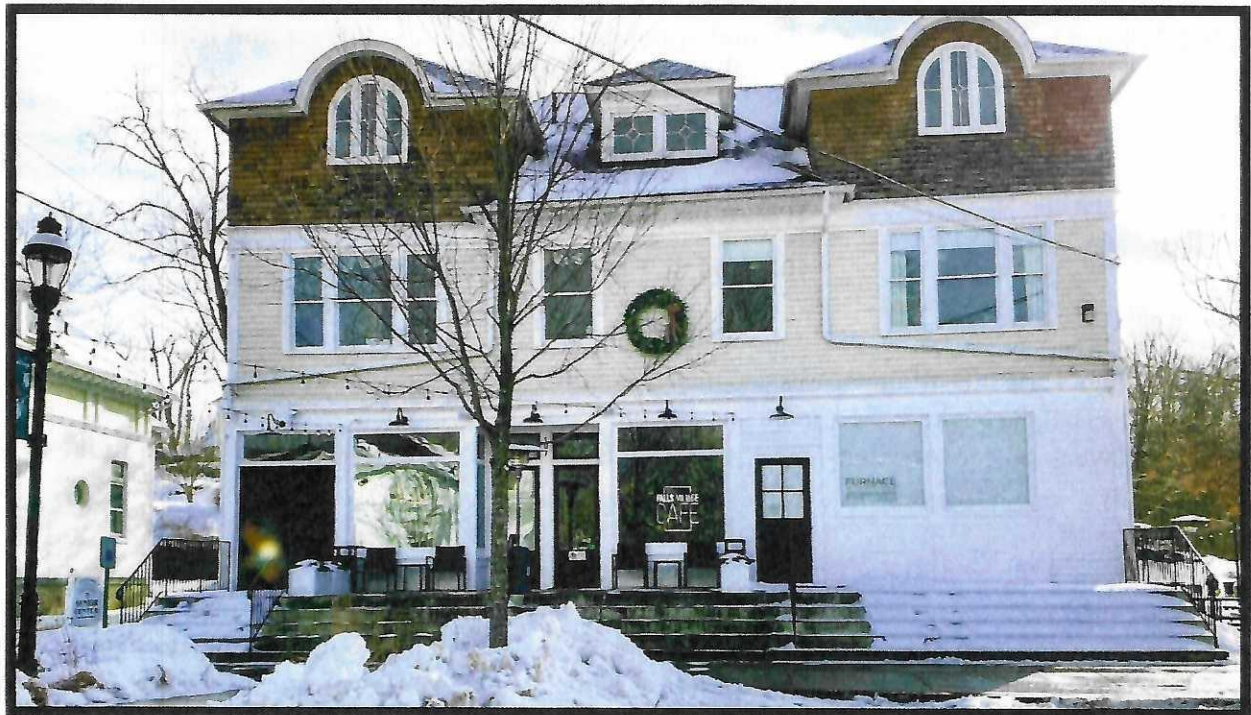


TOWN OF CANAAN
FALLS VILLAGE
CONNECTICUT



2021
ANNUAL REPORT

ANNUAL REPORT
TOWN OF CANAAN

Falls Village, CT

06031-0047

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~About the Cover Photo~

**It features Two New Businesses at
107 Main St, Falls Village, CT 06031**

Falls Village Café hits all the senses and makes people feel transported and completely at home, all at once. This is a place where the barista knows your name and remembers your choice of food, and where you can have good conversations, meet your friends and family and be an active member of the local community.

Furnace - Art on Paper Archive is a destination for viewing contemporary art with a focus on works on paper. It is an energy-maker in the community and region, mounting thoughtful, transformative exhibitions curated from their flat-file archives. Visitors can view original works of art by established and emerging artists from the tri-state area and beyond.

Front Cover photo by: Linda Paviol.

Annual report compiled and edited by: Johanna M. Mann

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ABOUT OUR TOWN

Incorporated: **October 1739**

Population: **1,053**

Land Area: **33.4 square miles**

Registered Voters:

Democrats: 323

Republicans: 147

Unaffiliated: 277

Other: 4

Voters: 751

Property Tax rate (mil rate): **25.7 mils**

Federal Lands: **Appalachian Trail**

State Lands: **Point of Rocks Road, Robbins Swamp,
Dean's Ravine and Music Mountain**

Historic Sites and Places of Interest: **South Canaan Meetinghouse;
Beebe Hill School House; Hunt Library;
Railroad Depot and Railway Museum;
Ames Historic Trail; CLP Walking trail by power plant**

Recreation Center: A beautiful municipal swimming pool, L-shaped, 6 lanes with a fountain, and recreation area, was newly constructed in 2008 and opened in mid-summer of 2008. The entrance is located at 108 Route 63, Falls Village, CT 06031; the cross streets are Route 126 to the south and Route 63 to the north.

Education: Lee H. Kellogg School (K-8 population as of Feb 2020 – approximately 60 students); Housatonic Valley Regional High School; Oliver Wolcott Technical High School. This year, students learned further about “distance learning” due to COVID – staying at home with a computer, wearing masks and staying 6’ apart for “social distancing “when in public.

Church: Falls Village Congregational Church, Beebe Hill Rd.

Government:

Local: Legislative authority is vested in the Town Meeting. Town affairs are administered by a three- person Board of Selectmen. Fiscal affairs are reviewed and recommended by a Board of Finance. We have local ordinances, no charter.

State: The Town of Canaan is in the 64th State Assembly District served By State Representative Maria Horn, Democrat. This town is in the 30th Senatorial District served by Craig Miner, Republican.

Federal: The Town of Canaan is the 5th Congressional District and is served by Representative Jahana Hayes, Democrat.
Our two United States Senators are Chris Murphy, Democrat and Richard Blumenthal, Democrat.

Town Hall, 108 Main Street, Falls Village, CT 06031-0047

Telephone: 860-824-0707

Fax: 860-824-4506

Website: canaanfallsvillage.org

First Selectman: Monday - Thursday 860-824-0707 ext. 23

9 AM – NOON & 1st Saturday of month 10 AM - NOON

Town Clerk: Monday – Wednesday 9 AM – 3 PM 860-824-0707 ext. 10

Thursday 9 AM – Noon

Tax Collector: Monday 9 AM – 3 PM 860-824-0707 ext. 13

Wednesday 9 AM – Noon

Assessors: Mon., Wed & Thurs. 9 AM - Noon 860-824-0707 ext. 14

Tuesday 9 AM – 3 PM

Registrar of Voters: Wednesday 9 AM – Noon 860-824-0707 ext. 18

Building Inspector: Wednesday 9 AM – Noon 860-824-0707 ext. 22

James O. Clarke, Building Official 860-309-7852 cell

Sanitarian: Torrington Area Health Dept 860-489-0436 ext 323

Julie Prue

Planning and Zoning Commission: By Appointment

Janell Mullen, Zoning Enforcement Officer 860-824-0707 ext 22

Falls Village Day Care- Monday-Friday 7:30 AM to 5:15 PM - 860-824-0882

Conservation Inland Wetland Commission: By Appointment 860-824-0707

Fire Marshall: By Appointment 860-364-5758

Social Services/ Senior Center – Thursday 9- Noon 860-824-9855

By Appointment.

Transfer Station, 100 Route 63 Falls Village, CT 860-824-5819

OPEN Tuesdays, Fridays and Saturdays 8 AM – 3 PM

Town Pool, 108 Route 63, Falls Village, CT 860-824-8026

Summer Hours/ Guests Welcome

Probate Court, 100 Pease Street, North Canaan, CT 06018 860-824-7012

Mondays to Thursdays, 9 AM – 4 PM 860-824-7248 fax

Falls Village-Canaan Historical Society 44 Railroad Street, Falls Village, CT 860-824-8226

OPEN Tuesday s 9 AM – NOON and by appointment

SCHEDULED BOARD MEETINGS

& COMMISSION MEETINGS

BOARD of SELECTMAN	Second Monday of each month 7:30pm Town Hall (if Holiday falls on Monday check for changes) Town Website: canaanfallsvillage.org
BOARD of FINANCE	Second Monday of each month 6:30pm Town Hall March- Selectman and Board of Education estimates of expenditures are presented May- public hearing/recommendations by Board of Finance
TOWN MEETING	Nov/Dec- Auditors report; Set meeting dates/Elect officers
BOARD OF EDUCATION	First Tuesday of each month 6:00pm Kellogg School
PLANNING & ZONING COMMISSION	Fourth Thursday of each month 7:00pm Town Hall
RECREATION COMMISSION	Third Monday of each month 7pmTown Hall
CONSERVATION INLAND WETLANDS	Third Monday of each month 7:00pm Town Hall (if Monday is a legal holiday then moved to following day)
HOUSATONIC RIVER COMMISSION	Second Tuesday of each month 7:30pm Cornwall Consolidated School
WATER COMMISSION	Quarterly second Thursday 7:00pm Town Hall
FIRE COMMISSION	Second Wednesday of each month 5:00pm at Fire House 188 Rt 7 S
REGION 1 SCHOOL DISTRICT	First Monday of each month 6:30pm HVRHS Library (NO July and August meetings)
HISTORICAL SOCIETY BOARD	Third Thursday of each month 4:30pm Geer Village

TOWN OF CANAAN

Falls Village, Connecticut 06031-0047

Report Covering July 1, 2020 - June 3-, 2021

ELECTED TOWN OFFICIALS:

Term Expires:

BOARD OF SELECTMEN: (2 yr. term) 1 each party

(As of municipal Election of Nov. 2019)

Henry W. Todd, First Selectman (R)

Nov. 2021

David R. Barger, Selectman (D)

Nov. 2021

Greg D. Marlowe (R)

Nov. 2021

TOWN CLERK & REGISTRAR of VITAL STATISTICS:

Mary M. Palmer (D)

Nov. 2021

ASSISTANT TOWN CLERK: (Appointed term)

Rebecca M. Juchert-Derungs (D)

Nov. 2021

TREASURER: (Appointed 2 yr. term):

Linda S. Paviol (D)

Nov. 2021

DEPUTY TREASURER: (Appointed)

Michelle Lynn Hansen (U) – Appointed Jan. 2012

TAX COLLECTOR: (Appointed 2 yr. term)

Rebecca M. Juchert-Derungs (D)

Nov. 2020

Term Expires:

BOARD OF FINANCE: (6 yr. term) 6 members per ordinance

Joel W. Jones (D)	Nov. 2025
Stephen J. Dean (R)	Nov. 2025
Louis J. Timolat (R) to fill vacancy for 2 years	Nov. 2021
John B. Allyn (R)	Nov. 2023
Richard C. Heinz (D)	Nov. 2021
Daniel Silverman (D)	Nov. 2023

BOARD OF FINANCE ALTERNATES: (4 yr. term) 3 members

Minority Representation Statue applies separately to Alternates

Corinna M. Fleming (D)	Nov. 2023
Eric T. Carlson (R)	Nov. 2023
Daly Reville (D) to fill vacancy for 2 years	Nov. 2021

BOARD OF ASSESSMENT APPEALS: (4 yr. term) 3 members per ordinance

Louis G. Timolat (R)	Nov. 2023
Barbara C. Riley (D)	Nov. 2023
Christopher S. Kinsella (D)	Nov. 2023
John P. Holland (D) Chairman	Nov. 2021
Stephen J. Dean (R)	Nov. 2021

ZONING BOARD OF APPEALS: (4 yr. term) 5 members; no more than 4 same party

Richard C. Heinz (D)	Nov. 2023
Barbara C. Riley (D)	Nov. 2023
Christopher S. Kinesella (D)	Nov. 2023
John P. Holland (D) Chairman	Nov. 2021
Stephen J. Dean (R)	Nov. 2021

ZONING BOARD OF APPEALS ALTERNATES: (4 yr. term) 3 members

Term Expires:

CANAAN BOARD OF EDUCATION: (4 yr. term) 5 members; no more than

4 of the same party – Minority Representation Statute applies

Patricia Allyn Mechare (R) Democrat, won on Republican line **Nov. 2021**

Theresa Snyder Graney (R) Unaffiliated, won on Republican line **Nov. 2021**

Adam L. Sher (D) **Nov. 2021**

Tanya P. Golden (D) **Nov. 2023**

Maria Bulson (R) Appointed by Bd of Ed on Jan. 7, 2020 to next

Municipal election (2 yr. vacancy 2021 ballot) **Nov. 2021**

REGION ONE BOARD OF ED REPRESENTATIVE: (2 yr. term) 6 member, one each town

Patricia Allyn Mechare (D) Enrolled Democrat (cross endorsed) **Nov. 2021**

REGISTRARS OF VOTERS: (4 yr. term) Term ends in January after Nov. election

Roxann Steinberg Whitaker (D) **Nov. 2022**

Susan J. Kelsey (R) **Nov. 2022**

DEPUTY REGISTRARS: (Appointed)

Joel W. Jones, Deputy – Democrat

Tracy Atwood – Deputy – Republican

JUDGE OF PROBATE: (4 yr. term)

Diane Blick (D) **Nov. 2022**

Term Expires:

CONSTABLES: (2 yr. term) 7 members

Janet R. Hanna (D)	Nov. 2021
George F. Elling (D)	Nov. 2021
John P. Holland (D)	Nov. 2021
David R. Barger (D)	Nov. 2021
Louis G. Timolat (R)	Nov. 2021

JUSTICES OF THE PEACE: Note: Justices of the Peace are not on the ballot, they are elected By the town committee, except for the years Jan. 4. 2021 – Jan. 6, 2025, where Republican Justices of the Peace were appointed by the Board of Selectmen on 1/11/2021 in accordance With CGS 9-220

JUSTICES OF THE PEACE: Serving from January 4, 2021 through January 6, 2025

Lonnie Carter (D) lonniety@comcast.net
George F. Elling (D) jorgeelling@netscape.net
Janet R. Hanna (D) jrhanna06@gmail.com
Richard C. Heinz (D) dickcheinz@att.net
Joel W. Jones (D) joelwjones13@gmail.com
Louise M. March (D) weezerxr@gmail.com
Patricia Allyn Mechare (D) curtmehare@comcast.net
Mary M. Palmer (D) fallsvillagetc@yahoo.com
Barbara C. Riley (D) briley058@yahoo.com
Louis G. Timolat (R) hemlock@snet.net
Hazel K. McGuire (R) hazel06031@yahoo.com
Dennis M. Jacobs (R) jdjacobs04@sbcglobal.net
Susan J. Kelsey (R) scottishthistle54@gmail.com
Kevin W. Titus, Sr. (R) kvntitus5@gmail.com

APPOINTED TOWN OFFICIALS:**Term Expires:****FIRE COMMISSION: (3 yr. term) Appointed by the Selectman**

Hazel K. McGuire (R)	Appointed 2/10/2020	Dec. 2022
Lawrence O. Bulson (U)	Appointed 2/10/2020	Dec. 2022
David A. Seney (D)	Appointed 2/10/2020	Dec. 2022
Kimberly L. Mahoney (U)	Appointed 2/10/2020	Dec. 2022
Timothy R. Downs (R)	Appointed	June 2021

Term Expires:**INLAND WETLAND COMMISSION: (5 yr. term) 5 members staggered**

(See Ordinance) Appointed by Selectman

Susan J. Kelsey (R)	Dec. 2021
Ellery W. Sinclair (R) Chairman	Dec. 2021
Mark Burdick (D)	Dec. 2020
Brant L. Burz (U)	Dec. 2020
Felicia Brodzky-Jones (D)	Dec. 2020
Shamu Sadeh (D) <i>Alternate</i>	June 2023

PLANNING & ZONING COMMISSION: (5-year term) 8 members, only 5 of same party

Appointed by Selectman

Fredrick J. Laser (D) Chairman	Dec. 2024
Greg Marlowe (R)	May 2020
Thomas M. Scott (D)	Feb. 2021
Gregory Bruce Inconiglios (D)	Feb. 2021
Alice N. Macchi (U) (also Secretary to P&Z)	Dec. 2024
John Morrissey (D)	Dec. 2023
Garret Scavotto (D)	Dec. 2023

PLANNING & ZONING ALTERNATES: (5 year term, See Ordinance)

Marc E. Rosen (D)	May 2024
Ruth E. Skovron (D)	May 2020

Term Expires:

CERTIFIED ASSESSOR:

Hazel K. McGuire (R)

Theresa S. Graney (U) - Assistant

RECREATION COMMISSION: (3 year term) 7 members

Margaret Caiati (U) Appointed 1/14/18 Resigned 5/2020

Dec. 2021

Nicholas H. Boyden (U) Appointed 1/14/18 Resigned 10/28/2020

Dec. 2021

Darin Dodge- Chairman Resigned 10/28/2020

Nov. 2020

Dan Carr

Dec. 2021

Melissa Lopes (D) Also serves as Secretary

Dec. 2021

Emily Petersen (U) Director & Member of Recreation

Dec. 2021

John Morrissey (D) Chair

Dec. 2023

Susan N. Allen (D)

Dec. 2023

Edward (Ted) Moy (D)

May 2023

Daipai Horace (D)

Dec. 2023

Thomas R. Wilson (D)

Dec. 2023

RECREATION COMMISSION ALTERNATE: (3 year term) 1 Member

HOUSATONIC RIVER COMMISSION: (3 year term)

Ellery W. Sinclair (R)

Dec. 2022

Kent Allyn (U)

Dec. 2022

Term Expires:

LIBRARY & SCHOOL ASSOCIATION BOARD OF DIRECTORS:

Francis Schell, President	2023
Roxann S. Whitaker, Vice President	2023
Toni Siegel, Secretary	2025
Henry Todd, Treasurer	2022 S
Barbara Deinhardt	2022 S
Rebecca Derungs-Juchert	2024
John Holland	2025 S
Garth Kobal	2025 F
Frankie Lucostic	2025
Julia Menassa-Panev	2025
Daly Reville	2023
Woods Sinclair	2023
Carol Taylor	2025
Kyle Wilkinson	2025
Leone Young	2023

S= Selectmen's Representative

F=Friend's Representative

Staff:

Erica Joncyk – Executive Director

Meg Sher – Assistant Director

Rita Delgado – Children's Librarian

Paula Rogers – Assistant Librarian

Note: Officers are elected from directors of association. President – one 2 year term; Vice President – one 2 year term, Vice President becomes President. Treasurer – 4 year term with one consecutive term allowed. Secretary – 4 year term with one consecutive term allowed. Directors – 4 year term with continuous term allowed.

FALLS VILLAGE TRANSFER STATION: Located on Route 63, Falls Village, CT

Hours of Operation: Tuesday, Friday, Saturday 8 AM- 3 PM

Tracey M. Wilson – Appointed as Coordinator & Attendant

Peter G. Roussi – Appointed as Attendant

EMERGENCY MANAGEMENT DIRECTOR:

Michelle McGuire-Hansen

MUNICIPAL AGENT: Social Service Agent and Energy Coordinator

Theresa S. Graney

860-824-9855

TOWN COUNSEL:

Roraback & Roraback –Chip Roraback – Appointed

ANIMAL CONTROL OFFICER: Appointed by Selectmen

Lindsay Burr

860-480-7568

SANITARIAN: Torrington Area Health District

Julie Prue Registered Sanitarian

860-4890436 ext. 323

Louis G. Timolat

March 2022

BUILDING INSPECTOR: Hours Wed. 9- NOON

860-824-0707 ext.22

James O. Clarke, Building Official

860-309-7852 cell

ZONING ENFORCEMENT OFFICER: By Appointment

Janell Mullen, Zoning Enforcement Officer

860-824-0707 ext 22

zoningofficer@canaanfallsvillage.org

SEXTON OF CEMETERIES:

Kent C. Allyn – Town Cemeteries – Resigned 6/2021

Richard Heinz – Grassy Hill Cemetery

860-824-7730

FIRE MARSHALL:

Stanley MacMillan, Jr.

860-364-5758

860-364-0909

FIRE CHIEF:

Timothy R. Downs

TRANSIT DISTRICT:

OPEN BURNING OFFICIAL:

Stanley MacMillan, Jr.

860-364-5758

860-364-0909

BUILDING CODE APPEALS REPRESENTATIVE:

Eugene F. Wright

HEARING OFFICER, IMPOUNDED VEHICLES:

Michael S. DeMazza

NORTHWEST REGIONAL TOURISM DISTRICT:

DAY CARE/ EXTENDED DAY CARE CENTER:

Patricia Allyn Mechare - Chairman

Alice E. Soenksen - Secretary

Sonia Gale - Treasurer

Ashley Allyn - Director

FALLS VILLAGE/ CANAAN HISTORICAL SOCIETY:

860-824-8226

Judy Jacobs – President

Jeremy Dakin & Brian Ohler – Voce Presidents

Midge Cortesi – Curator of Museum

TOWN HISTORIAN:

Susan J. Kelsey

scottishthistle54@gmail.com

NORTHWEST COUNCIL OF GOVERNMENTS:

Henry W. Todd

HOUSATONIC YOUTH SERVICES BUREAU:

Nicholas Pohl, MSW – Executive Director

TREE WARDEN:

NORTHWEST CT REGIONAL PLANNING COMMISSION:

Christopher S. Kinsella

NORTHWESTERN CONNECTICUT REGIONAL HOUSING COUNCIL:

Stephen Anthony Koshland

Tracy Atwood – Alternate

Felicia Jones – Alternate

VNA NORTHWEST, INC:

WESTERN CONNECTICUT CONVENTION & VISITORS BUREAU:

Susan Sweetapple

CABLE ADVISORY COUNCIL OF NORTHWEST CONNECTICUT:

Sergei Fedorjaczenko

MEMBERS OF THE TOWN HIGHWAY CREW:

Timothy R. Downs, DPW

David Kelsey, Ray Flint & Thomas Sherwood – Highway Maintenance

COMMUNICATIONS TOWERS:

Ellery W. Sinclair - Coordinator of Information

AFFORDABLE HOUSING:

CIVIL PREPAREDNESS:

Michelle McGuire-Hansen

860-671-0585

FALLS VILLAGE RAILROAD DEPOT PROJECT: 44 Railroad Street

Judy Jacobs – Project Coordinator

ECONOMIC DEVELOPMENT COMMITTEE:

Felicia Jones

Annual Report of the Board of Selectmen

The year was dominated by one word: Covid. The epidemic surged through the state, the country and the world in various surges throughout the year. By early January, 2021 vaccines were available and the rush to get the shot was on. The Town Hall was closed to visitors for most of the year and meetings were moved to Zoom. Co-operation with the mandates in our village was exceptionally high and our case load was low comparatively. Thanks are due to our town residents, our staff, and our visitors for doing their best to keep us safe during the pandemic.

During the year, we were pleased to see three new businesses open in the town. The Route 7 gas station finished the installation of new tanks and opened early in 2021. Leases were granted to two new businesses in the 107 Main Street location which were Furnace (an art gallery) and the Falls Village Café. Getting these businesses into town would not have been possible without the volunteer work done by residents of the town in cleaning up the vacant space on the main floor, enabling the renting of the building's first floor.

The Town enabled the opening of the gas station by agreeing to move the dirt and sand left over by the gas station installation of new tanks to the town dump for use as material to cover the bulky waste at the transfer station.

A committee was formed to study the bridges in the town, particularly the one that goes over the Hollenbeck River on Cobble Road. This particular bridge has been rated 'poor' by the state and will have to be replaced in the course of the next few years. Federal funding is available for the replacement. Cardinal Engineering was chosen by the group to do the study which would not be funded until the 2021-22 fiscal year.

Effective early in January, we instituted an emergency management warning system specifically for events happening in the town unexpectedly such as a warning about a local emergency such as a dam failure. Weather events, which are widely reported in the news, are not the reason this system was developed. We hope to never use it but it is operational.

Over the course of the preceding two years, we have had concerns about the ransoming of town records through the freezing of IT accounts. Therefore, we hired a new tech firm to ensure that we were doing our best to protect the town interests in case of a ransomware attack. That began in the latter part of the fiscal year and continued through the 2021-22 year.

As the world continues to develop more internet usage, we convened a committee to study the best means to provide fiber optic broadband to every home in the village. This will be an ongoing committee and we hope to be part of a regional solution to the problem.

During the year, we renegotiated the debt of the town that is borrowed through Salisbury Bank. This will save the town substantial amounts of money over the next 5 years.

The Town of Canaan completed the sale of the town waterworks in April of 2021. After paying off the debt for the water tanks on Beebe Hill that remained, the sale netted the town \$200,000. This amount is now in the general fund of the village.

In May, 2021, we received the first half of funds given to the Town of Canaan from the Federal government through the American Rescue Plan Act in the amount of slightly over \$155,000. The second

half of the money will be received in the fiscal 2021-22 year. Part of this money was used to install a new septic system at 107 Main Street.

We would like to thank our residents for their adherence to the guidance provided by the government throughout the pandemic. We are especially thankful for the hard work and perseverance of the personnel in Town Hall and to our Public Works employees for keeping the village safe and operating fully during a very difficult period.

Submitted by

Henry W. Todd, First Selectman

Greg Marlowe, Selectman

David Barger, Selectman

ANNUAL REPORT OF THE TOWN CLERK

During the July 1, 2020-June 30, 2021 fiscal year, the Town Clerk's office recorded 207 documents on the land records. The State of Connecticut receives the majority of the revenue received from the \$60 recording fee, plus \$5.00 each additional page, as follows:

Land records recording fees:		\$7,458.00
Cott & other expenses: \$10,430.29	Net:	(\$2,972.29)
State PA 05-22 for land protection:	Net:	\$2,603.00
State GP-005 affordable housing and historic preservation:		\$ 418.00
Town of Canaan conveyance tax:		\$37,265.46
Photocopies and fax fees:	\$2,167.10	
Lease and other expenses:	\$4,853.31	(2,686.21)
Fishing, Game licenses, permits (these can now be purchased on line)	\$16.00	
Dog licenses	\$455.50	
Marriage licenses, death certificates and certified copies	\$1,300.00	

The Town Clerk's office once again received the maximum grant allowed for a town with a population below 25,000. The amount this year was \$5,500. The grant was used to renovate and restore Board of Selectmen and Board of Finance minutes.

More information continues to become available to the public electronically. Please visit: canaanfallsvillage.org to view minutes and agendas, tax information, pay taxes on-line with a credit card, and find links to the fire department, schools and other places of interest.

Johanna M. Mann, Canaan Town Clerk
Appointed 1/3/2022

Town of Canaan
Office of the Election Administrators
REGISTRARS OF VOTERS
July 1, 2020 to June 30, 2021
Office Hours: Wednesdays, 9:00 a. to noon, and as needed

The office of the Registrars of Voters is governed by the Connecticut General Statutes and financially supported by the municipality served. Registrars work under the direction of the Secretary of the State of Connecticut (SOTS). Connecticut state law mandates that each town elect one Democrat and one Republican Registrar; Town of Canaan's Registrars serve four year terms. Registrars work on a non-partisan basis to serve all of the electors of their Town. As the Town's Election Administration Officials, Registrars are responsible for registering voters, voter education, conducting the annual canvass of voters, maintaining the accuracy of the registry list, updating voter files, preparing a department budget, and training election officials. A voter list is printed and posted in Town Hall during the first week of each month. Registrars are also responsible for annual maintenance of voting tabulators, and reprogramming, tracking and testing of memory cards used to tabulate elections, and ensuring the proper reporting of election results. The Registrars provide Election Day Registration (EDR) services for those who wish to register and vote on election day. The Registrars set up the polling place, and also maintain and provide a voting procedure referred to the "Accessible Voting System" (both audio and visual) with a laptop computer and printer for use by voters who need accommodations to cast their ballots. The Registrars help recruit and train poll workers, work with the Town Clerk to make sure that registration deadlines and elections are legally noticed, that ballots are ordered correctly and timely, and assist election Moderators in staffing Town elections.

To stay abreast of new laws and pending legislation, Registrars attend conferences provided by the Registrars of Voters Association (ROVAC) and the SOTS's office. Currently, conferences and training sessions are held online via Zoom due to the pandemic. Registrars are required by statute to become certified through the Registrar Certification Program conducted by the University of Connecticut, and continuing education credits are mandatory to recertification. The Registrars also attend ROVAC county meetings to keep up to date and share with other Litchfield County Registrars. Registrars are required to be certified as Head Moderators and recertification is required every four years. Registrar Susan Kelsey is certified; Registrar Roxann Steinberg Whitaker is in the process of becoming certified. Sadly, Registrar Carole McGuire—who served with distinction for many years—passed away in April 2021. Her grace, expertise, and exceptional dedication to the Town will be greatly missed. The state mandated positions of Deputy Registrar are filled by G. Tracy Atwood and Joel Jones. Linda Paviol and G. Tracy Atwood also serve as certified Head Moderators.

From July 1, 2020 to June 30, 2021, in addition to registering many voters new to Town, the Registrars worked diligently with the help of SOTS, the Town Clerk, those who work in Town Hall, and with the support and cooperation of our townspeople to conduct a safe election for President in November and a Region #1 budget referendum in May. The Governor's temporary order allowing any voter to vote via absentee ballot, and the implementation of ballot drop boxes, enabled high voter turnout in the fall, and those voters who did come to the polls were understanding of our need to balance public safety during a pandemic with ensuring the right to vote. The Registrars appreciate very much the willingness of residents to serve as official poll workers—we cannot have elections without them. The Registrars welcome additional townspeople to become certified to moderate at elections and referendums. Any registered voter interested in becoming an election official or poll worker is encouraged to contact the Office of the Registrars—we need your help.

Voter statistics for the Town are as follows:	June 30, 2020	June 30, 2021
Democrat	291	313
Republican	150	151
Unaffiliated	246	272
Other	4	4
Total Registered:	691	740

Susan J. Kelsey, Registrar (R)

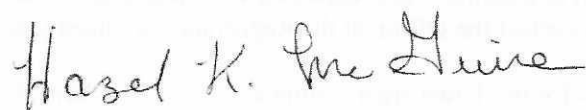
Roxann Steinberg Whitaker, Registrar (D)

ASSESSOR'S ANNUAL REPORT

	2020 NET GRAND LIST	2019 NET GRAND LIST
REAL ESTATE	158,410,820	157,138,370
PERSONAL PROPERTY	20,206,900	15,988,641
MOTOR VEHICLE	10,007,643	9,496,403
TOTALS	188,625,363	182,623,414
TOTAL TAX EXEMPT PROPERTY	61,794,600	62,049,800

**The Assessor's Office hours are Monday, Wednesday and Thursday
9 am to 12 pm and Tuesday 9 am to 3 pm or by appointment.**

Respectfully submitted,



Hazel K. McGuire

Connecticut Certified Municipal Assessor II

LITCHFIELD HILLS PROBATE DISTRICT #24

*Serving Canaan (Falls Village), Cornwall, Harwinton, Kent, Litchfield, Morris,
Norfolk, North Canaan, Salisbury, Sharon, Thomaston and Warren
www.litchfieldprobate.org*

The Honorable Diane S. Blick, Judge

Litchfield Location

Dawn W. Pratt, Clerk
Natasha Mitchell, Assistant Clerk
860-567-8065

Kent Location

Judge Blick
860-927-3729

Canaan Location

Beth L. McGuire, Chief Clerk
Megan W. Foley, Clerk
860-824-7012

It is with great pleasure that I report to the residents of the Litchfield Hills Probate District the activity of the Probate Court for fiscal year July 1, 2020 through June 30, 2021 and request this report be included in the Town's next published Annual Report.

Type of Matter	2019 – 2020 FY Number of Matters	2020 – 2021 FY Number of Matters
Fee Waivers	79	99
Decedent's Estates	1,221	1,355
Trusts	175	205
Conservators	186	226
Name Changes	31	46
Guardian of the Person & Estate	72	126
Guardian of Persons with Intellectual Disabilities	105	154
Adult Commitment	2	0
Children's Matters:		
Adoptions/Termination of Parental Rights and Emancipation of a Minor/Determine Paternity	15	12
Power of Attorney Accounting Matters	1	4
Total probate matters handled	1,887	2,227
Passports processed	90	Discontinued

The number of probate matters handled by the Court increased even though from July 1, 2020 through June 30, 2021 each of the town halls, where our court facilities are located, were primarily closed to the public due to the Covid 19 pandemic. During that time only those with an appointment were allowed at the Court. Throughout the pandemic, the Court has remained open and all work has been timely processed and hearings promptly scheduled. Hearings were held either by teleconferencing or Webex video conferencing. Town halls in our district have now reopened so in-person hearings have been resumed. Teleconference and Webex hearings are still being utilized but less frequently than during the pandemic.

The category Fee Waivers represents the number of matters which were handled by the Court for which no probate filing fee is collected due to the fact that the Petitioner is indigent.

The Court's location in the Litchfield Town Hall is open to the public Monday through Friday 8:00 am to 4:30 pm. The Court's location in the North Canaan Town Hall is open to the public Monday through Thursday 9:00 am to 4:00 pm. While the Kent Town Hall was closed to the public during the pandemic, office hours there on Tuesdays will begin August 2, 2021. Additionally, I continue to be available to the residents of Kent by telephone or scheduled appointment.

The Court Staff joins me in extending our sincerest appreciation to the town leaders, residents and professionals who utilize the services of the Probate Court for your continued support.

Respectfully submitted,

Diane S. Blick

Diane S. Blick
Judge of Probate

7/12/2021

Town of Canaan
Board of Finance Annual Report 2020-2021

This document and the Audited Financial Statements by King, King & Associates for the fiscal year ended June 30, 2021 form the Annual Report by the Board of Finance to the Town of Canaan.

The Board was co-chaired by John Allyn and Dick Heinz. Additional Board Members were Dan Silverman, Joel Jones, Louis Timolat and Steve Dean. Corinna Fleming, Eric Carlson and Daly Reville served as Alternates. Rebecca Juchert-Derungs again served as Clerk.

In 2020, with the coronavirus raging, the Board of Selectmen and the Board of Finance were concerned that unemployment and the costs of the pandemic might impact revenue for the 2020-2021 year and so decided to not add to reserves in the NON-RECURRING CAPITAL ACCOUNTS. The number of students attending Housatonic Valley Regional High School on October 1, 2019 increased over the prior year resulting in \$247,821 increase in Region 1 costs for 2020-2021. Due to the COVID19 pandemic a virtual Public Hearing using Zoom was held on May 28, 2020 to present the Education and Municipal Spending Plans to the Public and receive public comment. After the Public Hearing the Board of Finance voted unanimously to approve the Spending Plans as presented. Per special rules approved by the State, this was the only approval needed. No Town Meeting was held. The Board of Finance approved the Municipal spending at \$1,862,244 and Board of Education spending at \$3,853,737. At the Regular Meeting of June 8, 2020, the Board of Finance met and unanimously voted to increase the mil rate for 2020-2021 by 1.1 mils to 25.70 mils.

King, King & Associates, CPAs, conducted the Annual Audit of the finances of the Town of Canaan for the year 2020-2021 and the results were presented at the December meeting of the Board of Finance. Town Treasurer, Linda Paviol, has experience working with the auditors and the process went smoothly. The findings of the Audit, presented at the December 13, 2021 BOF meeting were that:

- The Town is in compliance in all major areas with generally acceptable accounting principles and the Town was determined to have adequate controls to ensure moneys are handled responsibly. There were NO findings of deficiencies or problems in our bookkeeping and finances. Kudos to Treasurer Linda Paviol! The process with King, King goes smoothly.
- The Town finished the 2020-2021 fiscal year with assets exceeding liabilities by \$4,602,869, a decrease of \$80,016 over prior year due to the planned use of General Fund surplus. The 2020-2021 Budget included \$352,671 to come from the General Fund to balance for the year. Because of departmental savings, increased revenues from property tax, conveyance tax, Building Permits and Transfer Fees and unanticipated grant for a truck purchase, only \$41,388 was used from the General Fund.
- The Town's net position decreased by \$75,654 as a result of the sale of the Water Department assets to Aquarion Water Company. The sale of the Water Department asset resulted in a transfer to the town of \$186,602 after \$210,418 in debt for the Water Department was paid. The sale resulted in a "loss" to the Town because the Water Department assets had been valued at more than the sale amount.
- The General Fund ended with a balance of \$816,671, 14% of expenditures, which is available in case of emergency. The Town also maintains Non-recurring Capital Reserve Accounts for future needs, such as a new sand/salt shed, new truck, etc. At the end of the year, Capital Reserve Accounts totaled \$803,355.58.

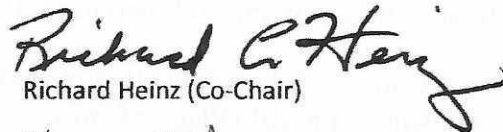
Mrs. Paviol does an outstanding job preparing monthly reports of the financial status of the Board of Education and the Town departments to keep the Board of Finance apprised of current affairs.

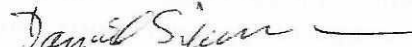
To close the business of the Board of Finance, the Board of Finance requests Spending Plans for the Town's expenses and the Schools' expenses. The Educational Spending Plan for 2021-2022 with a total cost including Region of \$3,519,558 was presented to the BOF on April 12, 2021. The Municipal Spending Plan was presented at a Special Meeting on April 26 with a total cost of \$2,031,057. The Board of Finance hopes that Municipal and Educational Spending Plans can be prepared and presented in March to reduce the Special Meetings required in 2021. At a Special meeting of the Board of Finance on May 24, the Educational Spending Plan was sent to Town meeting as presented. At that same meeting, the Board of Finance increased the funding for the Emergency Management Coordinator, the Falls Village Community Development Corporation, and the Town Clerk salary line, while reducing the Economic Development Coordinator line. The Board unanimously approved sending the Municipal Spending Plan to Town Meeting with a cost of \$2,033,942. Both Spending Plans were approved at Town Meeting on June 4, 2021. The Board of Finance met in Special Meeting after the Town Meeting and approved maintaining the mil rate at 25.7 mils.

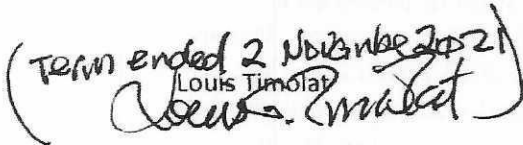
The Board of Finance meets on the second Monday of each month (unless that falls on a holiday). The list of meetings scheduled for the year is posted in the Town Hall in January. Interested members of the public are encouraged to attend. A Public Comment forum starts each of our monthly meetings and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

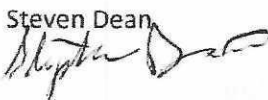
Respectfully submitted,

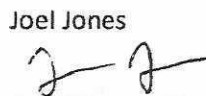
John Allyn (Co-Chair)


Richard Heinz (Co-Chair)


Daniel Silverman

(Term ended 2 November 2021)

Louis Timolay

Steven Dean


Joel Jones


Annual Report by the Planning & Zoning Commission to the Town of Canaan (7/1/18 - 6/30/19)

The current members of the Commission are as follows: Fred Laser, Chairman, Tom Scott, Zoning Enforcement Officer, Alice Macchi, Regular Member and Recording Secretary, Regular Members, Greg Bidou, Greg Marlowe, Vincent Inconiglios, John Morrissey and Garret Scavotto and Alternate Members, Mark Rosen and Ruth Skovron.

The ZEO issued 13 zoning permits and 1 Special Permit.

The Regulations are reviewed and updated by the Commission on a regular basis, as necessary, to anticipate and reflect the ever changing needs of the community and to guide land use activities in Canaan (Falls Village) in ways that will continue to maintain and enhance community character and protect the public health, safety and welfare. It is the general purpose and intent of the Regulations to foster the use and development of land in an orderly manner by both private and public interests.

We encourage diversity - of thought, age, race, ethnicity, religion, gender and sexual orientation. We strive to be inclusive and embrace and value education, community and the unique spirit of our Town's people and the appreciation of our natural surroundings and resources. The mountains, rivers, meadows, forests and farmland are the essence of Falls Village along with a growing and thriving village.

The Town of Canaan/Falls Village is committed to preserving its rural character and lifestyle. We believe the 2013 Plan of Conservation and Development provides a balanced and thoughtful approach to our Town's future needs and aspirations. We are committed to the implementation of the strategies listed in the 2013 Town Plan. We continue to work with the other Town boards, commissions, and volunteer groups and revisit the Plan every two years and check in on the progress we have all made in achieving our goals.

Respectfully submitted, Fred Laser, Chairman, Alice Macchi, Recording Secretary/Commissioner, Tom Scott, Zoning Enforcement Officer & Commissioners on behalf of the Town of Canaan Planning & Zoning Commission 1-9-20

Town of Canaan
Inland Wetlands/Conservation Commission
2020 – 2021 Annual Report

The majority the Commission's meetings during this time period were held via Zoom meetings, which proved very effective, considering the learning curve for all of those involved.

Of note during this past year was the Commission's involvement with the hemp operation that has been started on Stein Lane. Several residents of the neighborhood participated in our Zoom meetings to express their concerns regarding this activity. The Commission worked closely with the property owner to determine whether or not the activity required a permit or if it was permitted as a use of right under the agricultural provision. A soil scientist was hired (half of the expense was paid for by the property owner) to determine if the property was in wetlands. Testing determined the soils associated with the property were not wetland soils. The Commission continues to be concerned about the potential impact hemp farming can have on this neighborhood, although from a wetlands perspective, our Commission at this point has no jurisdiction over the matter.

The Commission was also involved in the dispensation of the stockpiled soils at Route & Fuels. Concerned about potential contamination, the Commission did contact the company that performed the testing on the soils and was assured that the soils were not contaminated and that it being used at the Transfer Station presented no liability.

Herbicide spraying along the railroad, particularly in sensitive areas along watercourses and in wetlands, continues to be a topic on the Commission's agenda. Woods Sinclair, in conjunction with members of the Housatonic River Commission, are in communication with state and federal legislators to initiate regulations that would protect the aforementioned sensitive areas along the railroad.

Felicia Jones continues to work toward the Town attaining Bronze Certification through Sustainable CT. Many projects that the Town has completed have helped satisfy numerous aspects toward certification. The Commission is grateful for the effort Jones has expended toward achieving this goal, which will help facilitate funding for many Town projects in the future.

The Commission finally completed updating its regulations, which had not been updated in many years. The members all worked diligently and were able to complete this revision in-house.

Mark Burdick, Chairman
Ellery Sinclair, Vice Chairman
Susan Kelsey, Secretary
Felicia Jones
Brant Burz
Shamu Sadeh (alternate)

Housatonic River Commission

"to coordinate on a regional basis the local management and protection of the Housatonic River Valley in northwestern Connecticut"

Annual Report 2020-2021

The Housatonic River Commission (HRC) held 10 regularly scheduled monthly meetings the past year. Meetings took place at 7:30 on the second Tuesday of each month. Starting in April 2020 the HRC meetings were held via Zoom due to the Pandemic. The Commission is made up of representatives appointed by the Board of Selectmen in each of the following towns along the Housatonic River: Canaan, Cornwall, Kent, New Milford, North Canaan, Salisbury, and Sharon. The HRC is responsible for monitoring and advising these seven towns on issues that involve the Housatonic River and working to maintain an environmentally healthy and scenic river corridor. The annual dues requested from each town are \$400 per year.

The process of recognizing the Housatonic River through the National Park Service's (NPS) Wild and Scenic designation as a Partnership River with federal financial support continues with significant help from Housatonic Valley Association (HVA). Quarterly meetings of the Housatonic Wild and Scenic Coordinating Committee have continued with representatives from NPS, HVA, CT Dept. of Energy and Environmental Protection (CT DEEP), and Northwest Hills Council of Governments. At these meetings each group provides updates on their work addressing issues in the Housatonic River Management Plan including HVA's successful River Information and Outreach (RIO) program, fishing management (CT DEEP) and river access. Tremendous time and energy has been spent on river access as dynamic changes in river usage during the COVID pandemic resulted in noteworthy action by towns to maintain safety. HRC's mission includes maintaining public access and the proposed Ruggles Landing is being partnered with the state and town of Canaan to allow for safe river usage.

Now two decades since the historic EPA/GE/Pittsfield consent decree HRC continues to monitor the PCB cleanup and remediation proposals for the rest of the Housatonic River.

As always, land use issues within the Housatonic River Corridor remain a significant concern. We continue to support efforts to address invasive plant species along the waterway, with several members working to monitor and in some cases control troublesome, aggressive invasives in the inner river corridor. Monitoring the work of the Housatonic Railroad, including their track repair, herbicide use and derailment risk also continue. The River Commission provided comments and suggestions on many proposed projects as development along the River continues to increase significantly. All towns are reminded to please be sure that the HRC is notified of any proposed project within the River Corridor.

We welcome all citizens to come to our meetings and get involved in discussions about the River. We are also grateful for the support we have received from the member towns, local zoning officials, and the Northwest Hills Council of Governments.

Northwest Connecticut Regional Housing Council Annual Report

Submitted: October 2021

Providing housing options that are affordable for young adults, young families, seniors, and those who work in our towns is critically important to our towns. Creating these housing options is the sole focus of the Northwest Connecticut Regional Housing Council.

The Council is made up of representatives from each town's local housing organization who meet quarterly to report upon and gain valuable information for their town-specific planning and housing development. At meetings, we learn from each other as we share the progress and current hurdles we are encountering in our varied town housing initiatives. Questions raised and hands-on ideas and resources cause attendees to leave the meetings with possible next steps, support, and resources. The Council also advocates for the funding resources critically needed by our local housing organizations to build affordable housing in our towns.

The Housing Council has a website with resources for our local housing organizations and people looking for information about affordable housing in Northwest Connecticut. The site contains links to all the housing organizations in our region, frequently asked questions, photos of the affordable housing in our region and stories from employers and residents about the importance of affordable housing options in our towns. Check it out at: www.nwcthousing.org

We thank David Berto of Housing Enterprises Inc. for attending our meetings and providing technical assistance to our housing organizations. We thank our member towns for their financial support and NHCOC for hosting our meetings and organizing speakers. Our towns' \$100 annual dues are a cost effective investment in our area's future. For more information on the Regional Housing Council or the local housing organizations which are members, visit www.nwcthousing.org.

Respectfully submitted,

Jill Groody Musselman, Chair (Litchfield Housing Trust)
Chris Sanders, Vice-Chair (Goshen Housing Trust)

TOWN OF CANAAN

BUILDING OFFICIAL'S ANNUAL REPORT

The Building Official's office is located in the Town Hall at 108 Main St. Office hours are Wednesday 9am – 12pm. I can be reached at 860-824-0707 or my cell phone 860-309-7852. Contact the cell number for all inspections.

When applying for a building permit for a new building or an addition to an existing building, you must go to the Town Hall in Falls Village and get a "Route Sheet". You will need the approval of the town boards and commissions before coming to me for a building permit. When you actually apply for the building permit you will need plans and specifications for the building project indicating that it will comply with the requirements of the Connecticut State Building Code. I will review the plans and help you with the code requirements.

Building permits are required for almost any work except projects listed under building code R105.2 Work Exempt From Permit. One critical item that require building permits are swimming pools. Whether above ground or in ground, you will need a permit for the pool and enclosure and also for the electrical work. If you are heating the pool a permit will also be required. If you have any question about whether or not a permit is required, please contact us and we will be glad to help.

The State of Connecticut adopted the 2015 Building Codes on October 1, 2018 along with the amendments.

James O. Clarke
Building Official

DM Hunt Library Annual Report to the Town FY 2020-2021

After a very dark and difficult year last year, we have begun to emerge into the sunlight! We were finally allowed to fully open, while maintaining safety protocols. Our circulation went up by 50%!

We had many fascinating and well-attended zoom programs (wine! classical music! baseball! beavers! composting!) and gradually resumed many of our in-person programs including book sales, ArtWall receptions and exhibits, and author talks, trivia, and Story Hours outside under the tent. Our plant sale, Discover Falls Village weekend with artisan fair, book sale, and tag sale, and our beer, brats and Patsy Kline event were all hugely popular. We had scaled-down Music Mountain book sales and a smaller silent auction in place of our annual Auction in the Village. Assistant Director Meg Sher, Adam Sher, and local photographer Rebecca Bloomfield came up with *Small Town, Big Talk*, with Adam interviewing Falls Village residents with big philosophical questions. To make this a visual presentation, Rebecca Bloomfield took stunning black and white portraits while Adam interviewed residents **outside** (in the middle of the winter, in the middle of a pandemic!) The photographs and interviews became an installation to share on our ArtWall.

We have continued to make improvements in our physical plant. We completed the first phase of the outside painting project and are preparing for the next work that has to be done. We continued to make improvements inside on the second floor of the building. The result is a beautiful work and study space that has been well-used during the pandemic.

The library did well financially, with all levels of the government doing their parts. Our Director applied for a \$15,000 federal PPP loan in January to help with payroll. In June the loan was forgiven! We also got two grants from the State of Connecticut, which allowed us to replace the 30-year-old carpet and purchase new chairs for downstairs, two air purifiers, and a touchless hand towel dispenser, all in an effort to upgrade our library to create a cleaner, safer, and more welcoming environment.

We celebrated Woods Sinclair being on the Board for 50 years and we said goodbye, with gratitude, to Akke Jasmine who is retiring from the Library after 25 years as a valuable volunteer and staff member. We are tremendously lucky to have the talented and dedicated staff that we have, especially during such a challenging time. We extend our great thanks to Director Erica Jonczyk, Assistant Director Meg Sher, and Children's Librarian Rita Delgado.

We ended the fiscal year in the black, thanks to the cautious stewardship of our staff, the government grants we received, and the generosity of our donors and the Town. Our community definitely stepped up to support us.

Barbara Deinhardt
President
August, 2021

D. M. Hunt Library and School Association

Board of Directors – Four officers, President, Vice President, Secretary and treasurer shall be elected from the Directors at each annual meeting of the Association. Terms are as follows: President, One two year term, no consecutive terms. Vice President, One two year term, no consecutive terms. Vice President becomes President when President leaves office. Treasurer, Four-year term, one consecutive term allowed. Secretary, four-year terms, one consecutive term allowed. Directors, four year terms, continuous consecutive terms allowed.

As of August 24, 2021

Term Limits

Francis Schell, President	2023
Roxann S. Whitaker, Vice President	2023
Toni Siegel, Secretary	2025
Henry Todd, Treasurer	S2022
Barbara Deinhardt	S2022
Rebecca Derungs – Juchert	2024
John Holland	S2025
Garth Kobal	F2025
Frankie Lucostic	2025
Julia Menassa - Panev	2025
Daly Reville	2023
Woods Sinclair	2023
Carol Taylor	2025
Kyle Wilkinson	2025
Leone Young	2023

Staff:

Erica Joncyk – Executive Director
Meg Sher – Assistant Director
Rita Delgado - Children's Librarian
Paula Rogers - Assistant Librarian

S = Selectmen's Representative

F = Friends' Representative

Etj 9/21

VOLUNTEERS 2020/2021

The following list of volunteers includes Board members, Friends, local businesses, and neighbors who have shared responsibility for various tasks and services. Our volunteers assist the library in many ways including selling books at the library and at Music Mountain during concerts, preparing baskets for drawings, organizing and working at fundraising events and programs, soliciting advertisements and donations, baking delectable desserts and nibbles for the Art Wall, helping to produce the summer newsletter, making posters, signage, building shelves, maintenance of the library building and grounds. Please let us know if any names have been omitted or spelled incorrectly so corrections may be made.

Gail & Kent Allyn, Ginny Apple, Ann & Greg Bidou, Lonnie Carter, Dan Carr, Kay & Terry Blass, Rebecca Bloomfield, Joe Brien, Heather Chapman, Decker & Beebe, Inc., Barbara Deinhardt & Dan Silverman, Rita Delgado, Rebecca Jucheret - Derungs, Falls Village Fire Department, Falls Village Highway Dept., Falls Village Inn, Falls Village Package Store, Zoe & Sergei Fedorjaczenko, 4-H Club of Goshen, Bobby Giumarro, Ruth Giumarro, Sofia Giumarro, Great Mountain Forest, Jordan Haggard, Jandi Hanna, Michelle Hansen, Harney & Sons, Donna Heinz, David, Laurie & John Hodgson, Isabella Freedman Jewish Retreat Center, Sara Jack , Denny, Judy & David Jacobs, Akke & Dennis Jasmine, Peter and Krystyna, Jensen, Erica Joncyk, Garth Kobal & Ray Rigdon, Jimmy Kennedy, LaBonne's Epicurean Market, Mary & Richard Lanier, Jenny Law & Alan Lovejoy, Katelin Lopes, Frankie Lucostic, Greg Marlowe, Julia Menassa – Panev, Laura Munson, Oblong Books, Lisa Paris & Franco, Linda Paviol, Daly Reville, Shamu Sadeh, Tom Scott, Francis Schell & Page Dickey, Meg & Adam Sher, Toni Siegel, Mary Lu & Woods Sinclair, Carly Sugar, Mary Sullivan, Patrick Sullivan, Carol Taylor, Henry & Pam Todd, Elizabeth Tyburski, Eric Veden, Western Connecticut Area Agency on Aging, Roxann & Warren Whitaker, Amy Wynn, Tom Vigeant, Leone Young and all those who donated funds, items and services and all the businesses who placed advertisements in our brochures.

A heartfelt THANK YOU to all the folks above for their unfailing support to the David M. Hunt Library during the COVID-19 pandemic that took this country by surprise. We're not completely out of the woods yet, but we could not have done any of the amazing events (on zoom and in person) without their efforts!

Falls Village Recreation Commission
Annual Report
July 1, 2020 - June 30, 2021

The Falls Village Recreation Commission is composed of volunteers and municipal employees devoted to providing recreational, cultural, and leisure activities for residents of all ages and abilities in our town. The Commission believes in developing programs and activities that enhance and enrich the lives of our residents, and building the spirit of community within our town.

The Recreation Commission was repopulated in January 2021. Members during the 2020-2021 year included: Emily Peterson (Director), John Morrissey (Co-Chairman), Dan Carr (Co-Chairman), Melissa Lopes (Secretary), Susan Allen, Daipai Horace, Edward Moy and Thomas Wilson.

The town pool, which is considered our greatest recreational attraction, opened exclusively to Falls Village residents on June 28th, 2020. Unfortunately, no swim lessons or water fitness classes were offered. However, the pool season went smoothly overall, even with a lower attendance than years prior. Staffing was limited due to the pandemic which resulted in closing the pool season early on August 15th, 2020.

The new pool cover was delivered in August and was used to winterize the pool until the next season.

The Creative Kidz Club was cancelled in 2020, but will be returning in July 2021.

As a result of the COVID-19 pandemic, the Commission began to create alternative and safe seasonal events for the town. In October 2020, the annual Halloween party was held outside on the town green and safely brought trick-or-treaters of all ages. The green was set up as an interactive, one-way walk through version of "Candy Land," where game board pieces served as 6-foot social distancing markers. Treat bags and pumpkins were given out to trick-or-treaters at the end of sidewalk at the Candy Castle.

As winter set in, Santa made an appearance at the Town's Annual Tree Lighting and Holiday Party. The event was a drive-through setup, where children got to individually visit with Santa through their car and receive a wrapped present. Music was projected over speakers and the town green was decorated with a centrally lit tree and giant candy canes for families to admire as they drove through. The left-over gifts were donated to the Torrington Homeless Shelter (Friend's in Service to Humanity.)

The Ski Club successfully returned, with another generous grant from the Salisbury Winter Sports Association. The ski club had another fantastic season departing from the Lee H. Kellogg School every Wednesday, in February 2021, under the direction of Dan Carr. No bussing was available, so families provided their own transportation.

In February, the commission held a Valentine's Day card swap and drive up event where resident children created custom cards to trade with each other and placed them into a drop box located at the DM Hunt Library. In collaboration with the Kellogg K,1,2 class, students made Valentine's Day cards for senior citizens in town that were delivered via mail to help cheer up those who may have been "shut in" during the pandemic. A special thank you goes to Theresa Graney, the Social Services Director, for helping with this project.

The annual Easter Egg Hunt made its much anticipated return in March 2021 with help from several members of the Kellogg 8th grade class. The event had an excellent and safe turn out from Falls Village resident children on the Lee H. Kellogg School athletic field where eggs were spread out for small groups of children to collect.

In April 2021, the Commission began a pool improvement project with the help of Economic Development Coordinator, Felicia Jones, and Sustainable Connecticut. The crowdfunding campaign raised \$8,335, and with a matching grant of \$7,500, totaled \$15,835. The money was used for a new shade structure and native trees for the Recreation Center property.

A permanent pergola shade structure was built and completed by an anonymous local carpenter, just in time for the grand opening of the pool on June 23rd, 2021. The Commission would like to thank everyone that donated to the fundraiser; we are so grateful for their support and are excited to continue to transform the pool property.

The Commission would also like to thank the Town of Canaan Board of Selectmen, the town offices, Michelle Hanson, Emergency Management Director, and the Department of Public Works for all their assistance for helping to keep Recreational activities in our town safe.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emily Peterson", written in a cursive style.

Emily Peterson, Falls Village Recreation Director



**FALLS VILLAGE
DAYCARE**

Falls Village Day Care Center

35 Page Road

Falls Village, Connecticut 06031

Phone: 860-824-0882 / Fax 860-824-8195

email: fvdccddirector@gmail.com

Not only do we have wonderful staff, but we have wonderful families! This year has been stressful for many of our families. They too adapted to the changes implemented by the Office of Early Childhood. We had many new families who entrusted us with their children, never stepping foot inside the building, but seeing it through a Zoom tour and meeting staff virtually.

This year we also had to say goodbye to one of our volunteers. Miss. Alice, who has been a volunteer at FVDCC for over a decade retired and moved to be near family. Miss. Alice has been an integral part of FVDCC. She came in almost every day to read, blow bubbles, play on the playground, and so much more. Everyone will miss her tremendously. Even though Alice has moved to be closer to family, she is still a very active member of our Board of Directors.

FVDCC has made every effort to keep things as normal as possible. While we were unable to have our weekly trips to the pool this summer, our trip to the apple orchard and pumpkin patch, we were still able to have our beloved Miss. Rita for story time. If it was nice out we would have story time outside and during inclement weather we would have story time via Zoom.

The Board, staff, children and parents immensely appreciate the town's support. What we provide is very important to the families in the community. Without such a caring, loving and encouraging environment, the blossoming of our youngsters would not occur at such a fast rate. For many of these children, most of their waking hours during the week are spent with our fantastic staff. We do our best to ensure the time at FVDCC is pleasant, safe, clean, fun and stimulating. Helping children to develop into fantastic young learners and community members is the best reward possible.

Respectfully submitted,

Ashley Allyn
Director, Falls Village Day Care Center

Patricia A. Mechare
Chairman, Board of Directors

Falls Village Day Care Center Inc. * 35 Page Road * Falls Village, CT 06031-0261
An Equal Opportunity Provider * Federal Tax ID #06-1450256 * A United Way Agency

Women's Support Services Annual Report

01 July 2020 – 30 June 2021

Town of Canaan / Falls Village

As Women's Support Services celebrated our 40th Anniversary this September, we had much on which to reflect. From a grassroots, volunteer effort in 1981 with a budget of \$15,380 to a full-time staff of 10 members and a budget in excess of \$1 million, there have been a lot of changes along the way. Some of the significant achievements include:

- **1985** – Women's Emergency Services (as we were then known) is one of the founding members of the Connecticut Coalition Against Domestic Violence (CCADV).
- **1986** – Governor O'Neill signs into law a bill making family violence a specific crime under state law and allowing police to make arrests without warrants in domestic violence cases.
- **1998** – WSS partners with the Berkshire Taconic Community Foundation to launch the "Calling All Cars" program, providing reliable donated vehicles to clients.
- **2001** – Trade Secrets, WSS's signature fundraising event is founded, enabling the purchase of a new home in Sharon.
- **2014** – WSS partners with CT State Troop 'B' in Canaan and Troop 'L' in Litchfield on the Lethality Assessment Program, helping police identify victims of abuse and refer them to WSS for support.
- **2018** – WSS significantly expands its prevention education programming, reaching all schools in Region One, along with a number of private schools in the area. The following year, WSS launches the "Boys and Men" programming.

As we reflect upon the past forty years, a critical element to our ability to reach clients, educate children and teens, and create a healthier community, has been our partnerships and the overwhelming support we have received from the community and from our volunteers. The past 18 months has been a testament to that support, as we have grappled with COVID-19 and its immediate impact. It was our partnerships – with town social workers, the state police, area healthcare professionals and the schools, volunteers and donors, who ensured client support and safety and delivered much-needed encouragement to our team. **Thank you to the Town of Canaan / Falls Village for your grant of \$1,500 and for being such an important partner during this difficult time.**

From 01 July 2020 through 30 June 2021, Women's Support Services:

- Provided support services to **677 clients**, 369 of whom were new clients.
- The composition of our new clients includes:
 - 344 adults and 25 children
 - 269 female, 98 male, 2 who identified as Other
- Responded to **1234 hotline crisis requests**.
- Provided **emergency shelter to 32 people for a total of 2841 nights** of shelter. This included 7 women, 1 man, and 16 children.
- Provided criminal and civil court advocacy and support to **544 victims of family violence**.
- Conducted **139 prevention workshops** to children and teens in local schools, daycares, and camps.

The long-term impact of COVID-19 is revealed in our drastically increased shelter provision – a nearly 350% increase over last year – and our clients at court – a nearly 20% increase. It is clear that this impact will be felt for some time to come. In closing, we would like to share a quote with you. Our Family Violence Victim Advocate works at the GA 18 Torrington Superior Court where she ensures victim input to both the criminal and civil court processes. The quote below is taken from the victim impact statement that one of our clients read in court during the proceedings against her abusive boyfriend. It speaks to the resiliency and strength of our clients and the importance of our programming. It also reveals how the necessity of court closures at the height of COVID-19 meant that victims of domestic violence shouldered extraordinary burdens as their cases were delayed, often for months and months, and they were forced to face their abusers in court multiple times.

*Your honor, I have found a strength and courage these past two years I never knew I had. I will continue to use my voice to help advocate for other women who are domestic violence survivors and hold my abuser accountable. This is my third appearance in court to ask that my abuser be held accountable. I'd like to share a quote from an Advocate for victims, "... a survivor shouldn't have to prove how harmed they are to prove the danger of the perpetrator's actions. The heinous acts of the abuser should stand alone, and it shouldn't be on the back of the survivor to prosecute their abuser." **The abuse should not define the survivor – it should define the perpetrator.***

Lee H. Kellogg School



47 Main Street, P.O. Box 237
Falls Village, CT 06031
Phone: 860-824-7791 Fax 860-824-7892
Website: www.kelloggschool.org

Alexandra Juch, Principal

2020-2021 Annual Report
Lee H. Kellogg School

June 24, 2021

Dear Falls Village Community,

Despite the challenges of reopening school during the Covid-19 pandemic, Kellogg School staff remained committed to educating the whole child. Our community focus, multi-age classrooms, and small class sizes provided us with a unique opportunity to safely support and personalize student learning to meet the academic and social needs of all our students in a kind and collaborative learning environment.

We are fortunate to have a strong team of committed teachers and support staff. Our team is a blend of veteran and newer teachers as well as special educators such as a speech pathologist, school psychologist, and occupational therapist who come to us through the Regional Service Center. This year we welcomed two new teachers to Kellogg School; Christine Dascanio for English Language Arts, and Eliza Paolucci for Social Studies.

During the 2020-21 school year, Kellogg remained committed to producing a high quality educational experience in both academics and the Arts. Although the pandemic limited many of our traditional programs, students participated in modified versions instead. Students could be seen sitting outside on the hill or under tents working on class assignments. All our PE and music classes were held outdoors to keep us safe even during the winter months. Our distance learning students had to livestream into onsite classrooms for instruction. Our airlock served as an ideal location for parents to pick up and drop off student work and materials. All onsite students had to remain in their classrooms with their grade level cohorts with teachers coming to them using carts to transport their instructional materials. This helped us manage any contact tracing that could occur at any time. Due to the complexity of moving from one learning platform to another, families who chose to send their children back to onsite learning were required to give us 2 days so we could safely rearrange each classroom to meet the safety protocols and provide furniture and equipment for each returning child. By the end of the school year, the majority of the student population was learning onsite with only 8 remaining distance learners.

This year we launched our first school lunch program in partnership with the Housatonic Valley Regional High School which was spearheaded by school secretary, Kristen Panzer. This has been a highly successful meals program for our students and families this year. The high school kitchen processed our daily orders and prepared lunches which were transported to Kellogg by custodian,

1

At Kellogg we share the following core beliefs which guide our practice

Learning is active, Learning is challenging, Learning is meaningful, Learning is collaborative and social, Learning is kind and compassionate, Learning is shared and communicated, Learning is more than academic.

Andrew Whitford. The additional waste generated from the school lunch program was addressed by forming a community partnership with *Camp Isabella Freedman* to collect our compost weekly. This provided the camp with additional compost for their gardens. Due to the Covid-19 pandemic and generosity of the State of Connecticut, all school lunches were provided at no cost to families regardless of income. This practice will continue during the 2021-2022 school year.

We recognized our Falls Village veterans in November delivering student created packets to each veteran. The K-2 students created winter windows for residents to view over the holidays. Earlier this spring, two Kellogg 4th grade students were nominated by teachers for recognition by the Connecticut Department of Education for Excellence in the Fine and Performing Arts. Both students were recognized in a virtual ceremony with other 4th grade students from across the state for their outstanding accomplishments.

In May, Kellogg students and staff celebrated Earth Day with an outside visit from the Sharon Audubon Society under the tent. Students saw live examples of local wild animals and birds and learned how to interact with them when they encounter them in their local habitats.

For the third year in a row, Kellogg School won the *Governor's Summer Reading Challenge!* This year we were the only school in Region One to win this award. Our students celebrated and attended the virtual ceremony held the Connecticut State Library where they and other winning schools were recognized by Governor Lamont.

In June, we held an all school Field Day with a cookout. All ages went on walking field trips around Falls Village including the traditional 8th grade Historical Tour of Falls Village with Town Historian Bill Beebe!

Our June 16th promotion ceremony for the class of 2021 was held outdoors on the hill behind the school to meet the State Covid safety protocols for graduations. Our ceremony was limited to families of 8th grade students by invitation only, teaching staff, Superintendent, Board of Education members and First Selectman. Invitees sat in specially designated spaces to meet our Covid safety protocols and masks were required for all participants.

This year our 5 of our 7 students chose to participate onsite in a modified version of our traditional ceremony. These included selected student's personal reflections, teachers presenting individual student tributes alongside their student. Student awards included the presentation of the Peter Lawson Citizenship award, Presidential Education Awards for Educational Excellence and Academic Achievement and promotional certificates. We promoted following students in this year's 8th grade class; Austin Donald Bachman, Bernice Haley Boyden, Blaine Robert Curtis, Tessa Jane Dekker, Katelin Jeanette Lopes, Demetri Joseph Ouellette, and Tristan Ernest Oyanadel. The ceremony was followed by refreshments under the tent provided by the students and parents of 7th grade students.

G. Lawson Citizenship Award -Tessa Dekker. Presented by Canaan First Selectman, Henry Todd.

The Presidential Award of Educational Excellence -Tessa Dekker and Katelin Lopes.

The Presidential Award of Academic Achievement - Austin Bachman.

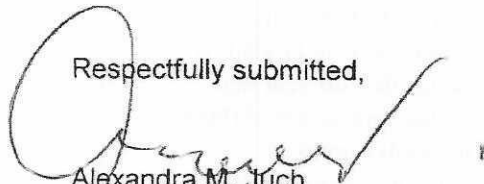
I would like to thank the following community and school volunteers and organizations who have continued to play a significant role in the Kellogg School community this year; Friends of Lee Kellogg School, (FOLKS) volunteers are an invaluable part of our school.

Despite the pandemic, they celebrated our teachers during Teacher Appreciation Week which boosted morale across the school. In June they organized a beautiful outdoor community retirement celebration to honor the teaching careers of four well-loved veteran teachers who retired during 2020 and 2021; Robin Faust, Eileen Gargan, Amy Lake, and Paula Rogers.

I would like to thank the following town organizations who supported us this year; the Town Garage and its crew, Falls Village Fire Department, Hunt Library, Town Selectman, Board of Finance, Falls Village Congregational Church, Town of Canaan Social Worker, Theresa Graney, Housatonic Youth Service Bureau (HYSB), Women's Support Services (WSS), Falls Village Flower Farm, Mountainside Café, and countless parents, grandparents and community members and those supporting the fund raising activities conducted by 7th and 8th grade families to offset the expenses for next year's 8th Grade Class trip to Quebec. Your commitment to our Kellogg School community has been essential to the educational success of our students.

I am proud and committed to be serving the students and families of this community and maintaining the high quality academic, artistic, and athletic programs which define a Kellogg education.

Respectfully submitted,



Alexandra M. Juch
Principal, Lee H. Kellogg School

It is time again to reflect upon the events and achievements in Region 1 schools and report the highlights to the towns of Canaan, Cornwall, Kent, North Canaan, Salisbury, and Sharon.

While the circumstances of the global pandemic created a frightening and challenging 2020-2021 for all; in Region 1, all of the pre-k-8 schools opened for full in-person attendance for the entire year. Housatonic Valley Regional High School (HVRHS) opened with a hybrid model (two cohorts of students who attended school in-person, each for half of the week,) and ended the year with all students attending in-person. Teachers and staff leaned into the concept of *Region 1 Strong!* and worked with families to ensure that students made expected grade level progress while attending to the social emotional needs that arose throughout the year. Although Region 1 schools were open for in-person learning, due to concerns about protecting those who were most vulnerable to the more serious effects of the virus, the Connecticut State Department of Education (CSDE) allowed that families could opt to have their children attend school virtually from their homes. Thus, teachers throughout the Region simultaneously provided instruction to the students who were in attendance physically as well as online. By the spring, the combination of no in-school virus transmission and the availability of effective vaccines (for adults and adolescents) caused at-home learners to begin to return to school. Lee H. Kellogg School began the year with 11 students engaged in distance learning and finished the year with 9. The High School began with 60 remote learners and ended the year with 52.

From a Regional perspective, most students achieved expected curricular learning targets. However, consistent with national and State trends, student achievement data indicates some shortfalls for all students in the areas of early literacy and math. Additionally, students who engaged in distance learning tended not to be as successful as their peers in mastering grade level expectations. At Lee H. Kellogg school, most students were in attendance for the full year and met student achievement targets according to curricular expectations. Teachers are aware of those students who struggled throughout the year and are working with them to resolve areas of unfinished learning while continuing to focus on grade level expectations for the current year.

To ensure public awareness of the impact of COVID-19 on the school system, each Board of Education received a monthly summary of total cases for each district. In Canaan, Lee H. Kellogg School (LHK) had an annual total of 12 COVID cases (including 5 students, 5 family members and 2 staff) that touched the school community. HVRHS had a total of 29 cases (17 students, 11 family members and 1 staff member). There was no spread of the virus due to in-school transmission. We thank the administration, students and their families, and staff for their vigilance in keeping the case rates low by following all of the Region 1 Health and Safety practices throughout the year.

Region 1 also experienced a bump in student population (173 new students region wide) due to the in-migration of families who were escaping the more densely populated areas. LHK welcomed five new students as a result of this movement and HVRHS welcomed 18.

With respect to the school's physical plants, all schools in Connecticut received guidelines from the CSDE and the Connecticut Department of Public Health to support the mitigation of virus transmission while in the building. Modifications included the installation of window fans (placed to blow air out of the classroom), plexiglass dividers in classrooms and communal eating spaces and improved air filtration from existing HVAC systems. Lee H. Kellogg followed all of these guidelines and also purchased several tents to allow teachers to conduct classes outside in the fall and the spring to the greatest extent possible.

In addition to the COVID-19 projects, the respective BOEs approved the following building repairs and improvements for LHK and HVRHS as follows:

LHK

- Replaced the water softener system.
- Replaced heat circulator pumps on the West side of the building.
- Replaced exterior doors on the West side of the building.

HVRHS

- Replaced booster pump in the North boiler room for the water system.
- Upgrade heating controls throughout the building.
- Replaced septic lines in the main part of the building.

Finally, the grant funds were disbursed to all schools throughout the year to offset the expenses incurred during 2020-2021 as well as over the next two years. Lee H. Kellogg has received \$81,142 in Title II, REAP, and Coronavirus Relief Funds. The BOE has voted to allocate those funds to offset the cost of a school counselor and other supplies needed in the building. The High School has received a total of \$1,455,189 and those funds are allocated to building improvements, additional staff to work with students, and additional personnel in Central Office.

To be sure, 2020-2021 was a year like no other. However, thanks to the care, commitment and perseverance of BOEs, administrators, staff, families and community members, we remained *Region 1 Strong!* and did much more than just survive the year. Many thanks to all.

Respectfully submitted,
Lisa B. Carter

TOWN OF CANAAN, CT

Annual Financial Statements

For the Year Ended June 30, 2021

TOWN OF CANAAN, CT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
The Town of Canaan, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Canaan, CT, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Canaan, CT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

TOWN OF CANAAN
Notes to the Financial Statements

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Canaan, CT, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules on pages 4–10 and 50-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

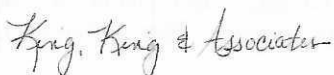
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Canaan, CT's basic financial statements. The introductory section, supplemental and combining individual nonmajor fund financial statements, and supplemental schedules, are presented 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 basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2021 on our consideration of the Town of Canaan, CT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, CT's internal control over financial reporting and compliance.



King, King & Associates, CPAs
Winsted, CT
October 31, 2021

TOWN OF CANAAN, CT
Management's Discussion and Analysis
June 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Canaan, CT exceeded its liabilities at the close of the most recent fiscal year by \$4,602,869 (*net position*). Of this amount, \$2,020,310 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Net Position of \$9,374 was restricted for Special Revenue Fund purposes. The balance of \$2,573,185 is invested in capital assets.
- The government's total net position decreased by \$75,654. This decrease is attributable to the sale of Water Department assets.
- The Town's governmental funds reported, on a current financial resources basis, combined ending fund balances of \$2,070,923 an increase of \$27,275 from the prior fiscal year. Of this amount, \$816,671 is available for spending at the government's discretion with town approval (*unassigned fund balance*) and \$54,718 has been assigned for subsequent year's appropriations. Additional amounts of \$31,945 have been set for Cemetery Maintenance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$816,671 or 14% 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 and liabilities, 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).

TOWN OF CANAAN, CT
Management's Discussion and Analysis
June 30, 2021

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 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 operations of the Canaan Water Department are reported as a business-type activity.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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.

TOWN OF CANAAN, CT
Management's Discussion and Analysis
June 30, 2021

Proprietary Funds: Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town's proprietary fund presents the same information as is reported for the Canaan Water Department in the business-type activities sections of the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18-20 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 three custodial.

The basic fiduciary fund financial statements can be found on pages 21-22 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 23-49 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 \$4,602,869 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 2,457,161	\$ 2,534,991	\$ 186,602	\$ 38,159	\$ 2,643,763	\$ 2,573,150
Capital Assets	4,440,522	4,349,077	-	502,721	4,440,522	4,851,798
Total Assets	<u>\$ 6,897,683</u>	<u>\$ 6,884,068</u>	<u>\$ 186,602</u>	<u>\$ 540,880</u>	<u>\$ 7,084,285</u>	<u>\$ 7,424,948</u>
Deferred Outflows of Resources	14,694	16,825	-	-	14,694	16,825
Current Liabilities	\$ 224,689	\$ 336,951	\$ 186,602	\$ 1,424	\$ 411,291	\$ 338,375
Long-term Liabilities	2,048,876	2,172,231	-	210,418	2,048,876	2,382,649
Total Liabilities	<u>2,273,565</u>	<u>2,509,182</u>	<u>186,602</u>	<u>211,842</u>	<u>2,460,167</u>	<u>2,721,024</u>
Deferred Inflows of Resources	35,943	42,226	-	-	35,943	42,226
Net Position:						
Net Investment in Capital Assets	2,573,185	2,344,028	-	292,303	2,573,185	2,636,331
Restricted	9,374	9,887	-	-	9,374	9,887
Unrestricted	2,020,310	1,995,570	-	36,735	2,020,310	2,032,305
Total Net Position	<u>\$ 4,602,869</u>	<u>\$ 4,349,485</u>	<u>\$ -</u>	<u>\$ 329,038</u>	<u>\$ 4,602,869</u>	<u>\$ 4,678,523</u>

TOWN OF CANAAN, CT
Management's Discussion and Analysis
June 30, 2021

A portion of the Town of Canaan, CT's net position (56%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges). 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, \$9,374 is restricted for special revenue fund purposes, and \$2,020,310 or (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 \$2,032,305. 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		Business-Type Activities		Totals	
	2021	2020	2120	2020	2021	2020
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 4,743,156	\$ 4,504,249	\$ -	\$ -	\$ 4,743,156	\$ 4,504,249
Grants and Contributions, not			-	-		
Restricted to Specific Programs	129,151	119,184	-	-	129,151	119,184
Unrestricted Investment Earnings	66,745	21,347	-	-	66,745	21,347
Other Income	35,298	33,523	-	-	35,298	33,523
Loss on Disposal of Assets	-	-	(146,013)	-	(146,013)	-
<i>Program Revenues:</i>						
Charges for Services	132,966	117,085	70,994	84,846	203,960	201,931
Operating Grants and Contributions	935,852	843,717	-	-	935,852	843,717
Capital Grants and Contributions	41,276	-	-	-	41,276	-
Total Revenues	<u>6,084,444</u>	<u>5,639,105</u>	<u>(75,019)</u>	<u>84,846</u>	<u>6,009,425</u>	<u>5,723,951</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	565,676	486,712	-	-	565,676	486,712
Public Safety	137,431	310,202	-	-	137,431	310,202
Public Works	615,479	581,509	-	-	615,479	581,509
Health and Welfare	146,303	149,767	-	-	146,303	149,767
Culture and Recreation	89,359	98,616	-	-	89,359	98,616
Sanitation	135,027	118,868	-	-	135,027	118,868
Education	4,256,622	3,919,716	-	-	4,256,622	3,919,716
Public Water Utility	-	-	67,417	62,415	67,417	62,415
Interest on Long-Term Debt	71,765	76,162	-	-	71,765	76,162
Total Expenses	<u>6,017,662</u>	<u>5,741,552</u>	<u>67,417</u>	<u>62,415</u>	<u>6,085,079</u>	<u>5,803,967</u>
Change in Net Position						
before Transfers	66,782	(102,447)	(142,436)	22,431	(75,654)	(80,016)
Transfers	186,602	-	(186,602)	-	-	-
Change in Net Position	253,384	(102,447)	(329,038)	22,431	(75,654)	(80,016)
Beginning Net Position	4,349,485	4,451,932	329,038	306,607	4,678,523	4,758,539
Ending Net Position	<u>\$ 4,602,869</u>	<u>\$ 4,349,485</u>	<u>\$ -</u>	<u>\$ 329,038</u>	<u>\$ 4,602,869</u>	<u>\$ 4,598,507</u>

Governmental activities: Governmental activities decreased the Town of Canaan, CT's net position by \$75,654.

Governmental activities revenues totaled \$6,084,444 for fiscal year 2021, an increase of \$445,339 from the prior fiscal year. The most significant factor contributing to this increase is the increase in property taxes revenues, conveyance taxes, building official revenues and capital grants.

TOWN OF CANAAN, CT
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Key elements of this increase are as follows:

Seventy-eight percent (78%) of the revenues of the Town were derived from property taxes, followed by sixteen percent (16%) capital and operating grants, two percent (2%) charge for services, two percent (2%) unrestricted grants, and two percent (2%) other income and investment income.

Major revenue factors included:

- Property Tax Collections were greater than the amount budgeted
- Unbudgeted Capital Grant for Public Works truck purchase
- Conveyance Tax, Building Permits and Transfer Station Fees were greater than the amount budgeted

Major expense factors include:

- Cost savings in most departments due to the diligence of department heads and employees
- Cost savings by the Board of Education

Business-type activities. The sale of the Water Department asset resulted in a transfer to the town of \$186,602.

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 \$2,070,923 an increase of \$27,275 in comparison with the prior fiscal year. Thirty-nine percent (39%) 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.

Proprietary Fund: The Town of Canaan sold the assets of the Water Department Fund to Aquarion Water Company.

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 \$1,201,134 of which \$54,718 was assigned for the next fiscal year, \$31,945 was assigned to Cemetery Maintenance, \$22,672 was committed to Post-Employment Retirement Benefits and \$275,428 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 15 percent of total General Fund expenditures for the fiscal year ending June 30, 2021.

TOWN OF CANAAN, CT
Management's Discussion and Analysis
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During the current fiscal year, the fund balance of the Town of Canaan, CT's General Fund increased by \$179,109, less than the projected decrease at year-end. Key factors in this decrease are as follows:

- There was a budgeted use of fund balance of \$352,671; however, due to better than anticipated revenues and controlled spending in various departments, the use of fund balance was limited to \$41,388.
- Cost savings in most of the town's departments.

General Fund Budgetary Highlights

The original General Fund budget provided for the use of \$352,671 of fund balance to finance approved expenditure appropriations not financed by projected revenue. Additional appropriations were authorized to transfer capital grant revenues of \$41,276 to the Truck and Heavy Equipment Reserve, \$18,950 for Town Clerk expenses, \$2,500 for Registrar expenses, \$443 for Selectman communications, \$573 for Public Health transfer to Torrington Area Health District and \$2,920 for Town Hall telephone and postage. Due to the diligence of employees and department heads, and greater revenue than budgeted, \$157,719 of the budgeted use of surplus was used during the year.

On the budgetary basis of accounting, the Town did not budget any transfers in the original budget. An additional appropriation was made to transfer Clean Diesel Grant Funds of \$41,276 to the Heavy Truck and Equipment Reserve.

On the budgetary basis, General Fund revenues for the fiscal year were \$166,676 more than budgetary projections, while expenditures were \$144,607 less than budgeted amounts due primarily to unbudgeted grant revenues, increased conveyances and building fees in addition to cost savings of many Town departments. The final amended General fund budget provided for the use of fund balance of \$352,671. As a result of the positive budgetary variances, only \$41,388 of the \$352,671 budgeted use of fund balance needed to be utilized.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The Town of Canaan, CT's investment in capital assets, net of accumulated depreciation, is \$4,440,522. This investment in capital assets includes land, building and improvements, furniture, vehicles, equipment, and infrastructure assets (roads, culverts, bridges and water system assets).

Additional information on the Town's capital assets can be found in Note 6 on pages 34 of this report.

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

- Door & Label at Kellogg School
- SMART Technologies displays
- 2021 Freightliner truck
- Monroe Plow
- Music Mountain Road paving

TOWN OF CANAAN, CT
Management's Discussion and Analysis
June 30, 2021

CAPITAL ASSETS
(Net of Depreciation)

	<u>2021</u>	<u>2020</u>
Land	\$ 379,825	\$ 379,825
Buildings and Improvements	2,076,126	2,185,936
Infrastructure	1,396,182	1,348,244
Machinery and Equipment	588,389	435,072
Water System	-	502,721
Total	<u>\$ 4,440,522</u>	<u>\$ 4,851,798</u>

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 \$1,596,457 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. Payments of \$17,500 plus interest will be made over 20 years. The balance was \$262,500 at year-end.

The Town signed an agreement to pay for LED Lighting upgrades at the Town Hall, Town Garage and the Day Care Center during the year. The project will be paid over 48 months. The balance for these projects was \$8,380 at June 30, 2021.

The Town's long-term debt associated with the Water Department was repaid during the year as part of the sale of the Water Department asset to Aquarion Water Company of Connecticut.

Additional information on the Town of Canaan, CT's long-term debt can be found in Note 7 on pages 35 - 36 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 2021-2022 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 for fiscal year 2021-2022 decreased by \$193,582 due to a decrease in the town's student population percentage of the overall school population.
- Resumed contributions to the capital reserves with increased funding to the bridge maintenance account due to the Cobble Road study to repair bridge
- Received first round of ARPA funds, which cannot be used to reduce taxes
- Use of Water Department proceeds to help offset taxes

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, 2021

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,762,916	\$ 186,602	\$ 1,949,518
Investments	503,074	-	503,074
State and Federal Grants Receivable	18,491	-	18,491
Property Taxes Receivable (Net)	118,545	-	118,545
Interest Receivable	54,135	-	54,135
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	379,825	-	379,825
Capital Assets, Net of Depreciation	<u>4,060,697</u>	<u>-</u>	<u>4,060,697</u>
Total Assets	<u>\$ 6,897,683</u>	<u>\$ 186,602</u>	<u>\$ 7,084,285</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension	<u>14,694</u>	<u>-</u>	<u>14,694</u>
LIABILITIES:			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 235,967	\$ -	\$ 235,967
Refundable Advances	175,324	-	175,324
Interfund Balances	(186,602)	186,602	-
<i>Noncurrent Liabilities:</i>			
Due Within One Year	137,148	-	137,148
Due in More Than One Year	<u>1,911,728</u>	<u>-</u>	<u>1,911,728</u>
Total Liabilities	<u>2,273,565</u>	<u>186,602</u>	<u>2,460,167</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Assumptions Related to OPEB	<u>35,943</u>	<u>-</u>	<u>35,943</u>
NET POSITION			
Net Investment in Capital Assets	2,573,185	-	2,573,185
Restricted for Special Revenue Fund Purposes	9,374	-	9,374
Unrestricted	<u>2,020,310</u>	<u>-</u>	<u>2,020,310</u>
Total Net Position	<u>\$ 4,602,869</u>	<u>\$ -</u>	<u>\$ 4,602,869</u>

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

TOWN OF CANAAN, CT
Statement of Activities
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 565,676	\$ 91,046	\$ 25,056	\$ -	\$ (449,574)	\$ -	\$ (449,574)
Public Safety	137,431	-	-	-	(137,431)	-	(137,431)
Public Works	615,479	-	187,727	41,276	(386,476)	-	(386,476)
Health & Welfare	146,303	-	-	-	(146,303)	-	(146,303)
Sanitation	135,027	38,920	-	-	(96,107)	-	(96,107)
Education	4,256,622	-	722,887	-	(3,533,735)	-	(3,533,735)
Culture & Recreation	89,359	3,000	182	-	(86,177)	-	(86,177)
Interest	71,765	-	-	-	(71,765)	-	(71,765)
Total Governmental Activities	6,017,662	132,966	935,852	41,276	(4,907,568)	-	(4,907,568)
Business-Type Activities:							
Water Department	67,417	70,994	-	-	-	3,577	3,577
Total Business-Type Activities	67,417	70,994	-	-	-	3,577	3,577
Total Primary Government	\$ 6,085,079	\$ 203,960	\$ 935,852	\$ 41,276	(4,907,568)	3,577	(4,903,991)
General revenues:							
Property taxes levied for general purposes		4,743,156			4,743,156	-	4,743,156
Grants not restricted to specific purpose		129,151			129,151	-	129,151
Other Income		35,298			35,298	-	35,298
Unrestricted investment income		66,745			66,745	-	66,745
Loss on Disposal of Assets		-			-	(146,013)	(146,013)
Total general revenues		4,974,350			4,974,350	(146,013)	4,828,337
Transfers		186,602			186,602	(186,602)	-
Total general revenues and transfers		5,160,952			5,160,952	(332,615)	4,828,337
Change in net position		253,384			253,384	(329,038)	(75,654)
Net position - beginning		4,349,485			4,349,485	329,038	4,678,523
Net position - ending		\$ 4,602,869			\$ 4,602,869	-	\$ 4,602,869

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

TOWN OF CANAAN, CT

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	ARPA Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and Cash Equivalents	\$ 872,464	\$ -	\$ 890,452	\$ 1,762,916
Investments	501,107	-	1,967	503,074
Grants Receivable	18,491	-	-	18,491
Taxes Receivable, Net	118,545	-	-	118,545
Interest & Lien Fees Receivable	54,135	-	-	54,135
Interfund Receivables	186,602	155,818	-	342,420
Total Assets	<u>\$ 1,751,344</u>	<u>\$ 155,818</u>	<u>\$ 892,419</u>	<u>\$ 2,799,581</u>
LIABILITIES				
Accounts Payable	\$ 228,641	\$ -	\$ 7,326	\$ 235,967
Deferred Revenue	4,202	-	-	4,202
Interfund Payables	155,818	-	-	155,818
Refundable Advances	-	155,818	15,304	171,122
Total Liabilities	<u>388,661</u>	<u>155,818</u>	<u>22,630</u>	<u>567,109</u>
Deferred Inflows of Resources				
Deferred Taxes	161,549	-	-	161,549
Total Deferred Inflows of Resources	<u>161,549</u>	<u>-</u>	<u>-</u>	<u>161,549</u>
FUND BALANCES				
Restricted for:				
Special Revenue Fund Purposes	-	-	9,374	9,374
Committed to:				
Length of Service Awards Program	275,428	-	-	275,428
Capital Projects	-	-	860,415	860,415
OPEB Obligations (Note 10)	22,672	-	-	22,672
Assigned to:				
Cemetery Maintenance	31,645	-	-	31,645
Subsequent Year's Budget	54,718	-	-	54,718
Unassigned	816,671	-	-	816,671
Total Fund Balances	<u>1,201,134</u>	<u>-</u>	<u>869,789</u>	<u>2,070,923</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,751,344</u>	<u>\$ 155,818</u>	<u>\$ 892,419</u>	<u>\$ 2,799,581</u>

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

TOWN OF CANAAN, CT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Fund balances reported in governmental funds Balance Sheet \$ 2,070,923

**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.

<i>Capital Assets</i>	8,288,120
<i>Accumulated Depreciation</i>	(3,847,598)

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.

<i>Property taxes, interest and liens receivable greater than 60 days</i>	161,549
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Certain changes related to pensions are deferred and amortized over time

<i>Deferred Inflows - OPEB</i>	(35,943)
<i>Deferred Outflows - OPEB</i>	14,694

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the fund statements.

<i>Bonds Payable</i>	(1,858,957)
<i>LED Lighting Upgrades</i>	(8,380)
<i>Compensated Absences</i>	(44,105)
<i>Termination benefits</i>	(28,221)
<i>OPEB Liability</i>	<u>(109,213)</u>

Net position of governmental activities \$ 4,602,869

TOWN OF CANAAN, CT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Revenues				
Property Taxes	\$ 4,735,999	\$ -	\$ -	\$ 4,735,999
Unrestricted Grants and Contributions	129,151	-	-	129,151
Operating Grants and Contributions	588,936	-	19,738	608,674
Capital Grants and Contributions	41,276	-	-	41,276
Charges for Services	131,746	-	1,220	132,966
Other Income	35,298	-	-	35,298
Investment Earnings	65,938	-	807	66,745
Total Revenues	<u>5,728,344</u>	<u>-</u>	<u>21,765</u>	<u>5,750,109</u>
Expenditures				
Current				
General Government	626,324	-	19,804	646,128
Public Safety	131,657	-	4,046	135,703
Public Works	499,422	-	-	499,422
Health & Welfare	140,535	-	-	140,535
Sanitation	133,742	-	-	133,742
Culture & Recreation	54,865	-	192	55,057
Education	3,886,251	-	191	3,886,442
Debt Service	204,265	-	-	204,265
Capital Outlay	-	-	208,142	208,142
Total Expenditures	<u>5,677,061</u>	<u>-</u>	<u>232,375</u>	<u>5,909,436</u>
Excess/(Deficiency) of Revenues Over Expenditures	51,283	-	(210,610)	(159,327)
Other Financing Sources/(Uses)				
Transfers In	186,602	-	58,776	245,378
Transfers Out	(58,776)	-	-	(58,776)
Total Other Financing Sources/(Uses)	<u>127,826</u>	<u>-</u>	<u>58,776</u>	<u>186,602</u>
Net Change in Fund Balances	179,109	-	(151,834)	27,275
Fund Balances - Beginning	<u>1,022,025</u>	<u>-</u>	<u>1,021,623</u>	<u>2,043,648</u>
Fund Balances - Ending	<u>\$ 1,201,134</u>	<u>\$ -</u>	<u>\$ 869,789</u>	<u>\$ 2,070,923</u>

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, 2021

Net change in fund balances-total governmental funds **\$ 27,275**

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.

<i>Capital Expenditures</i>	320,777
<i>Depreciation Expense</i>	(229,332)

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.

<i>Bond Principal Payments</i>	132,500
<i>Payments on Capital Lease</i>	565
<i>LED Lighting Project</i>	4,647
<i>Adjustment for OPEB Obligation</i>	(5,919)

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.

<i>Compensated Absences</i>	(7,806)
<i>Termination Benefits</i>	(632)
<i>Net Amortization of Pension Inflows and Outflows</i>	4,152

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.

<i>Property Taxes</i>	<u>7,157</u>
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Change in net position of governmental activities **\$ 253,384**

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Differences Over (Under)
	Original	Final Adjusted		
Revenues				
Property Taxes	\$ 4,693,422	\$ 4,693,422	\$ 4,735,999	\$ 42,577
Intergovernmental	415,401	419,001	490,774	71,773
Investment Income	10,000	10,000	2,832	(7,168)
Departmental	71,850	71,850	124,579	52,729
Other Revenue	39,300	39,300	42,465	3,165
Use of Fund Balance to Finance Budget	286,009	349,071	41,388	(307,683)
Total Revenues	5,515,982	5,582,644	5,438,037	(144,607)
Expenditures				
Current:				
General Government	599,208	621,696	582,526	(39,170)
Public Safety	156,949	156,949	146,657	(10,292)
Public Works	553,290	553,290	499,422	(53,868)
Health and Welfare	142,214	142,787	142,622	(165)
Culture and Recreation	71,125	71,125	54,865	(16,260)
Sanitation	137,516	137,516	133,742	(3,774)
Education	3,653,737	3,653,737	3,632,662	(21,075)
Debt Service	201,943	204,268	204,265	(3)
Total Expenditures	5,515,982	5,541,368	5,396,761	(144,607)
Excess/(Deficiency) of Revenues Over Expenditures	-	41,276	41,276	-
Other Financing Sources/(Uses)				
Transfers In	-	-	-	-
Transfers Out	-	(41,276)	(41,276)	-
Total Other Financing Sources/(Uses)	-	(41,276)	(41,276)	-
Revenues and other financing sources over/ (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -
Fund Balances, beginning			663,216	
Less: Use of Fund Balance to Finance Budget			(41,388)	
Fund Balances, ending			\$ 621,828	

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

TOWN OF CANAAN, CT
Statement of Net Position
Proprietary Fund
June 30, 2021

	Water Department <u>Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 186,602
Accounts Receivable	-
Total Current Assets	<u>\$ 186,602</u>
Noncurrent Assets	
Capital Assets, net of accumulated depreciation	-
Total Noncurrent Assets	<u>\$ -</u>
Total Assets	<u>\$ 186,602</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ -
Due to General Fund	186,602
Current Portion of Long-term Debt	-
Total Current Liabilities	<u>186,602</u>
Non-Current Liabilities:	
Non-Current Portion of Note Payable	-
Total Non-Current Liabilities	<u>-</u>
Total Liabilities	<u>186,602</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Invested in capital assets	-
Unrestricted	-
Total Net Position	<u>\$ -</u>

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

TOWN OF CANAAN, CT
Statement of Revenues, Expenses, and Changes in Net Fund Position
Proprietary Fund
For the Year Ended June 30, 2021

	Water Department Fund
OPERATING REVENUES	
Charges for Services:	
Water Charges	\$ 70,994
Total Operating Revenues	<u>70,994</u>
OPERATING EXPENSES	
Personnel	9,313
Office Supplies	235
Materials and Plant Supplies	11,315
Repairs and Maintenance	605
Utilities	7,836
Insurance	100
Water Testing	2,852
Depreciation	11,708
Total Operating Expenses	<u>43,964</u>
Operating Income/(Loss)	27,030
NONOPERATING REVENUES/(EXPENSES)	
Legal Fees	(12,550)
Bad Debt Expense	(5,053)
Interest Expense	(5,850)
Total Nonoperating Revenues/(Expenses)	<u>(23,453)</u>
Income (Loss) Before Other Revenues, Expenses and Transfers	3,577
OTHER REVENUE, EXPENSES AND TRANSFERS	
Transfer to General fund	(186,602)
Loss on Sale of Water Department	(146,013)
Total Other Revenue, Expenses and Transfers	<u>(332,615)</u>
Change in Net Position	(329,038)
Total Net Position - Beginning	329,038
Total Net Position - Ending	<u>\$ -</u>

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

TOWN OF CANAAN, CT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Water Department Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 99,345
Payments for salaries and benefits	(9,313)
Payments to Suppliers	<u>(24,367)</u>
Net Cash Provided/(Used by) Operating Activities	<u>65,665</u>
Cash Flows from Noncapital Financing Activities:	<u>-</u>
Cash Flow from Capital and Related Financing Activities:	
Principal payments on notes	(210,418)
Interest payments on notes	(5,850)
Legal Expenses	(12,550)
Bed Debt Expenses	<u>(5,053)</u>
Net Cash Provided/(Used by) Capital and related Financing Activities	<u>(233,871)</u>
Cash Flow from Investing Activities:	
Proceeds from Sale of Water Department	<u>345,000</u>
	<u>345,000</u>
Net Increase in Cash and Cash Equivalents	176,794
Balances - Beginning of the Year	<u>9,808</u>
Balances - End of the Year	<u>\$ 186,602</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ 27,030
Change in Assets and Liabilities:	
Receivables, Net	28,351
Accounts Payable	(1,424)
Depreciation Expense	<u>11,708</u>
Net Cash Provided/(Used by) Operating Activities	<u>\$ 65,665</u>

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

TOWN OF CANAAN, CT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Pension Trust Fund	Private-Purpose Trust Funds	Custodial Funds	Totals
Assets				
Cash and Cash Equivalents	\$ -	\$ 25,923	\$ 19,286	\$ 45,209
Investments - Mutual Funds	1,148,413	-	-	1,148,413
Contributions Receivable	30,768	-	-	30,768
Total Assets	\$ 1,179,181	\$ 25,923	\$ 19,286	\$ 1,224,390
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Due to Others	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Deferred Inflows of Resources	-	-	-	-
Net Position, As Restated				
Reserved for Donor's Intentions	-	25,923	-	25,923
Restricted for Individuals & Organizations	-	-	19,286	19,286
Restricted for Pensions	1,179,181	-	-	1,179,181
Total Net Position	\$ 1,179,181	\$ 25,923	\$ 19,286	\$ 1,224,390

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, 2021

	Pension Trust Fund	Private-Purpose Trust Funds	Custodial Funds	Total
Additions				
Contributions				
Town	\$ 30,768	\$ -	\$ -	\$ 30,768
Employees	36,923	-	-	36,923
Foundation Grants	-	2,500	-	2,500
Private Donations	-	10,731	-	10,731
Events & Activities	-	-	4,621	4,621
Investment Income				
Interest and Dividends	-	6	-	6
Net Increase in Fair Value of Investments	309,336	-	-	309,336
Total Additions	<u>377,027</u>	<u>13,237</u>	<u>4,621</u>	<u>394,885</u>
Deductions				
Benefits Paid	-	-	-	-
Plan Administration	190	581	-	771
Financial Assistance	-	6,696	-	6,696
Events & Activities	-	-	6,918	6,918
Total Deductions	<u>190</u>	<u>7,277</u>	<u>6,918</u>	<u>14,385</u>
Change in Net Position	376,837	5,960	(2,297)	380,500
Net Position - Beginning	802,344	19,963	21,583	843,890
Net Position - Ending	<u>\$ 1,179,181</u>	<u>\$ 25,923</u>	<u>\$ 19,286</u>	<u>\$ 1,224,390</u>

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

TOWN OF CANAAN
Notes to 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 Business-type activities previously supported by assessing fees on users were sold during the year.

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary 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.

TOWN OF CANAAN
Notes to the Financial Statements

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.

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The proprietary funds are as follows:

Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 are primarily utilized to account for monies held as custodian for outside student groups.

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 proprietary fund and 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.

TOWN OF CANAAN

Notes to the Financial Statements

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 when 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.

The *ARPA Fund* accounts for resources provided by the American Rescue Plan Act.

Additionally, the government reports the following fund types:

Proprietary Fund Types

Enterprise Funds are used to account for Water Department Fund fees and expenses.

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.

TOWN OF CANAAN

Notes to the Financial Statements

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for services and reimbursements for modifications made to planned water line improvements. Operating expenses for the funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The assets of the Water Department were sold to Aquarion Water Company in April 2021.

The Water Department Fund, reported as a major enterprise-type proprietary fund, is the Town's only proprietary fund.

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. The above definition of cash applies to the proprietary funds' statement of cash flows.

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.

TOWN OF CANAAN
Notes to the Financial Statements

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.

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.

TOWN OF CANAAN
Notes to the Financial Statements

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:

<u>Assets</u>	<u>Years</u>
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.

TOWN OF CANAAN

Notes to the Financial Statements

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. 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.

TOWN OF CANAAN
Notes to the Financial Statements

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.

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.

TOWN OF CANAAN
Notes to the Financial Statements

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:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>	<u>Change</u>
Budgetary Basis	\$ 5,438,037	\$ 5,396,761	\$ (41,276)	\$ -
Fund Balance Assigned to:				
Cemetery Maintenance	143	413	-	(270)
OPEB Reserve - see note 9	23	-	-	23
Rent Account Activity	1	-	-	1
Interfund Transfers Appropriated From:				
Departmental Budgets	-	(17,500)	(17,500)	-
Teachers Retirement System				
on-behalf Payments - see note 9	248,504	248,504	-	-
Teachers Retirement System OPEB	5,997	5,997	-	-
Use of Fund Balance to finance budget	(41,388)	-	-	(41,388)
Transfer in from Water Department	-	-	186,602	186,602
Net LoSAP Contributions and Expense	62,939	28,798	-	34,141
Grant Revenue Passed Through to:				
Region One School District	14,088	14,088	-	-
GAAP Basis	<u>\$ 5,728,344</u>	<u>\$ 5,677,061</u>	<u>\$ 127,826</u>	<u>\$ 179,109</u>

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Deposits and Investments

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 – 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 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. The Town has obtained pledge agreements from two of its three banks in amounts greater than those required by Connecticut General Statutes.

TOWN OF CANAAN
Notes to the Financial Statements

At June 30, 2021, Town bank deposits had a book balance of \$2,222,373 and a bank balance of \$2,056,936, including certificates of deposits classified as investments, which were insured by Federal Depository Insurance. Of the bank balance, the Federal Depository Insurance Corporation insured \$1,417,671. The remaining balances of Town deposits were exposed to custodial credit risk as follows: \$627,129 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 \$12,136 was uninsured and uncollateralized.

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, 2021, the Town had the following investments:

	Reported Value	Maturity Not Applicable	Investment Maturities	
			Less Than 1 yr.	1-5 yrs.
Governmental Funds:				
General fund - certificates of deposit	\$ 227,646	\$ -	\$ -	\$ 227,646
FVVFD LOSAP	275,428	275,428	-	-
Total governmental funds	<u>\$ 503,074</u>	<u>\$ 275,428</u>	<u>\$ -</u>	<u>\$ 227,646</u>
Fiduciary Funds:				
Town pension plan - mutual funds	\$ 1,148,313	\$ 1,148,313	\$ -	\$ -
Total fiduciary funds	<u>\$ 1,148,313</u>	<u>\$ 1,148,313</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements

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

	June 30, 2021	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deposit Account	\$ 15,977	\$ 15,977	\$ -	\$ -
Mutual Funds	1,148,313	1,148,313	-	-
Equities	163,283	163,283	-	-
Fixed Income	96,168	96,168	-	-
Total Investments Reported at Fair Value	<u>\$ 1,423,741</u>	<u>\$ 1,423,741</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CANAAN
Notes to the Financial Statements

NOTE 4 – RECEIVABLES

Town receivable balances at June 30, 2021 are as follows:

	General Fund	Proprietary Fund	Non-Major Fund	Pension Trust Funds	Totals
Property Taxes	\$ 127,045	\$ -	\$ -	\$ -	\$ 127,045
Accrued Interest and Fees	54,135	-	-	-	54,135
Water User Fees	-	-	-	-	-
Intergovernmental	18,491	-	-	-	18,491
Pension Contributions	-	-	-	30,768	30,768
Total Gross Receivables	199,671	-	-	30,768	230,439
Allowance for Collection Losses	(8,500)	-	-	-	(8,500)
Total Net Receivables	\$ 191,171	\$ -	\$ -	\$ 30,768	\$ 221,939

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, 2021 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 \$161,549 as a deferred inflow of resources.

NOTE 5 – INTERFUND BALANCES

An Interfund receivable in the General Fund resulted from the sale of Water Department assets. An Interfund payable resulted from the town's grant from the American Rescue Plan Act of 2021 which is accounted for in a separate fund.

Due From:	Due To:		Totals
	General Fund	Nonmajor Funds	
General Fund	\$ -	\$ 155,819	\$ 155,819
Water Department	186,602	-	186,602
	<u>\$ 186,602</u>	<u>\$ 155,819</u>	<u>\$ 342,421</u>

Interfund Transfers during the year ended June 30, 2021 were as follows:

Transfers In:	Transfers Out:		Totals
	General Fund	Water Department	
General Fund	\$ -	\$ 186,602	\$ 186,602
Non-Major Funds	58,776	-	58,776
	<u>\$ 58,776</u>	<u>\$ 186,602</u>	<u>\$ 245,378</u>

Transfers are used to account for unrestricted revenues from the General Fund used to finance various programs accounted for in other funds in accordance with budget authorizations and reimbursed expenditures capital improvements. The transfer out of the Water Department is a result of the sale of the Water Department assets.

TOWN OF CANAAN
Notes to the Financial Statements

NOTE 7 – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 379,825	\$ -	\$ -	\$ 379,825
Total capital assets, not being depreciated	<u>379,825</u>	<u>-</u>	<u>-</u>	<u>379,825</u>
Capital assets, being depreciated:				
Buildings & Improvements	4,714,577	8,700	-	4,723,277
Infrastructure	1,513,166	95,000	-	1,608,166
Furniture, Equipment and Vehicles	1,432,890	217,077	(73,115)	1,576,852
Total capital assets, being depreciated	<u>7,660,633</u>	<u>320,777</u>	<u>(73,115)</u>	<u>7,908,295</u>
Less accumulated depreciation for:				
Buildings & Improvements	2,528,639	118,510	-	2,647,149
Infrastructure	164,924	47,061	-	211,985
Furniture, Equipment and Vehicles	997,818	63,761	(73,115)	988,464
Total accumulated depreciation	<u>3,691,381</u>	<u>229,332</u>	<u>(73,115)</u>	<u>3,847,598</u>
Total capital assets, being depreciated, net	<u>3,969,252</u>	<u>91,445</u>	<u>-</u>	<u>4,060,697</u>
Governmental activities capital assets, net	<u>\$ 4,349,077</u>	<u>\$ 91,445</u>	<u>\$ -</u>	<u>\$ 4,440,522</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in process	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated:				
Water System	756,630	-	(756,630)	-
Less accumulated depreciation for:				
Water System	253,909	11,708	(265,617)	-
Business-type activities, capital assets, net	<u>\$ 502,721</u>	<u>\$ (11,708)</u>	<u>\$ (491,013)</u>	<u>\$ -</u>

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

Governmental activities:	
General Government	\$ 26,850
Public Safety	1,728
Public Works	91,103
Health and Welfare	6,741
Culture and Recreation	34,302
Sanitation	1,285
Education	67,323
	<u>\$ 229,332</u>
Business-type activities:	
Public Water Utility	<u>\$ 11,708</u>

TOWN OF CANAAN
Notes to the Financial Statements

NOTE 7 – LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental Activities:					
General Obligation Bond (School Roof)	\$ 280,000	\$ -	\$ 17,500	\$ 262,500	\$ 17,500
General Obligation Bond	1,711,457	-	115,000	1,596,457	115,000
Capital Lease	565	-	565	-	-
LED Lighting	13,026	-	4,647	8,379	4,648
Net OPEB Liability	103,294	5,919	-	109,213	-
Compensated Absences - BOE	2,031	436	-	2,467	-
Compensated Absences - Town	34,269	7,370	-	41,639	-
Termination Benefits	27,589	632	-	28,221	-
Total	\$ 2,172,231	\$ 14,357	\$ 137,712	\$ 2,048,876	\$ 137,148

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.

At June 30, 2021 the Town was indebted under the following general obligation bonds:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Original Issue</u>	<u>Balance June 30, 2021</u>
Amesville Bridge & School Roof	8/2016	8/2035	2.88%	\$ 350,000	\$ 262,500
Emergency Services Building	7/2014	7/2034	2.40%	2,300,000	1,596,457
				Total	\$ 1,858,957

TOWN OF CANAAN
Notes to the Financial Statements

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

Year Ending	Governmental activities	
	Principal	Interest
2022	\$ 132,500	\$ 52,278
2023	132,500	48,546
2024	132,500	44,814
2025	132,500	41,082
2026	132,500	37,350
2027-2031	662,500	130,770
2032-2036	533,957	37,860
Total	<u>\$ 1,858,957</u>	<u>\$ 392,700</u>

LED Lighting

The town entered into a financing agreement for lighting upgrades at the Town Hall, Town Garage and the Day Care. Monthly payments ranging from \$179.67 to \$81.19 will be made. Interest has not been imputed as the amount is immaterial.

2022	\$ 4,648
2023	<u>3,731</u>
Total	<u>\$ 8,379</u>

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 of their basic salary upon retirement. In addition, the BOE has offered one-time benefit packages to individual employees. At June 30, 2021 a liability for the amount of severance benefits earned by eligible individuals (\$28,221) is 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 12.87%, 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	\$5,081,000
Town's Pro Rata %	12.87%
Town's Share	\$ 653,696

Business-Type Activities:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Note Payable	<u>\$ 210,418</u>	<u>\$ -</u>	<u>\$ 210,418</u>	<u>\$ -</u>	<u>\$ -</u>

During the year, the Town sold the Water Department assets. The debt was paid off as part of the transaction.

TOWN OF CANAAN
Notes to the Financial Statements

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, 2021 the net position available for benefits was \$1,179,081. Vested benefits totaled \$1,177,595.

Plan Membership - At June 30, 2021 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 three percent of annual compensation. In addition, the Town makes matching contributions based on prescribed formula, equivalent to no more than three percent of participant compensation. 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 \$30,768 to plan participant accounts during the fiscal year, while employees contributed \$36,923. There were no pension benefits and distributions paid to participants during the fiscal year. Plan administration costs of \$190 were deducted from the investment account. The Town’s outstanding liability to the plan at fiscal year-end was \$30,768.

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.

Teacher’s Retirement Board

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 multiemployer cost sharing defined benefit 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.

TOWN OF CANAAN
Notes to the Financial Statements

Benefit Provisions: The Plan provides retirement, disability survivorship and health insurance 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).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, but not less than 15% of average annual salary, nor more than 50%.

Contributions: Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, 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. The contributions made by the State on behalf of the District for the year ended June 30, 2021 were estimated to be \$248,504, and were recognized as revenues and expenditures.

Employees: Participants are required to contribute 7.00% of their annual salary to the System as required by the CGS Section 10-183b (7). For the year ended June 30, 2021 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$61,348.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 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	<u>3,874,379</u>
Total	<u>\$ 3,874,379</u>

The annual actuarial valuation used as a basis was performed on June 30, 2020. At June 30, 2021 the Town had no proportionate share of the net pension liability.

TOWN OF CANAAN
Notes to the Financial Statements

For the year ended June 30, 2021, the Town recognized benefits expense and contribution revenue of \$248,504 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$554,986 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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5 Percent
Salary increases, including inflation	3.00-6.50 Percent
Investment rate of return	6.9 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 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 benefits adjustments are made that are consistent with those provided by 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%.

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

TOWN OF CANAAN
Notes to the Financial Statements

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.6%
Developed Market Int'l Stock Fund	11.00%	6.0%
Emerging Market Int'l Stock Fund	9.00%	7.9%
Core Fixed Income Fund	16.00%	2.1%
Inflation Linked Bond Fund	5.00%	1.1%
Emerging Market Debt Fund	5.00%	2.7%
High Yield Bond Fund	6.00%	4.0%
Real Estate Fund	10.00%	4.5%
Private Equity	10.00%	7.3%
Alternative Investments	7.00%	2.9%
Liquidity Fund	1.00%	0.4%
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that state contributions will be made at 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 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, 2021 the net position available for benefits was \$275,428.

At December 31, 2020, the date of the last annual program report, there were thirty-six plan participants of which eighteen 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 \$40,022 was paid from the fund in retirement benefits to participants. Administration expenses of the plan were \$3,776.

TOWN OF CANAAN
Notes to the Financial Statements

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 \$22,672 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, 2019, 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, 2021, 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	<u>4</u>
Total	<u><u>5</u></u>

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 was measured as of July 1, 2019 with a measurement dated of June 30, 2021. 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.

TOWN OF CANAAN
Notes to the Financial Statements

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Annual Payroll Increase	2.5% annually
Salary Increases	3.5% annually
Investment rate of return	Self-funded by the town
Healthcare Cost Trend Rates	Rate was reset to 7.5% in 2019, downgrading down .5% per annum to an ultimate rate of 4.5% in years 2025 and later
Mortality	RPH-2014 Total Dataset Headcount-Weighted Fully Generational Mortality Table using Projection Scale MP-2019

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16% 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 2.16% 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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	<u>1% Decrease Discount Rate</u> 1.16%	<u>Current Discount Rate</u> 2.16%	<u>1% Increase Discount Rate</u> 3.16%
Net OPEB liability as of June 30, 2021	\$117,997	\$109,213	\$101,288

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:

<u>1% Decrease 6.0% Decreasing to 3.5%</u>	<u>Healthcare Cost Trend Rates 7.0% Decreasing to 4.5%</u>	<u>1% Increase 8.0% Decreasing to 5.5%</u>
\$96,446	\$109,213	\$124,172

TOWN OF CANAAN
Notes to the Financial Statements

	Total Pension Liability
Balance at June 30, 2020	\$ 103,294
Changes for the year:	
Service Cost	5,107
Interest	2,374
Changes in Benefit Terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions and other Inputs	414
Benefit Payments, including Refunds of Member Contributions	(1,976)
Net Investment Income	-
Other	-
Net Changes	5,919
Balance at June 30, 2021	<u>\$ 109,213</u>

OPEB Expense - For the year ended June 30, 2021, the Town recognized OPEB expense of \$5,919.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Gain	\$ -	\$ 34,293
Change in Assumptions	(14,694)	1,650
Total	<u>(14,694)</u>	<u>35,943</u>

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, 2021:

Year ended June 30,	2022	\$ (3,738)
	2023	(3,738)
	2024	(3,738)
	2025	(3,738)
	2026	(3,738)
	Thereafter	(2,559)

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 multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions - The Plan 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.

TOWN OF CANAAN
Notes to the Financial Statements

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

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

Contributions - 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 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 \$5,997.

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. For the year ended June 30, 2021, the certified teacher's contribution to the Connecticut Teacher's Board was \$10,955.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 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	2.10%
Prior Measurement Date	3.50%

The projected fiduciary net is projected to be depleted in 2021.

Single equivalent interest rate:

Measurement Date	2.1%, net of OPEB plan investment expense, including inflation
Prior Measurement Date	3.5%, net of OPEB plan investment expense

TOWN OF CANAAN
Notes to the Financial Statements

Healthcare cost trend rates:

Medicare	5.125 for 2020 decreasing to an ultimate Rate of 4.50% by 2023
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Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020.

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase 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 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF CANAAN
Notes to the Financial Statements

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:

	<u>1% Lower Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Higher Trend Rates</u>
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$473,057	\$577,864	\$725,494

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:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB liability	\$ 706,938	\$ 577,864	\$ 479,455

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 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 District 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	<u>577,864</u>
Total	<u>\$ 577,864</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town had no proportionate share of the net OPEB liability.

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.

TOWN OF CANAAN
Notes to the Financial Statements

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 Statutes. 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

Capital Projects

The Towns of Salisbury and Canaan jointly secured Federal Local Bridge Program financing, through the State of Connecticut Department of Transportation for 80% of the cost to replace a bridge that spans the Housatonic River between the two Towns, and jointly formed a committee to oversee the project. The project was completed, however, has not passed final inspections. Final payments have not been made.

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 –DISPOSAL OF OPERATIONS

On April 29, 2021, the Town sold the public water supply system assets of the Water Department to Aquarion Water Company of Connecticut for \$345,000. As part of the transaction, the Water Department's debt was paid off and Aquarion assumed no liabilities. The Water Department recognized a loss of \$146,013 on the disposal of the assets as a special item. The balance in the fund will be transferred to the General Fund.

NOTE 13 – 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. 87 – Leases** - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.
- **GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period** - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital

TOWN OF CANAAN
Notes to the Financial Statements

asset. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.

- **GASB Statement No. 91 – Conduit Debt Obligations** – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.
- **GASB Statement No. 92 – Omnibus 2020** – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.
- **GASB Statement No. 93 – Replacement of Interbank Offered Rates** – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town's reporting period beginning July 1, 2021.
- **GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements** – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.
- **GASB Statement No. 96 – Subscription-Based Information Technology Arrangements** – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

TOWN OF CANAAN
Notes to the Financial Statements

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

TOWN OF CANAAN, CT
State Teacher's Retirement System
Proportionate Share of Net Pension Liability
June 30, 2021

Schedule of Proportionate Share of Net Pension Liability		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%
Town's proportionate share of the net pension liability	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension associated with Town		3,874,379	3,662,689	2,824,146	2,850,418	3,007,213	2,716,332	2,510,705
Total	\$	3,874,379	\$ 3,662,689	\$ 2,824,146	\$ 2,850,418	\$ 3,007,213	\$ 2,716,332	\$ 2,510,705
Town's covered-employee payroll	\$	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 -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 pension liability		49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Changes in Benefit Terms: Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4%

Changes in Assumptions: The inflation assumption was reduced from 2.75% to 2.5%

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

TOWN OF CANAAN, CT
State Teacher's Retirement System
Note to Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Year-ended June 30, 2021

Change of benefit terms	None
Actuarial Assumptions	The total pension liability was determined by an actuarial valuation as of June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed
Single Equivalent Amortization period	30 years
Asset Valuation Method	4 year smoothed market
Inflation	2.50%
Salary Increases	3.25%-6.50%, including inflation
Investment Rate of Return	6.9%, net of investment related expense

TOWN OF CANAAN, CT
State Teacher's Retirement System
Proportionate Share of Net OPEB Liability
June 30, 2021

Schedule of Proportionate Share of Net Pension Liability				
	2021	2020	2019	2018
Town's proportion of the net OPEB liability	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	<u>577,864</u>	<u>571,218</u>	<u>564,576</u>	<u>733,680</u>
Total	<u>\$ 577,864</u>	<u>\$ 571,218</u>	<u>\$ 564,576</u>	<u>\$ 733,680</u>
Town's covered-employee payroll	<u>\$ 876,403</u>	<u>\$ 902,504</u>	<u>\$ 884,347</u>	<u>\$ 874,757</u>
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Changes in Benefit Terms: Effective January 1, 2019, the board elected a new prescription drug plan which is expected to reduce overall costs.

Changes in Assumptions: The discount rate used to measure plan obligations was updated to equal the Municipal Bond Index Rate as of June 30, 2020. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience. Long-term health care cost trends were updated.

The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additional participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option.

The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019.

* Decrease the annual rate of real wage increase assumption from .75% to .50%

*decrease payroll growth assumption from 3.25% to 3.00%

*Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 5,107	\$ 4,516	\$ 6,402	\$ 6,522	\$ -
Interest	2,374	3,672	4,627	4,063	-
Changes in Benefit Terms	-	-	-	-	-
Differences between expected and actual experience	-	(46,199)	-	-	-
Changes in assumptions and other inputs	414	15,888	3,874	(2,970)	-
Benefit Payments	(1,976)	(1,866)	(1,502)	(1,397)	-
Net Changes in Total OPEB Liability	5,919	(23,989)	13,401	6,218	-
Total OPEB Liability - Beginning	\$ 103,294	\$ 127,283	\$ 113,882	\$ 107,664	\$ -
Total OPEB Liability - Ending	\$ 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	\$ 109,213	\$ 103,294	\$ 127,283	\$ 113,882	\$ 107,664
Covered-Employee Payroll	\$ 211,281	\$ 206,128	\$ 204,650	\$ 199,659	
Total OPEB Liability as a percentage of Covered Employee	51.69%	50.11%	62.20%	57.04%	
Notes:					
Assumption Changes:					
Discount Rate	2.16%	2.21%	3.50%	3.87%	3.58%
Plan Changes:					
	None	None	None	None	None

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Budgeted and Actual Revenues
General Fund - Budgetary Basis
For the Year Ended June 30, 2021

	ORIGINAL APPROPRIATIONS	AMENDED APPROPRIATIONS	ACTUAL REVENUES	ACTUAL OVER / (UNDER) BUDGETED
TAXES				
General Property Tax	\$ 4,693,422	\$ 4,693,422	\$ 4,735,999	\$ 42,577
Total Taxes	<u>4,693,422</u>	<u>4,693,422</u>	<u>4,735,999</u>	<u>42,577</u>
INTERGOVERNMENTAL				
Education Equalization	128,720	128,720	125,752	(2,968)
Elderly Tax Relief	2,000	2,000	2,187	187
State Owned Property (PILOT)	58,344	58,344	58,344	-
Colleges and General/Chronic Disease Hospitals (PILOT)	1,406	1,406	1,406	-
Pequot/Mohegan Fund	6,202	6,202	6,202	-
LOCIP	19,326	19,326	18,491	(835)
Town Aid for Roads	169,203	169,203	169,236	33
Historic Document Preservation	-	-	5,500	5,500
Telecomm Property Tax	5,700	5,700	6,063	363
Educational Grants	-	-	1,368	1,368
Capital Grants	-	-	41,276	41,276
Other Grants	24,500	28,100	54,949	26,849
Total Intergovernmental	<u>415,401</u>	<u>419,001</u>	<u>490,774</u>	<u>71,773</u>
INVESTMENT INCOME	<u>10,000</u>	<u>10,000</u>	<u>2,832</u>	<u>(7,168)</u>
DEPARTMENTAL				
Conveyance Tax	10,000	10,000	37,265	27,265
Planning and Zoning Fees	1,500	1,500	1,685	185
Public Works	-	-	-	-
Building Permits	20,000	20,000	31,509	11,509
Recreation	2,000	2,000	3,000	1,000
Town Clerk Fees	7,850	7,850	11,795	3,945
Transfer Station	30,000	30,000	38,920	8,920
Inland Wetlands Permits	500	500	405	(95)
Total Departmental	<u>71,850</u>	<u>71,850</u>	<u>124,579</u>	<u>52,729</u>
OTHER REVENUES				
Property Rentals	6,100	6,100	5,000	(1,100)
Copier and Fax Fees	1,200	1,200	2,167	967
Miscellaneous Other	32,000	32,000	35,298	3,298
Total Other Revenue	<u>39,300</u>	<u>39,300</u>	<u>42,465</u>	<u>3,165</u>
OTHER SOURCES				
Use of Fund Balance	286,009	349,071	41,388	(307,683)
Total Other Sources	<u>286,009</u>	<u>349,071</u>	<u>41,388</u>	<u>(307,683)</u>
TOTALS	<u>\$ 5,515,982</u>	<u>\$ 5,582,644</u>	<u>\$ 5,438,037</u>	<u>\$ (144,607)</u>

See accountant's report.

TOWN OF CANAAN, CT
Schedule of Budgeted and Actual Expenditures
General Fund - Budgetary Basis
For the Year Ended June 30, 2021

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	ORIGINAL APPROPRIATIONS	AMENDED APPROPRIATIONS	ACTUAL EXPENDITURES	Over (Under)
GENERAL GOVERNMENT				
Selectmen	\$ 65,544	\$ 65,987	\$ 59,980	(6,007)
Town Hall	40,061	42,981	43,624	643
Legal	13,464	10,799	2,476	(8,323)
Board of Assessors	45,626	45,626	44,889	(737)
Board of Assessment Appeals	1,500	1,840	1,840	-
Board of Finance	28,250	28,250	24,406	(3,844)
Tax Collector	30,890	30,890	28,597	(2,293)
Treasurer	36,910	36,910	36,812	(98)
Town Clerk	47,489	66,439	66,206	(233)
Planning and Zoning	17,551	17,551	17,853	302
Zoning Board of Appeals	500	500	-	(500)
Registrar of Voters	21,000	23,500	12,765	(10,735)
Insurance	34,630	34,630	33,532	(1,098)
Benefits	184,975	184,975	180,403	(4,572)
Inland Wetland Commission	2,500	2,500	1,301	(1,199)
35 Railroad St. Property	3,975	3,975	3,824	(151)
107 Main St Maintenance	24,343	24,343	24,018	(325)
Totals - General Government	599,208	621,696	582,526	(39,170)
PUBLIC SAFETY				
Street Lights	7,700	7,700	6,939	(761)
General Public Safety	56,499	56,499	46,029	(10,470)
Fire Commission	92,750	92,750	93,689	939
Totals - Public Safety	156,949	156,949	146,657	(10,292)
PUBLIC WORKS				
Road Maintenance	526,940	526,940	475,520	(51,420)
Town Garage	26,350	26,350	23,902	(2,448)
Totals - Public Works	553,290	553,290	499,422	(53,868)
HEALTH AND WELFARE				
Non-municipal Public Benefit Activities	57,802	57,802	57,364	(438)
Daycare Grant	10,000	10,000	10,000	-
William Surdam Building	12,695	12,695	13,062	367
Public Health	17,245	17,818	17,668	(150)
Social Services	41,472	41,472	41,531	59
General Assistance	3,000	3,000	2,997	(3)
Totals - Health and Welfare	142,214	142,787	142,622	(165)
CULTURE AND RECREATION				
Recreation Commission	71,125	71,125	54,865	(16,260)
Totals - Culture and Recreation	71,125	71,125	54,865	(16,260)

See accountant's report

TOWN OF CANAAN, CT
Schedule of Budgeted and Actual Expenditures
General Fund - Budgetary Basis
For the Year Ended June 30, 2021

2 of 2

	ORIGINAL APPROPRIATIONS	AMENDED APPROPRIATIONS	ACTUAL EXPENDITURES	Over (Under)
SANITATION				
Waste Management	137,516	137,516	133,742	(3,774)
EDUCATION				
Salaries	1,168,019	1,168,019	1,205,966	37,947
Benefits	396,640	396,640	339,264	(57,376)
Services	61,781	61,781	31,359	(30,422)
Property Services	37,188	37,188	57,106	19,918
Purchased Services	168,319	168,319	145,620	(22,699)
Supplies	127,990	127,990	125,300	(2,690)
Property & Equipment	884	884	37,858	36,974
Capital Fund Appropriation	15,000	15,000	15,000	-
Region #1 Tuition	1,676,417	1,676,417	1,673,805	(2,612)
Dues and Fees	1,499	1,499	1,384	(115)
Totals - Education	3,653,737	3,653,737	3,632,662	(21,075)
DEBT SERVICE				
Principal	132,500	132,500	132,500	-
Interest	69,443	71,768	71,765	(3)
Totals - Debt Service	201,943	204,268	204,265	(3)
OTHER FINANCING USES				
Transfers Out:				
Transfers to Other Funds	-	41,276	41,276	-
TOTAL APPROPRIATIONS AND EXPENDITURES	\$ 5,515,982	\$ 5,582,644	\$ 5,438,037	\$ (144,607)

See accountant's report

TOWN OF CANAAN, CT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

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SPECIAL REVENUE FUNDS

	Economic Growth Grant Fund	Special Projects Fund	Dog Fund	School Milk Fund	Berzine Fund	Daniel Maynard Fund	Denise Blair Memorial Fund	Recreation Fund	IW Cobble Hill Tower Fund
Assets:									
Cash and Cash Equivalents	\$ 22,016	\$ 63	\$ 4,944	\$ 249	\$ 668	\$ 3,176	\$ 663	\$ 3,587	\$ 288
Investments	-	-	-	-	-	-	-	-	-
Due from General Fund	-	-	-	-	-	-	-	-	-
Total Assets	\$ 22,016	\$ 63	\$ 4,944	\$ 249	\$ 668	\$ 3,176	\$ 663	\$ 3,587	\$ 288
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable	\$ 6,712	\$ -	\$ 614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Grant Revenue	15,304	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	22,016	-	614	-	-	-	-	-	-
Fund Balances:									
Restricted	-	-	4,330	249	668	3,176	663	-	288
Committed	-	63	-	-	-	-	-	3,587	-
Total Fund Balances	0	63	4,330	249	668	3,176	663	3,587	288
Total Liabilities and Fund Balances	\$ 22,016	\$ 63	\$ 4,944	\$ 249	\$ 668	\$ 3,176	\$ 663	\$ 3,587	\$ 288

See accountant's report.

TOWN OF CANAAN, CT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

2 of 3

CAPITAL PROJECTS FUNDS

	Training Fund	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	\$ -	\$ 56,963	\$ 35,747	\$ 13,275	\$ 72,461	\$ 39,698	\$ 1,662	\$ 60,744	\$ 13,415	\$ 89,978	\$ 13,541
Investments	1,967	-	-	-	-	-	-	-	-	-	-
Due from General Fund	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,967	\$ 56,963	\$ 35,747	\$ 13,275	\$ 72,461	\$ 39,698	\$ 1,662	\$ 60,744	\$ 13,415	\$ 89,978	\$ 13,541
Liabilities and Fund Balances											
Liabilities:											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Grant Revenue	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-
Fund Balances:											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	1,967	56,963	35,747	13,275	72,461	39,698	1,662	60,744	13,415	89,978	13,541
Total Fund Balances	1,967	56,963	35,747	13,275	72,461	39,698	1,662	60,744	13,415	89,978	13,541
Total Liabilities and Fund Balances	\$ 1,967	\$ 56,963	\$ 35,747	\$ 13,275	\$ 72,461	\$ 39,698	\$ 1,662	\$ 60,744	\$ 13,415	\$ 89,978	\$ 13,541

TOWN OF CANAAN, CT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

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	\$ 11,010	\$ 38,473	\$ 76,082	\$ 22,889	\$ 109,261	\$ 14,731	\$ 500	\$ 184,368	\$ 890,452
Investments	-	-	-	-	-	-	-	-	1,967
Due from General Fund	-	-	-	-	-	-	-	-	-
Total Assets	\$ 11,010	\$ 38,473	\$ 76,082	\$ 22,889	\$ 109,261	\$ 14,731	\$ 500	\$ 184,368	\$ 892,419
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,326
Unearned Grant Revenue	-	-	-	-	-	-	-	-	15,304
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	22,630
Fund Balances:									
Restricted	-	-	-	-	-	-	-	-	9,374
Committed	11,010	38,473	76,082	22,889	109,261	14,731	500	184,368	860,415
Total Fund Balances	11,010	38,473	76,082	22,889	109,261	14,731	500	184,368	869,789
Total Liabilities and Fund Balances	\$ 11,010	\$ 38,473	\$ 76,082	\$ 22,889	\$ 109,261	\$ 14,731	\$ 500	\$ 184,368	\$ 892,419

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, 2021

SPECIAL REVENUE FUNDS

	Economic Growth Grant Fund	Special Projects Fund	Dog Fund	School Milk Fund	Berzine Fund	Daniel Maynard Fund	Denise Blair Memorial Fund	Recreation Fund	IW Cobble Hill Tower Fund
Revenues:									
Operating Grants and Contributions	\$ 19,496	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182	\$ -
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	1,220	-	-	-	-	-	-
Investment Income	-	-	-	-	-	3	-	-	1
Total Revenues	19,496	60	1,220	-	-	3	-	182	1
Expenditures:									
General Government	19,496	308	-	-	-	-	-	-	-
Public Safety	-	-	4,046	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	192	-
Education	-	-	-	191	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-
Debt Outlay	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	19,496	308	4,046	191	-	-	-	192	-
Excess/(deficiency) of Revenues over Expenditures	0	(248)	(2,826)	(191)	-	3	-	(10)	1
Other Financing Sources/(Uses):									
Transfers In	-	-	2,500	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	(248)	(326)	(191)	-	3	-	(10)	1
Beginning Fund Balances	-	311	4,656	440	668	3,173	663	3,597	287
Ending Fund Balances	\$ 0	\$ 63	\$ 4,330	\$ 249	\$ 668	\$ 3,176	\$ 663	\$ 3,587	\$ 288

TOWN OF CANAAN, CT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	CAPITAL PROJECTS										
	Training Fund	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	3	57	36	13	77	44	2	61	9	40	7
Total Revenues	3	57	36	13	77	44	2	61	9	40	7
Expenditures:											
General Government	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-
Debt Outlay	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	188,741	5,551	-	-	-	-	-
Total Expenditures	-	-	-	-	188,741	5,551	-	-	-	-	-
Excess/(deficiency) of Revenues over Expenditures	3	57	36	13	(188,664)	(5,507)	2	61	9	40	7
Other Financing Sources/(Uses):											
Transfers In	-	-	-	-	41,276	-	-	-	5,000	10,000	-
Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	3	57	36	13	(147,388)	(5,507)	2	61	5,009	10,040	7
Beginning Fund Balances	1,964	56,906	35,711	13,262	219,849	45,205	1,660	60,683	8,406	79,938	13,534
Ending Fund Balances	\$ 1,967	\$ 56,963	\$ 35,747	\$ 13,275	\$ 72,461	\$ 39,698	\$ 1,662	\$ 60,744	\$ 13,415	\$ 89,978	\$ 13,541

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, 2021

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	19,738
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	1,220
Investment Income	6	38	26	23	109	18	-	234	807
Total Revenues	6	38	26	23	109	18	-	234	21,765
Expenditures:									
General Government	-	-	-	-	-	-	-	-	19,804
Public Safety	-	-	-	-	-	-	-	-	4,046
Culture & Recreation	-	-	-	-	-	-	-	-	192
Education	-	-	-	-	-	-	-	-	191
Health and Welfare	-	-	-	-	-	-	-	-	-
Debt Outlay	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	13,850	-	-	208,142
Total Expenditures	-	-	-	-	-	13,850	-	-	232,375
Excess/(deficiency) of Revenues over Expenditures	6	38	26	23	109	(13,832)	-	234	(210,610)
Other Financing Sources/(Uses):									
Transfers In	-	-	-	-	-	-	-	-	58,776
Transfers Out	-	-	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	6	38	26	23	109	(13,832)	-	234	(151,834)
Beginning Fund Balances	11,004	38,435	76,056	22,866	109,152	28,563	500	184,134	1,021,623
Ending Fund Balances	\$ 11,010	\$ 38,473	\$ 76,082	\$ 22,889	\$ 109,261	\$ 14,731	\$ 500	\$ 184,368	\$ 869,789

See accountant's report
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TOWN OF CANAAN, CT
Combining Statement of Net Position
Fiduciary Funds
June 30, 2021

	Pension Trust Fund	Private Purpose Trust Funds					Custodial Funds				
		Total				Friends of	Total				Total
		Defined Contribution Plan	Fuel Bank Fund	Social Services Fund	Falls Village Scholarship Fund		Private Purpose Trust	Senior Center Fund	Student Activity Funds	Kellogg School Fund	Custodial Funds
Assets											
Cash	\$ -	\$ -	\$ 3,923	\$ 10,281	\$ 11,719	\$ 25,923	\$ -	\$ 405	\$ 15,284	\$ 3,597	\$ 19,286
Investments	1,148,413	-	-	-	-	-	-	-	-	-	-
Contributions Receivable	30,768	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,179,181	\$ 3,923	\$ 10,281	\$ 11,719	\$ 25,923	\$ -	\$ 405	\$ 15,284	\$ 3,597	\$ 19,286	\$ -
Liabilities											
Due to Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position											
Reserved for donor's intentions	-	-	3,923	10,281	11,719	25,923	-	405	15,284	3,597	19,286
Restricted for Individuals & Organizations	-	-	-	-	-	-	-	-	-	-	-
Restricted for Pensions	1,179,181	-	-	-	-	-	-	-	-	-	-
Total Net Position	\$ 1,179,181	\$ 3,923	\$ 10,281	\$ 11,719	\$ 25,923	\$ -	\$ 405	\$ 15,284	\$ 3,597	\$ 19,286	\$ -

TOWN OF CANAAN, CT
Combining Statement of Revenues, Expenses, and Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	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	Student Activity Funds	Friends of Kellogg School Fund	Total Custodial Funds	
Revenues											
Contributions:											
Town	\$ 30,768	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	
Employee	36,923	-	-	-	-	-	-	-	-	-	
Foundation Grants	-	600	1,900	-	-	2,500	-	-	-	-	
Private Donations	-	-	1,035	9,696	-	10,731	-	-	-	-	
Events & Activities	-	-	-	-	-	-	-	4,621	-	4,621	
Investment Income:											
Interest and dividends	-	2	4	-	-	6	-	-	-	-	
Net Increase/Decrease in Fair Value of Investments	309,336	-	-	-	-	-	-	-	-	-	
Total Revenues	377,027	602	2,939	9,696	13,237		-	4,621	-	4,621	
Expenditures											
Benefits Paid	-	-	-	-	-	-	-	-	-	-	
Plan Administration	190	-	-	581	581	-	-	-	-	-	
Financial Assistance	-	750	1,946	4,000	6,696	-	-	-	-	-	
Activities & Fees	-	-	-	-	-	-	-	6,818	100	6,918	
	190	750	1,946	4,581	7,277		-	6,818	100	6,918	
Change in Net Position	376,837	(148)	993	5,115	5,960		-	(2,197)	(100)	(2,297)	
Net Position - Beginning	802,344	4,071	9,288	6,604	19,963		405	17,481	3,697	21,583	
Net Position - Ending	1,179,181	\$ 3,923	\$ 10,281	\$ 11,719	\$ 25,923		\$ 405	\$ 15,284	\$ 3,597	\$ 19,286	

TOWN OF CANAAN, CT
Schedule of Debt Limitation
June 30, 2021

Total Prior-Year Tax Collections - including interest and lien fees
Received by Treasurer \$ 4,479,612

Reimbursement for revenue loss on:

Tax relief for elderly -

Base \$ 4,479,612

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 10,079,127	\$ -	-	\$ -	-
4 1/2 times base	-	20,158,254	-	-	-
3 3/4 times base	-	-	16,798,545	-	-
3 1/4 times base	-	-	-	14,558,739	-
3 times base	-	-	-	-	13,438,836
Total Debt Limitation	\$ 10,079,127	\$ 20,158,254	\$ 16,798,545	\$ 14,558,739	\$ 13,438,836

Indebtedness:

Town Notes Payable	-	-	-	-	-
Town Bonds Payable	1,756,337	112,613	-	-	-
Overlapping Debt:					
Regional School District #1	-	653,696	-	-	-

Total Indebtedness 1,756,337 766,309 - - -

Debt Limitation in excess of

Outstanding and Authorized Debt \$ 8,322,790 \$ 19,391,946 \$ 16,798,545 \$ 14,558,739 \$ 13,438,836

NOTE: In no case should this total indebtedness exceed seven times the base of \$4,479,612 or \$31,357,284

**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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Canaan, as of and for the year ended June 30, 2021, 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 October 31, 2021.

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) as a basis for designing 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 our 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, CPAs
Winsted, Connecticut
October 31, 2021

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

We have audited the Town of Canaan's compliance with the types of compliance requirements described in Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Canaan's major state programs for the year ended June 30, 2021. The Town of Canaan's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Canaan's major state programs based on audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Act (C.G. S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Canaan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Canaan's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Canaan, complied, in all material respects, with the 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, 2021.

Report on Internal Control over Compliance

Management of the Town of Canaan, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Canaan's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Canaan's 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 a 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.

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, CPAs
Winsted, Connecticut
October 31, 2021

TOWN OF CANAAN, CT
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2021

State Grantor/Pass - Through <u>Grantor/Program Title</u>	State Grant Program <u>Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Roads	12052-DOT57131-43455	\$ 84,618
Town Aid Roads	13033-DOT57131-43459	84,618
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	5,500
Department of Housing		
Bond Consolidation Receipts	12039-DOH46920-40233	19,496
Judicial Department		
Public Acts	34001-JUD95162-40001	200
Office of Policy and Management		
Local Capital Improvement	11000-OPM20600-40254	18,491
Payment in Lieu of taxes on state-owned property	11000-OPM20600-17004	58,344
Payment in Lieu of taxes - Tax-exempt property	11000-OPM20600-17006	1,406
Municipal Purpose & Projects -Grants-in-aid	12052-OPM20600-43587	20,712
Property Tax Relief for Disabled Homeowners	11000-OPM20600-17011	80
Property Tax Relief for Veterans	11000-OPM20600-17024	2,107
Total State Financial Assistance Before Exempt Programs		<u>295,572</u>
EXEMPT PROGRAMS		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	6,202
Municipal Stabilization	11000-OPM20600-17104	24,132
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	<u>125,752</u>
Total Exempt Programs		<u>156,086</u>
Total State Financial Assistance		<u><u>\$ 451,658</u></u>

See notes to schedule.

TOWN OF CANAAN
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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.

TOWN OF CANAAN
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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, 2021 and issued our unmodified report thereon dated October 31, 2021.

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:

<u>State Grantor And Program</u>	<u>State Core - CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 84,618
Town Aid Road Grants - STO	13033-DOT57131-43459	\$ 84,618

Note: While these programs have different State Core CT Numbers, they are considered one major program for testing purposes.

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

II. FINANCIAL STATEMENT FINDINGS

- We have issued reports dated October 31, 2021, 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.

TOWN OF CANAAN
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Prior Year Significant Deficiencies

Finding 2019-02 Significant Deficiency over Receivables and Payables

This finding has been corrected.

Finding 2020-01 Significant Deficiency regarding Record Retention in the Tax Collector's Office

This finding has been corrected.

