several factors are considered in the evaluation of 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.

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.77%	1.09%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.25%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023.

In addition to the actuarial methods and assumptions of the June 30, 2023 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 annually 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 2028 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 249,376	$ 293,352	$ 353,098

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, 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 (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Net OPEB liability	$ 355,674	$ 293,352	$ 244,235

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2024 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with the Town	293,352
Total	$ 293,352

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. At June 30, 2024, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2024, the Town recognized OPEB expense and revenue of $3,953 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized $(34,559) for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The Town obtains its worker compensation and employer liability coverage as a member of Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Connecticut General Statues. CIRMA is to be self-sustaining through members' premiums but purchases reinsurance for its protection at various levels for all lines of coverage provided. Members may be subject to supplemental assessment in the event of deficiencies.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The Town has received Federal and State 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.

NOTE 12 –LEASES

Town as Lessor

The Town owns a building in the town center that is leased to two tenants. Rent payments for one of the spaces is $600 per month through April 30, 2025. There is an option to renew the lease. The other tenant leased space at $1,000 per month and vacated the space at June 30, 2024. A total of $20,175 of rental income has been recognized for the year ending June 30, 2024. Deferred Lease inflows and Leases Receivable of $6,000 have been recognized in the Governmental Funds and Government-wide financial statements.

NOTE 13 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

CHANGES TO OR WITHIN FINANCIAL REPORTING ENTITIY

Change in Fund Presentation from Non-Major to Major – ARPA Fund previously met the criteria to be reported as a major governmental fund. However, effective July 1, 2023, the fund no longer met the criteria to be reported as a major fund and is reported as a non-major governmental fund. These changes are made for the fiscal year ending June 30, 2024. The effect of that change is shown in the table below.

	Major Funds ARPA Fund	Nonmajor Funds
June 30, 2023, As Previously Reported	$ -	$ 961,867
Change in Fund Presentation from Major to Nonmajor	-	-
July 1, 2023, As Adjusted or Restated	$ -	$ 961,867

NOTE 14 – GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement No. 101 – *Compensated Absences* -** The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2024.

- **GASB Statement No. 102 – Certain Risk Disclosures –** The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2024.

- **GASB Statement No. 103 – Financial Reporting Model Improvements –** The objective of this Statement is to provide key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2025.

- **GASB Statement No. 104 – Disclosure of Certain Capital Assets –** The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2025.

TOWN OF CANAAN, CT
State Teacher's Retirement System
Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

Schedule of Proportionate Share of Net Pension Liability

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State of Connecticut's proportionate share of the net pension associated with Town	3,131,213	3,163,332	3,068,541	3,874,379	3,662,689	2,824,146	2,850,418	3,007,213	2,716,332	2,510,705
Total	$ 3,131,213	$ 3,163,332	$ 3,068,541	$ 3,874,379	$ 3,662,689	$ 2,824,146	$ 2,850,418	$ 3,007,213	$ 2,716,332	$ 2,510,705
Town's covered-payroll	$ 964,558	$ 852,607	$ 777,000	$ 876,403	$ 902,504	$ 884,347	$ 874,757	$ 806,484	$ 843,048	$ 816,883
Town's proportionate share of the net pension liability (asset) as a percentage of its covered - payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.0-6.5%, including inflation
Investment rate of return	6.9% net of investment related expense

See accountant's report.

TOWN OF CANAAN, CT
State Teacher's Retirement System
Proportionate Share of Net OPEB Liability
June 30, 2024

Schedule of Proportionate Share of Net Pension Liability

	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State of Connecticut's proportionate share of the net OPEB associated with Town	293,352	277,035	334,312	577,864	571,218	564,576	733,680
Total	$ 293,352	$ 277,035	$ 334,312	$ 577,864	$ 571,218	$ 564,576	$ 733,680
Town's covered-employee payroll	$ 964,558	$ 852,607	$ 777,000	$ 876,403	$ 902,504	$ 884,347	$ 874,757
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Actuarial Cost Method	Entry Age
Amortization Method	Level percent of payroll over an open period
Amortization Period	30 years
Asset Valuation Method	Market Value of assets
Investment Rate of Return	3.00%, net of investment related expenses including price inflation
Price Inflation	2.50%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service Cost	$ 6,613	$ 6,408	$ 7,633	$ 5,107	$ 4,516	$ 6,402	$ 6,522	$ -
Interest	5,437	4,757	2,996	2,374	3,672	4,627	4,063	-
Changes in Benefit Terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	900	-	22,184	-	(46,199)	-	-	-
Changes in assumptions and other inputs	5,264	(889)	(11,205)	414	15,888	3,874	(2,970)	-
Benefit Payments	(2,194)	(1,960)	(1,866)	(1,976)	(1,866)	(1,502)	(1,397)	-
Net Changes in Total OPEB Liability	**16,020**	**8,316**	**19,742**	**5,919**	**(23,989)**	**13,401**	**6,218**	**-**
Total OPEB Liability - Beginning	**$ 137,271**	**$ 128,955**	**$ 109,213**	**$ 103,294**	**$ 127,283**	**$ 113,882**	**$ 107,664**	**$ -**
Total OPEB Liability - Ending	**$ 153,291**	**$ 137,271**	**$ 128,955**	**$ 109,213**	**$ 103,294**	**$ 127,283**	**$ 113,882**	**$ 107,664**
Plan Fiduciary Net Position								
Contributions - Employer	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions - Employee	-	-	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-	-	-
Benefit Payments	-	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Total Fiduciary Net Position, Beginning	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Fiduciary Net Position, Ending	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net OPEB Liability, Ending	**$ 153,291**	**$ 137,271**	**$ 128,955**	**$ 109,213**	**$ 103,294**	**$ 127,283**	**$ 113,882**	**$ 107,664**
Covered-Employee Payroll	$ 255,486	$ 227,826	$ 222,269	$ 211,281	$ 206,128	$ 204,650	$ 199,659	
Total OPEB Liability as a percentage of Covered Employee Payroll	60.00%	60.25%	58.02%	51.69%	50.11%	62.20%	57.04%	
Notes:								
Plan Changes:	None	None	None	None	None	None	None	None
Assumption Changes:								
Discount Rate	3.65%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%
Trend Rate	7.0% initially, grading down to 4.5% in 2028	6.5% initially, grading down to 4.5% in 2026	7.0% initially, grading down to 4.5% in 2026	7.0% initially, grading down to 4.5% in 2025	7.5% initially, grading down to 4.5% in 2025	7.5% initially, grading down to 5.0% in 2023	8.0% initially, grading down to 5.0% in 2023	
Mortality Table	RPH-2014 Headcount-Weighted Fully Generational Table with Scale MP-2021	RPH-2014 Headcount-Weighted Fully Generational Table with Scale MP-2021	RPH-2014 Headcount-Weighted Fully Generational Table with Scale MP-2021	RPH-2014 Headcount-Weighted Fully Generational Table with Scale MP-2021	RPH-2014 Headcount-Weighted Fully Generational Table with Scale MP-2019	RPH-2000 Fully Generational Table with scale AA	RPH-2000 Fully Generational Table with scale AA	

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Budgeted and Actual Revenues
General Fund - Budgetary Basis
For the Year Ended June 30, 2024

	ORIGINAL APPROPRIATIONS	AMENDED APPROPRIATIONS	ACTUAL REVENUES	ACTUAL OVER / (UNDER) BUDGETED
TAXES				
General Property Tax	$ 4,978,256	$ 4,978,256	**$ 5,083,304**	$ 105,048
Total Taxes	4,978,256	4,978,256	**5,083,304**	105,048
INTERGOVERNMENTAL				
Education Equalization	111,680	111,680	**125,752**	14,072
Elderly Tax Relief	2,000	2,000	**1,845**	(155)
State Owned Property (PILOT)	77,153	77,153	**84,868**	7,715
Pequot/Mohegan Fund	6,202	6,202	**6,202**	-
LOCIP	18,530	18,530	**27,628**	9,098
Town Aid for Roads	169,392	169,392	**167,450**	(1,942)
Historic Document Preservation	-	6,000	**6,000**	-
Telecomm Property Tax	6,000	6,000	**8,964**	2,964
Educational Grants	-	-	**9,593**	9,593
Other Grants	44,844	55,344	**87,720**	32,376
Total Intergovernmental	435,801	452,301	**526,022**	73,721
INVESTMENT INCOME	5,000	5,000	**28,668**	23,668
DEPARTMENTAL				
Conveyance Tax	15,000	15,000	**88,778**	73,778
Planning and Zoning Fees	1,500	1,500	**1,695**	195
Building Permits	20,000	20,000	**48,619**	28,619
Recreation	10,500	10,500	**7,329**	(3,171)
Town Clerk Fees	8,550	8,550	**8,177**	(373)
Transfer Station	16,225	16,225	**19,157**	2,932
Inland Wetlands Permits	500	500	**705**	205
Total Departmental	72,275	72,275	**174,460**	102,185
OTHER REVENUES				
Property Rentals	19,525	19,525	**20,175**	650
Copier and Fax Fees	1,700	1,700	**1,603**	(97)
Miscellaneous Other	32,000	32,000	**40,259**	8,259
Total Other Revenue	53,225	53,225	**62,037**	8,812
OTHER SOURCES				
Use of Fund Balance	323,542	335,542	**-**	(335,542)
Total Other Sources	323,542	335,542	**-**	(335,542)
TOTALS	$ 5,868,099	$ 5,896,599	**$ 5,874,491**	$ (22,108)

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Budgeted and Actual Expenditures
General Fund - Budgetary Basis
For the Year Ended June 30, 2024

	ORIGINAL APPROPRIATIONS	AMENDED APPROPRIATIONS	ACTUAL EXPENDITURES	Over (Under)
GENERAL GOVERNMENT				
Selectmen	$ 60,208	$ 61,708	**$ 56,524**	(5,184)
Town Hall	60,050	60,050	**53,789**	(6,261)
Legal	13,673	13,673	**3,879**	(9,794)
Board of Assessors	57,956	58,381	**58,381**	-
Board of Assessment Appeals	1,500	1,550	**1,550**	-
Board of Finance	34,950	38,404	**38,404**	-
Tax Collector	36,920	36,920	**31,717**	(5,203)
Treasurer	43,335	46,835	**45,441**	(1,394)
Town Clerk	51,213	57,213	**50,338**	(6,875)
Planning and Zoning	37,770	37,770	**36,598**	(1,172)
Zoning Board of Appeals	500	1,120	**1,119**	(1)
Registrar of Voters	28,960	39,460	**23,954**	(15,506)
Insurance	45,960	45,960	**43,176**	(2,784)
Benefits	230,050	230,050	**227,960**	(2,090)
Inland Wetland Commission	2,250	2,250	**1,569**	(681)
35 Railroad St. Property	4,550	4,550	**4,405**	(145)
Economic Development	500	500	**-**	(500)
107 Main St Maintenance	26,600	32,127	**32,126**	(1)
Totals - General Government	736,945	768,521	**710,930**	(57,591)
PUBLIC SAFETY				
Street Lights	7,700	9,100	**9,098**	(2)
General Public Safety	63,239	63,239	**55,391**	(7,848)
Fire Commission	112,500	112,500	**112,200**	(300)
Totals - Public Safety	183,439	184,839	**176,689**	(8,150)
PUBLIC WORKS				
Road Maintenance	565,419	542,627	**532,133**	(10,494)
Town Garage	27,950	27,950	**23,985**	(3,965)
Totals - Public Works	593,369	570,577	**556,118**	(14,459)
HEALTH AND WELFARE				
Non-municipal Public Benefit Activities	61,297	61,297	**60,868**	(429)
Daycare Grant	10,000	10,000	**10,000**	-
William Surdam Building	14,420	20,660	**20,660**	-
Public Health	19,171	19,171	**19,171**	-
Social Services	53,923	54,017	**54,016**	(1)
General Assistance	3,000	3,182	**3,180**	(2)
Totals - Health and Welfare	161,811	168,327	**167,895**	(432)
CULTURE AND RECREATION				
Recreation Commission	87,145	98,945	**98,932**	(13)
Totals - Culture and Recreation	87,145	98,945	**98,932**	(13)

TOWN OF CANAAN, CT
Schedule of Budgeted and Actual Expenditures
General Fund - Budgetary Basis
For the Year Ended June 30, 2024

	ORIGINAL APPROPRIATIONS	AMENDED APPROPRIATIONS	ACTUAL EXPENDITURES	Over (Under)
SANITATION				
Waste Management	173,715	173,715	**148,961**	(24,754)
EDUCATION				
Salaries	1,276,827	1,284,204	**1,284,204**	-
Benefits	436,937	324,499	**324,499**	-
Services	86,945	63,079	**63,079**	-
Property Services	36,387	79,645	**79,645**	-
Purchased Services	201,210	173,371	**173,371**	-
Supplies	138,891	184,929	**184,929**	-
Property & Equipment	9,015	76,603	**76,603**	-
Capital Fund Appropriation	30,000	29,999	**-**	(29,999)
Region #1 Tuition	1,402,579	1,402,578	**1,370,679**	(31,899)
Dues and Fees	1,619	1,503	**1,503**	-
Totals - Education	3,620,410	3,620,410	**3,558,512**	(61,898)
DEBT SERVICE				
Principal	132,500	132,500	**132,500**	-
Interest	37,765	37,765	**37,146**	(619)
Totals - Debt Service	170,265	170,265	**169,646**	(619)
OTHER FINANCING USES				
Transfers Out:				
Transfers to Other Funds	141,000	141,000	**141,000**	-
TOTAL APPROPRIATIONS AND EXPENDITURES	$ 5,868,099	$ 5,896,599	$ 5,728,683	$ (167,916)

TOWN OF CANAAN, CT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	SPECIAL REVENUE FUNDS										
	Special Projects Fund	Dog Fund	School Milk Fund	Berzine Fund	Daniel Maynard Fund	Denise Blair Memorial Fund	Kellogg School Student Funds	Recreation Fund	IW Cobble Hill Tower Fund	ARPA Fund	Training Fund
Assets:											
Cash and Cash Equivalents	$ 63	$ 5,244	$ 208	$ 672	$ 3,185	$ 667	$ 10,482	$ 3,994	$ 288	$ 10,287	$ -
Investments	-	-	-	-	-	-	-	-	-	-	2,050
Due from General Fund	-	3,500	-	-	-	-	-	-	-	-	-
Total Assets	**$ 63**	**$ 8,744**	**$ 208**	**$ 672**	**$ 3,185**	**$ 667**	**$ 10,482**	**$ 3,994**	**$ 288**	**$ 10,287**	**$ 2,050**
Liabilities and Fund Balances											
Liabilities:											
Accounts Payable	$ -	$ 769	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unearned Grant Revenue	-	-	-	-	-	-	-	-	-	10,287	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	769	-	-	-	-	-	-	-	10,287	-
Fund Balances:											
Restricted	-	7,975	208	672	3,185	667	10,482	-	288	-	-
Committed	63	-	-	-	-	-	-	3,994	-	-	2,050
Total Fund Balances	63	7,975	208	672	3,185	667	10,482	3,994	288	-	2,050
Total Liabilities and Fund Balances	**$ 63**	**$ 8,744**	**$ 208**	**$ 672**	**$ 3,185**	**$ 667**	**$ 10,482**	**$ 3,994**	**$ 288**	**$ 10,287**	**$ 2,050**

See accountant's report.

TOWN OF CANAAN, CT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	CAPITAL PROJECTS FUNDS									
	Board of Assessors Revaluation Fund	Planning and Zoning Regulations Fund	Ambulance Fund	Truck and Heavy Equipment Fund	107 Main Street Property Fund	Computer Fund	Bulky Waste Fund	Kellogg School Technology Fund	Kellogg School Capital Fund	Pool Fund
Assets:										
Cash and Cash Equivalents	$ 42,101	$ 19,834	$ 38,348	$ 165,379	$ 34,370	$ 4,672	$ 75,965	$ 23,468	$ 75,263	$ 28,678
Investments	-	-	-	-	-	-	-	-	-	
Due from General Fund	-	-	-	-	-	-	-	-	-	-
Total Assets	**$ 42,101**	**$ 19,834**	**$ 38,348**	**$ 165,379**	**$ 34,370**	**$ 4,672**	**$ 75,965**	**$ 23,468**	**$ 75,263**	**$ 28,678**
Liabilities and Fund Balances										
Liabilities:										
Accounts Payable	$ -	$ 2,590	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unearned Grant Revenue	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	2,590	-	-	-	-	-	-	-	-
Fund Balances:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	42,101	17,244	38,348	165,379	34,370	4,672	75,965	23,468	75,263	28,678
Total Fund Balances	42,101	17,244	38,348	165,379	34,370	4,672	75,965	23,468	75,263	28,678
Total Liabilities and Fund Balances	**$ 42,101**	**$ 19,834**	**$ 38,348**	**$ 165,379**	**$ 34,370**	**$ 4,672**	**$ 75,965**	**$ 23,468**	**$ 75,263**	**$ 28,678**

See accountant's report.

TOWN OF CANAAN, CT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	CAPITAL PROJECTS FUNDS								
	Registrars Voting Machine Fund	Painting Fund	Capital Project	Environmental Cleanup Fund	Salt Shed Fund	Bridge Repair Fund	Tree Replacement Reserve	Fire Truck & Equip Reserve	Total
Assets:									
Cash and Cash Equivalents	$ 11,066	$ 27,398	$ -	$ 16,949	$ 115,670	$ 16,939	$ 2,010	$ 271,375	$ 1,004,575
Investments	-	-	-	-	-	-	-	-	2,050
Due from General Fund	-	-	-	-	-	-	-	-	3,500
Total Assets	**$ 11,066**	**$ 27,398**	**$ -**	**$ 16,949**	**$ 115,670**	**$ 16,939**	**$ 2,010**	**$ 271,375**	**$ 1,010,125**
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,359
Unearned Grant Revenue	-	-	-	-	-	-	-	-	10,287
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	13,646
Fund Balances:									
Restricted	-	-		-	-	-	-	-	23,477
Committed	11,066	27,398	-	16,949	115,670	16,939	2,010	271,375	973,002
Total Fund Balances	11,066	27,398	-	16,949	115,670	16,939	2,010	271,375	996,479
Total Liabilities and Fund Balances	**$ 11,066**	**$ 27,398**	**$ -**	**$ 16,949**	**$ 115,670**	**$ 16,939**	**$ 2,010**	**$ 271,375**	**$ 1,010,125**

See accountant's report.

TOWN OF CANAAN, CT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	SPECIAL REVENUE FUNDS										
	Special Projects Fund	Dog Fund	School Milk Fund	Berzine Fund	Daniel Maynard Fund	Denise Blair Memorial Fund	Kellogg School Student Funds	Recreation Fund	IW Cobble Hill Tower Fund	ARPA Fund	Training Fund
Revenues:											
Operating Grants and Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,166	$ 1,404	$ -	$ 61,334	$ -
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	827	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	3	3	3	-	-	-	-	72
Total Revenues	**-**	**827**	**-**	**3**	**3**	**3**	**21,166**	**1,404**	**-**	**61,334**	**72**
Expenditures:											
General Government	-	-		-	-	-	-	-	-	6,572	-
Public Safety	-	4,498	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	795	-
Culture & Recreation	-	-	-	-	-	-	-	1,496	-	-	-
Education	-	-	7	-	-	-	21,285	-	-	50,000	-
Health and Welfare	-	-	-	-	-	-	-	-	-	3,967	-
Debt Outlay	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	**-**	**4,498**	**7**	**-**	**-**	**-**	**21,285**	**1,496**	**-**	**61,334**	**-**
Excess/(deficiency) of Revenues over Expenditures	-	(3,671)	(7)	3	3	3	(119)	(92)	-	-	72
Other Financing Sources/(Uses):							-				
Transfers In	-	3,500	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	-	(171)	(7)	3	3	3	(119)	(92)	-	-	72
Beginning Fund Balances	63	8,146	215	669	3,182	664	10,601	4,086	288	-	1,978
Ending Fund Balances	**$ 63**	**$ 7,975**	**$ 208**	**$ 672**	**$ 3,185**	**$ 667**	**$ 10,482**	**$ 3,994**	**$ 288**	**$ -**	**$ 2,050**

TOWN OF CANAAN, CT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	CAPITAL PROJECTS									
	Board of Assessors Revaluation Fund	Planning and Zoning Regulations Fund	Ambulance Fund	Truck and Heavy Equipment Fund	107 Main Street Property Fund	Computer Fund	Bulky Waste Fund	Kellogg School Technology Fund	Kellogg School Capital Fund	Pool Fund
Revenues:										
Operating Grants and Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-
Investment Income	41	26	36	225	36	5	90	23	376	117
Total Revenues	**41**	**26**	**36**	**225**	**36**	**5**	**90**	**23**	**376**	**117**
Expenditures:										
General Government	-	6,100	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Debt Outlay	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	9,944	-	-	-	58,500	-
Total Expenditures	**-**	**6,100**	**-**	**-**	**9,944**	**-**	**-**	**-**	**58,500**	**-**
Excess/(deficiency) of Revenues over Expenditures	41	(6,074)	36	225	(9,908)	5	90	23	(58,124)	117
Other Financing Sources/(Uses):										
Transfers In	4,000	2,500	15,000	52,500	7,500	1,000	5,000	-	-	5,000
Transfers Out	-	-	-	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	4,041	(3,574)	15,036	52,725	(2,408)	1,005	5,090	23	(58,124)	5,117
Beginning Fund Balances	38,060	20,818	23,312	112,654	36,778	3,667	70,875	23,445	133,387	23,561
Ending Fund Balances	**$ 42,101**	**$ 17,244**	**$ 38,348**	**$ 165,379**	**$ 34,370**	**$ 4,672**	**$ 75,965**	**$ 23,468**	**$ 75,263**	**$ 28,678**

TOWN OF CANAAN, CT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	CAPITAL PROJECTS FUNDS								
	Registrars Voting Machine Fund	Painting Fund	Capital Project	Environmental Cleanup Fund	Salt Shed Fund	Bridge Repair Fund	Tree Replacement Reserve	Fire Truck & Equipment Reserve	Total
Revenues:									
Operating Grants and Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 83,904
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	827
Investment Income	45	42	-	17	172	20	8	5,185	6,545
Total Revenues	**45**	**42**	**-**	**17**	**172**	**20**	**8**	**5,185**	91,276
Expenditures:									
General Government	-	-	1		-	-	-	-	12,673
Public Safety	-	-	-	-	-	-	-	-	4,498
Public Works	-	-	-	-	-	7,837	-	-	8,632
Culture & Recreation	-	-	-	-	-	-	-	-	1,496
Education	-	-	-	-	-	-	-	-	71,292
Health and Welfare	-	-	-	1,462	-	-	-	-	5,429
Debt Outlay	-	-	-	-	-	-	-	-	-
Capital Outlay	-	26,200	-	-	-	-	-	-	94,644
Total Expenditures	**-**	**26,200**	**1**	**1,462**	**-**	**7,837**	**-**	**-**	**198,664**
Excess/(deficiency) of Revenues over Expenditures	45	(26,158)	(1)	(1,445)	172	(7,817)	8	5,185	(107,388)
Other Financing Sources/(Uses):									
Transfers In	-	5,000	-	1,000	2,000	7,500	500	30,000	142,000
Transfers Out	-	-	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	45	(21,158)	(1)	(445)	2,172	(317)	508	35,185	34,612
Beginning Fund Balances	11,021	48,556	1	17,394	113,498	17,256	1,502	236,190	961,867
Ending Fund Balances	**$ 11,066**	**$ 27,398**	**$ -**	**$ 16,949**	**$ 115,670**	**$ 16,939**	**$ 2,010**	**$ 271,375**	**$ 996,479**

See accountant's report

TOWN OF CANAAN, CT
Combining Statement of Net Position
Fiduciary Funds
June 30, 2024

	Pension Trust Fund	Private Purpose Trust Funds				Custodial Funds		
	Defined Contribution Plan	Fuel Bank Fund	Social Services Fund	Falls Village Scholarship Fund	Total Private Purpose Trust	Senior Center Fund	Friends of Kellogg School Fund	Total Custodial Funds
Assets								
Cash	$ -	$ 6,382	$ 11,572	$ 10,385	$ 28,339	$ 406	$ 3,149	$ 3,555
Investments	1,018,473	-	-	-	-	-	-	-
Contributions Receivable	39,608	-	-	-	-	-	-	-
Total Assets	**$ 1,058,081**	**$ 6,382**	**$ 11,572**	**$ 10,385**	**$ 28,339**	**$ 406**	**$ 3,149**	**$ 3,555**
Liabilities								
Due to Others	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-	-	-	-
Net Position								
Reserved for donor's intentions	-	6,382	11,572	10,385	28,339	-	-	-
Restricted for Individuals & Organizations	-	-	-	-	-	406	3,149	3,555
Restricted for Pensions	1,058,081	-	-	-	-	-	-	-
Total Net Position	**$ 1,058,081**	**$ 6,382**	**$ 11,572**	**$ 10,385**	**$ 28,339**	**$ 406**	**$ 3,149**	**$ 3,555**

See accountant's report.

TOWN OF CANAAN, CT
Combining Statement of Revenues, Expenses, and Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Pension Trust Fund	Private Purpose Trust Funds				Custodial Funds		
	Defined Contribution Plan	Fuel Bank Fund	Social Services Fund	Falls Village Scholarship Fund	Total Private Purpose Trust	Senior Center Fund	Friends of Kellogg School Fund	Total Custodial Funds
Revenues								
Contributions:								
Town	$ 39,412	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee	24,794	-	-	-	-	-	-	-
Foundation Grants	-	2,950	1,757	-	4,707	-	-	-
Private Donations	-		-	12,116	12,116	-	-	-
Events & Activities	-	-	-	-	-	-	1,568	1,568
Investment Income:								
Interest and dividends	-	25	42	-	67	1	-	1
Net Increase/Decrease in Fair Value of Investments	233,952	-	-	-	-	-	-	-
Total Revenues	298,158	2,975	1,799	12,116	16,890	1	1,568	1,569
Expenditures								
Benefits Paid	398,963	-	-	-	-	-	-	-
Plan Administration	-	-	-	-	-	-	-	-
Financial Assistance	-	1,180	1,185	9,081	11,446	-	-	-
Activities & Fees	-	-	-	-	-	-	1,514	1,514
	398,963	1,180	1,185	9,081	11,446	-	1,514	1,514
Change in Net Position	(100,805)	1,795	614	3,035	5,444	1	54	55
Net Position - Beginning, as restated	1,158,886	4,587	10,958	7,350	22,895	405	3,095	3,500
Net Position - Ending	$ 1,058,081	$ 6,382	$ 11,572	$ 10,385	$ 28,339	$ 406	$ 3,149	$ 3,555

TOWN OF CANAAN, CT
Report of the Property Tax Collector
Fiscal Year Ended June 30, 2024

Grand List	Amount of Taxes Collectible	Current Levy	Lawful Corrections Additions	Lawful Corrections Deductions	Transferred To Suspense	Adjusted Taxes Collectible	Actual Collections Taxes	Actual Collections Interest & Liens	Balance Uncollected 06/30/23
01-Oct									
2022	$ -	$ 5,002,154	$ 1,702	$ 39,030	$ 708	$ 4,964,118	$ 4,935,923	$ 17,875	$ 28,195
2021	47,747	-	18	667	189	46,909	35,250	7,646	11,659
2020	17,679	-	-	-	135	17,544	14,423	5,020	3,121
2019	10,200	-	-	4	-	10,196	7,553	3,620	2,643
2018	6,802	-	-	-	-	6,802	4,379	3,201	2,423
2017	5,499	-	-	-	-	5,499	4,213	3,839	1,286
2016	5,035	-	-	-	-	5,035	4,357	4,753	678
2015	4,364	-	-	-	-	4,364	3,758	4,253	606
2014	2,327	-	-	-	-	2,327	2,283	3,287	44
2013	2,221	-	-	-	-	2,221	2,178	3,553	43
2012	2,004	-	-	-	-	2,004	2,004	3,721	-
2011	2,171	-	-	-	-	2,171	2,171	4,421	-
2010	2,171	-	-	-	-	2,171	2,171	4,812	-
2009	1,318	-	-	-	-	1,318	1,318	3,168	-
	109,538	5,002,154	1,720	39,701	1,032	5,072,679	5,021,981	73,169	50,698
	3,341							Outstanding Credits	4,672
	$ 112,879							Total uncollected	$ 55,370
						Suspense	1,032	-	
						Total Collections	$ 5,023,013	$ 73,169	

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Debt Limitation
June 30, 2024

Total Prior-Year Tax Collections - including interest and lien fees Received by Treasurer	$ 4,966,691
Reimbursement for revenue loss on:	
Tax relief for elderly	-
Base	$ 4,966,691

Debt limitation:	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	$ 11,175,055	$ -	$ -	$ -	$ -
4 1/2 times base	-	22,350,110	-	-	-
3 3/4 times base	-	-	18,625,091	-	-
3 1/4 times base	-	-	-	16,141,746	-
3 times base	-	-	-	-	14,900,073
Total Debt Limitation	$ 11,175,055	$ 22,350,110	$ 18,625,091	$ 16,141,746	$ 14,900,073
Indebtedness:					
Town Notes Payable	-	-	-	-	-
Town Bonds Payable	1,299,942	86,381	-	-	-
Overlapping Debt:		.			
Regional School District #1	-	758,249	-	-	-
Total Indebtedness	1,299,942	844,630	-	-	-
Debt Limitation in excess of Outstanding and Authorized Debt	$ 9,875,113	$ 21,505,480	$ 18,625,091	$ 16,141,746	$ 14,900,073

NOTE: In no case should this total indebtedness exceed seven times the base of $4,966,691 or $34,766,837

KING, KING & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Finance
Town of Canaan, Connecticut
107 Main St
Canaan, CT

We have audited, 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 the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Canaan, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Canaan's basic financial statements, and have issued our report thereon dated January 14, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Canaan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Canaan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Canaan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the Town of Canaan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Canaan's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Canaan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

King, King & Associates

King, King & Associates, CPAs
Winsted, Connecticut
January 14, 2025

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Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Independent Auditor's Report

Board of Finance
Town of Canaan, Connecticut
107 Main St
Canaan, CT

Report on Compliance for Each Major State Program
Opinion on Each Major State Program

We have audited the Town of Canaan, CT's (Town) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2024. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit (C.G.S Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of the report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on the compliance about the Town’s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and asses the risks of material noncompliance, whether due to fraud or error, and design and preform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town’s compliance with the compliance requirements referred to above and preforming such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Town’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

King, King & Associates

King, King & Associates, CPAs
Winsted, CT
January 14, 2025

TOWN OF CANAAN, CT

Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2024

State Grantor/Pass - Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Department of Transportation		
Town Aid Roads	12001-DOT57131-17036	$ 167,450
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	6,000
Judicial Department		
Public Acts	34001-JUD95162-40001	345
State Department of Education		
Talent Development	11000-SDE64370-12552	1,664
Office of Policy and Management		
Local Capital Improvement	11000-OPM20600-40254	27,628
Tiered PILOT	11000-OPM20600-17111	84,868
Municipal Purpose & Projects -Grants-in-aid	12052-OPM20600-43587	20,712
Property Tax Relief for Disabled Homeowners	11000-OPM20600-17011	39
Property Tax Relief for Veterans	11000-OPM20600-17024	1,806
Secretary of the State		
Early Voting	11000-SOS12500-12651	10,500
Total State Financial Assistance Before Exempt Programs		321,012
EXEMPT PROGRAMS		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	6,202
Supplemental Revenue Sharing	12002-OPM20600-17102	24,132
Municipal Revenue Sharing	12060-OPM20600-35458	27,352
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	125,752
Total Exempt Programs		183,438
Total State Financial Assistance		$ 504,450

See notes to schedule.

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Canaan under programs of the State of Connecticut for the fiscal year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the construction and maintenance of public roads.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Canaan, CT conform to accounting principles generally accepted in the United States of America as applicable to Governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulation to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditure of State Financial Assistance.

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements
We audited the financial statements of the Town of Canaan as of and for the year ended June 30, 2024 and issued our unmodified report thereon dated January 14, 2025.

Internal control over financial reporting:

- Material weakness(es) identified? _____Yes __✓__No
- Significant deficiency(ies) identified? _____Yes __✓__None Reported
- Noncompliance material to financial statements noted? _____Yes __✓__No

State Financial Assistance
Internal control over major programs:
- Material weakness(es) identified? _____Yes __✓__No
- Significant deficiency(ies) identified? _____Yes __✓__None Reported

We have issued an unmodified opinion relating to compliance for major State programs.
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ____Yes __✓__No

- The following schedule reflects the major programs included in the audit:

State Grantor **And** **Program**	**State Core - CT Number**	**Expenditures**
Department of Transportation		
Town Aid Road Grants	12001-DOT57131-17036	$ 167,450
Office of Policy and Management		
Local Capital Improvement	12050-OPM20600-13045	$ 27,628

- Dollar threshold used to distinguish between type A and type B programs $100,000

II. FINANCIAL STATEMENT FINDINGS

- We have issued reports dated January 14, 2025, in internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards.*

- Our report on compliance indicated no reportable instances of noncompliance.

- Our report on internal control over financial reporting indicate no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported related to State Financial Assistance Programs.