
TOWN OF NORTH CANAAN, CONNECTICUT

Annual Financial Statements

For the Year Ended June 30, 2025

TOWN OF NORTH CANAAN, CONNECTICUT

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Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
The Town of North Canaan, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Canaan, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of North Canaan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of North Canaan, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of North Canaan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Canaan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of North Canaan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

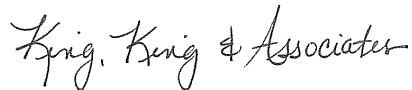
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 25, 2025, on our consideration of the Town of North Canaan's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of North Canaan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Canaan's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
December 25, 2025

TOWN OF NORTH CANAAN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2025

As management of the Town of North Canaan, CT, we offer readers of the Town of North Canaan, CT's financial statements this narrative overview and analysis of the financial activities of the Town of North Canaan, CT for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town of North Canaan, CT exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,922,260 (*net position*). The government's total net position decreased by \$146,646. Of this amount, \$7,244,736 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Position of \$1,307,655 is restricted for various programs such as road improvements, façade improvement program, Douglas Library, and other purposes.
- As of the close of the current fiscal year, the Town of North Canaan, CT's governmental funds reported combined ending fund balances of \$9,619,386, an increase of \$469,928 in comparison with the prior year. Of this amount, \$5,305,410 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,476,627 or 42.5% percent of total General Fund budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of North 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 North Canaan, CT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of North 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 periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of North Canaan, CT that are principally supported by 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 North Canaan, CT include education, public safety, general government, library, highway, sanitation, health and welfare, and recreation. The Town of North Canaan, CT does not have any business-type activities.

TOWN OF NORTH CANAAN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2025

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 North 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 North Canaan, CT can be divided into two categories: governmental funds and fiduciary funds.

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

The Town of North Canaan, CT, maintains a number of 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, Capital Nonrecurring Fund, Douglas Library, Tobey Hill Bridge, and the Canaan Child Care Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of North 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 13-16 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 support the Town of North Canaan's own programs.

The basic fiduciary fund financial statements can be found on pages 17-18 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 19-39 of this report.

TOWN OF NORTH CANAAN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2025

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 North Canaan, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,922,260 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	2025	2024
Current and Other Assets	\$ 10,100,557	\$ 9,695,608
Capital Assets	8,379,469	8,879,399
Total Assets	<u>\$ 18,480,026</u>	<u>\$ 18,575,007</u>
Deferred Outflows of Resources	-	-
Other Liabilities	\$ 429,306	\$ 269,534
Long-Term Liabilities	1,128,460	151,982
Total Liabilities	<u>1,557,766</u>	<u>421,516</u>
Deferred Inflows of Resources	-	-
Net Position:		
Net Investment in Capital Assets	8,369,869	8,837,399
Restricted	1,307,655	1,270,281
Unrestricted	7,244,736	8,045,811
Total Net Position	<u>\$ 16,922,260</u>	<u>\$ 18,153,491</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets decreased by \$467,530 primarily due to depreciation being more than fixed asset additions and the pay down of related debt.

The Town's restricted net position of \$1,307,655 increased by \$37,374 compared to last years restricted net position of \$1,270,281.

The Town's unrestricted net position of \$7,244,736 decreased by \$801,075 compared to last years unrestricted net position of \$8,045,811. This decrease is primarily due to the GASB 101 compensated absences change see note 12.

TOWN OF NORTH CANAAN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2025

STATEMENT OF CHANGES IN NET POSITION

	2025	2024
REVENUES		
Program Revenues:		
Charges for Services	\$ 528,626	\$ 557,954
Operating Grants and Contributions	3,957,467	4,347,053
Capital Grants and Contributions	223	265,728
General Revenues:		
Property Taxes	10,325,875	10,605,127
Grants and contributions, not restricted to specific programs	34,726	38,806
Unrestricted Investment Income	269,024	259,151
Total Revenues	<u>15,115,941</u>	<u>16,073,819</u>
EXPENSES		
Governmental Activities:		
General Government	1,085,042	1,286,407
Public Safety	447,344	625,584
Public Works	1,039,137	1,159,246
Health & Welfare	227,416	227,549
Culture and recreation	297,291	298,442
Sanitation	317,870	321,194
Education	11,846,043	11,699,053
Interest	2,444	20,038
Total Expenses	<u>15,262,587</u>	<u>15,637,513</u>
Change in Net Position	(146,646)	436,306
Net Position - Beginning	<u>18,153,491</u>	<u>17,717,185</u>
Adjustment - Change in Accounting Principle	<u>(1,084,585)</u>	<u>-</u>
Net Position - Beginning of Year, as Adjusted	<u>17,068,906</u>	<u>-</u>
Net Position - Ending	<u>\$ 16,922,260</u>	<u>\$ 18,153,491</u>

Governmental activities. Governmental activities decreased the Town of North Canaan, CT's net position by \$146,646.

Key elements of this decrease are as follows:

- Change in GASB Standards related to Compensated absences
- Changes in TRB and TRB OPEB

Sixty-eight percent (68%) of the revenues of the Town were derived from property taxes, followed by Twenty-six percent (26%) from grants and contributions, then four percent (4%) from charges for services and two percent (2%) of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-eight percent (78%) of the expenses of the Town relate to education, seven percent (7%) relate to general government, seven percent (7%) relate to public works, three percent (3%) relate to public safety, and five percent (5%) relate to other smaller categorized expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the Town of North 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 North 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 North Canaan, CT's governmental funds reported combined ending fund balances of \$9,619,386, an increase of \$469,928 in comparison with the prior year. Fifty-five percent (55%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the Town of North Canaan, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,476,627. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total budgeted expenditures. Unassigned fund balance represents forty-three percent (43%) of total General Fund budgeted expenditures.

The fund balance of the Town of North Canaan, CT's General Fund increased by \$86,921 during the current fiscal year. Key factors in this increase are as follows:

- Municipal expenditures coming in significantly lower than budgeted

Capital Nonrecurring Fund. The fund balance of the Capital Nonrecurring Fund increased by \$323,244 during the current fiscal year. This increase is primarily attributable to the current year appropriation from the General Fund along with investment income, less the current years capital expenditures.

Douglas Library. The fund balance of the Douglas Library increased by \$48,380 during the current fiscal year.

Tobey Hill Bridge Project. The fund balance of the Tobey Hill Project decreased by \$5,222 during the current fiscal year.

Union Station Project. The fund balance of the Union Station Project decreased by \$32,098 during the current fiscal year.

TOWN OF NORTH CANAAN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

- Municipal expenditures less than budgeted.
- The budget was not increased during the year, but various line item transfers were approved.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of North Canaan, CT's reported value in capital assets for its governmental activities as of June 30, 2025, amounts to \$8,379,469 (net of accumulated depreciation). This reported value in capital assets includes land and buildings, vehicles, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$499,930 which consisted of current year depreciation of \$499,930.

	2025	2024
<i>Governmental Activities:</i>		
Land	\$ 964,886	\$ 964,886
Construction In Progress	196,447	196,447
Buildings and Improvements	2,965,650	3,232,283
Furniture, Fixtures, & Equipment	445,538	539,409
Infrastructure	3,806,948	3,946,374
	<u>\$ 8,379,469</u>	<u>\$ 8,879,399</u>

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

- No Major Capital Asset events during the year

Additional information on the Town of North Canaan, CT's capital assets can be found in Note 6 on page 28 of this report.

Long-term debt. At the end of the current fiscal year, the Town of North Canaan, CT had long-term debt and other long-term liabilities outstanding of \$137,916.

	2025	Restated 2024
Notes Payable	\$ 9,600	\$ 42,000
Compensated Absences	1,141,668	1,084,585
Teachers' Severance	128,316	109,982
Total	<u>\$ 1,279,584</u>	<u>\$ 1,236,567</u>

The Town of North Canaan, CT's total debt increased by \$43,017 during the current fiscal year due to increase in personnel-related liabilities. Additional information on the Town of North Canaan, CT's long-term debt can be found in Note 7 on pages 29-30 of this report.

TOWN OF NORTH CANAAN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Local school budget increased.
- State funding continues to be stable in our local budget.

The Town has assigned \$646,137 of fund balance to be used in the 2026 budget.

All of these factors were considered in preparing the Town of North Canaan, CT's budget for the 2026 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of North 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 Finance, Town of North Canaan Town Hall, and 100 Pease Street, North Canaan, CT 06018.

Basic Financial Statements

TOWN OF NORTH CANAAN, CONNECTICUT

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 8,246,873
Investments	1,369,934
Receivables, net of allowances:	
Property Taxes and Interest	239,189
Federal and State Grants	197,867
Other Receivables	41,032
Other Assets	5,662
Total Current Assets	<u>10,100,557</u>
<i>Noncurrent Assets:</i>	
Capital Assets:	
Land and Nondepreciable Assets	1,161,333
Depreciable Assets, Net of Depreciation	7,218,136
Total Noncurrent Assets	<u>8,379,469</u>
Total Assets	<u>18,480,026</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	224,122
Unearned Grant Revenue	54,060
Current Portion of Long-Term Obligations	151,124
Total Current Liabilities	<u>429,306</u>
<i>Noncurrent Liabilities:</i>	
Noncurrent Portion of Long-Term Obligations	1,128,460
Total Noncurrent Liabilities	<u>1,128,460</u>
Total Liabilities	<u>1,557,766</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	8,369,869
Restricted for:	
Façade Improvement Program	39,539
Douglas Library	1,052,222
Other Purposes	215,894
Unrestricted	7,244,736
Total Net Position	<u>\$ 16,922,260</u>

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

TOWN OF NORTH CANAAN, CONNECTICUT

Statement of Activities

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental Activities:</i>					
General Government	\$ 1,085,042	\$ 148,800	\$ 25,727	\$ -	\$ (910,515)
Public Safety	447,344	106,461	-	-	(340,883)
Public Works	1,039,137	-	640,004	223	(398,910)
Health and Welfare	227,416	11,242	24,649	-	(191,525)
Culture and Recreation	297,291	-	93,079	-	(204,212)
Sanitation	317,870	127,173	-	-	(190,697)
Education	11,846,043	134,950	3,174,008	-	(8,537,085)
Interest on Long-Term Debt	2,444	-	-	-	(2,444)
Total Governmental Activities	<u>\$ 15,262,587</u>	<u>\$ 528,626</u>	<u>\$ 3,957,467</u>	<u>\$ 223</u>	<u>(10,776,271)</u>
<i>General Revenues:</i>					
Property Taxes and Assessments					10,325,875
Grants and Contributions not Restricted to Specific Programs					34,726
Unrestricted Investment Income					269,024
Total General Revenues					<u>10,629,625</u>
				Change in Net Position	(146,646)
				Net Position - Beginning	<u>18,153,491</u>
				Adjustment - Change in Accounting Principle	<u>(1,084,585)</u>
				Net Position - Beginning of Year, as Adjusted	<u>17,068,906</u>
				Net Position - Ending	<u>\$ 16,922,260</u>

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

TOWN OF NORTH CANAAN, CONNECTICUT

Governmental Funds

Balance Sheet

June 30, 2025

	General Fund	Capital Nonrecurring	Douglas Library	Tobey Hill Bridge	Union Station Project	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 5,971,641	\$ 1,932,791	\$ 130,967	\$ -	\$ -	\$ 211,474	\$ 8,246,873
Investments	111,669	338,872	919,393	-	-	-	1,369,934
Taxes and Interest Receivable, net	239,189	-	-	-	-	-	239,189
Federal & State Grants Receivable	186,023	-	-	-	-	11,844	197,867
Other Receivables	7,532	-	-	-	-	33,500	41,032
Interfund Receivables	171,217	-	-	-	-	23,953	195,170
Other Assets	2,111	-	2,750	-	-	801	5,662
Total Assets	<u>\$ 6,689,382</u>	<u>\$ 2,271,663</u>	<u>\$ 1,053,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,572</u>	<u>\$ 10,295,727</u>
Liabilities							
Accounts Payable	\$ 221,048	\$ -	\$ 888	\$ -	\$ -	\$ 2,186	\$ 224,122
Unearned Grant Revenue	30,107	-	-	-	-	23,953	54,060
Interfund Payables	23,953	-	-	94,511	76,706	-	195,170
Total Liabilities	<u>275,108</u>	<u>-</u>	<u>888</u>	<u>94,511</u>	<u>76,706</u>	<u>26,139</u>	<u>473,352</u>
Deferred Inflows of Resources							
Unavailable Revenue:							
Grant Revenues	-	-	-	-	-	-	-
Property Taxes and Interest	202,989	-	-	-	-	-	202,989
Total Deferred Inflows of Resources	<u>202,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,989</u>
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Restricted For:							
Façade Improvement Program	-	-	-	-	-	39,539	39,539
Douglas Library	-	-	1,052,222	-	-	-	1,052,222
Nonmajor Fund Purposes	-	-	-	-	-	215,894	215,894
Committed to Capital Projects	-	1,719,773	-	-	-	-	1,719,773
Committed to Board of Education Surplus	88,521	-	-	-	-	-	88,521
Assigned to:							
Capital Outlay	-	551,890	-	-	-	-	551,890
Future Appropriation	646,137	-	-	-	-	-	646,137
Unassigned	5,476,627	-	-	(94,511)	(76,706)	-	5,305,410
Total Fund Balances	<u>6,211,285</u>	<u>2,271,663</u>	<u>1,052,222</u>	<u>(94,511)</u>	<u>(76,706)</u>	<u>255,433</u>	<u>9,619,386</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,689,382</u>	<u>\$ 2,271,663</u>	<u>\$ 1,053,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,572</u>	<u>10,295,727</u>
Amounts reported for <i>governmental activities</i> in the 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.							8,379,469
Deferred revenue for property taxes, grants, and rehabilitation loans are reported in the funds but accrued as revenue in the government-wide statements and added to net position.							202,989
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.							(1,279,584)
Net Position of Governmental Activities							<u>\$ 16,922,260</u>

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

TOWN OF NORTH CANAAN, CONNECTICUT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2025

	General Fund	Capital Nonrecurring	Douglas Library	Tobey Hill Bridge	Union Station Project	Canaan Child Care	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Property Taxes	\$ 10,310,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,310,952
Interest and Lien Fees	88,550	-	-	-	-	-	-	88,550
Federal and State Grants	3,113,789	-	1,593	-	-	-	627,156	3,742,538
Investment Income	170,665	60,601	37,035	-	-	-	723	269,024
Departmental	325,027	-	43,287	-	-	-	155,126	523,440
Other	61,268	-	-	-	-	-	62,126	123,394
Total Revenues	<u>14,070,251</u>	<u>60,601</u>	<u>81,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,131</u>	<u>15,057,898</u>
Expenditures:								
Current:								
General Government	1,034,442	-	-	-	-	-	19,549	1,053,991
Public Safety	444,162	-	-	-	-	-	3,182	447,344
Public Works	489,881	-	-	5,222	32,098	-	261,992	789,193
Health and Welfare	227,416	-	-	-	-	-	-	227,416
Culture and Recreation	94,916	-	132,256	-	-	-	58,780	285,952
Sanitation	317,870	-	-	-	-	-	-	317,870
Education	10,932,578	-	-	-	-	-	469,425	11,402,003
Debt Service	34,844	-	-	-	-	-	-	34,844
Capital Outlay	29,357	-	-	-	-	-	-	29,357
Total Expenditures	<u>13,605,466</u>	<u>-</u>	<u>132,256</u>	<u>5,222</u>	<u>32,098</u>	<u>-</u>	<u>812,928</u>	<u>14,587,970</u>
Excess/(Deficiency) of Revenues Over Expenditures	464,785	60,601	(50,341)	(5,222)	(32,098)	-	32,203	469,928
Other Financing Sources/(Uses):								
Transfers In	-	262,643	98,721	-	-	-	16,500	377,864
Transfers Out	(377,864)	-	-	-	-	-	-	(377,864)
Total Other Financing Sources/(Uses)	<u>(377,864)</u>	<u>262,643</u>	<u>98,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,500</u>	<u>-</u>
Net Change in Fund Balances	86,921	323,244	48,380	(5,222)	(32,098)	-	48,703	469,928
Fund Balances - Beginning	6,124,364	1,948,419	1,003,842	(89,289)	-	(59,486)	221,608	9,149,458
Change in Fund Presentation	-	-	-	-	(44,608)	59,486	(14,878)	-
Fund Balances at Beginning of Year -as Adjusted	<u>6,124,364</u>	<u>1,948,419</u>	<u>1,003,842</u>	<u>(89,289)</u>	<u>(44,608)</u>	<u>-</u>	<u>206,730</u>	<u>9,149,458</u>
Fund Balances - Ending	<u>\$ 6,211,285</u>	<u>\$ 2,271,663</u>	<u>\$ 1,052,222</u>	<u>\$ (94,511)</u>	<u>\$ (76,706)</u>	<u>\$ -</u>	<u>\$ 255,433</u>	<u>\$ 9,619,386</u>

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

TOWN OF NORTH CANAAN, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$ 469,928
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**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.

The amount by which depreciation exceeded capital outlays in the current
period are as follows:

<i>Depreciation Expense</i>	(499,930)
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Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds.

<i>Property Taxes and Interest Revenue</i>	(73,627)
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The issuance of long-term debt (e.g. bonds, notes) provides 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>Notes principal payments</i>	32,400
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Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds.

<i>Change in compensated absences</i>	(57,083)
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<i>Change in teachers' severance liability</i>	(18,334)
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Change in net position of governmental activities.	<u>\$ (146,646)</u>
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TOWN OF NORTH CANAAN, CONNECTICUT

Budgetary Comparison Statement-General Fund

For The Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 10,271,986	\$ 10,271,986	\$ 10,310,952	\$ 38,966
Interest and Lien Fees	85,000	85,000	88,550	3,550
Federal and State Grants	2,230,438	2,230,438	2,219,128	(11,310)
Investment Income	50,000	50,000	170,665	120,665
Departmental	269,049	269,049	325,027	55,978
Other	42,893	42,893	61,268	18,375
Total Revenues	<u>12,949,366</u>	<u>12,949,366</u>	<u>13,175,590</u>	<u>226,224</u>
Expenditures:				
Current:				
General Government	1,154,228	1,154,309	1,030,670	123,639
Public Safety	498,456	481,131	444,162	36,969
Public Works	478,750	507,995	489,881	18,114
Health and Welfare	238,562	238,562	232,416	6,146
Culture and Recreation	205,040	217,463	214,437	3,026
Sanitation	348,000	322,432	317,870	4,562
Education	10,102,036	10,102,036	10,043,189	58,847
Debt Service	27,900	29,044	24,044	5,000
Capital Outlay	100,000	100,000	100,000	-
Total Expenditures	<u>13,152,972</u>	<u>13,152,972</u>	<u>12,896,669</u>	<u>256,303</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(203,606)	(203,606)	278,921	482,527
Other Financing Sources/(Uses):				
Use of Fund Surplus	395,606	395,606	-	(395,606)
Transfers Out	<u>(192,000)</u>	<u>(192,000)</u>	<u>(192,000)</u>	<u>-</u>
Net Change in Fund Balance, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	86,921	<u>\$ 86,921</u>
Fund Balance, Beginning of Year			<u>6,124,364</u>	
Fund Balance, End of Year			<u><u>\$ 6,211,285</u></u>	

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

TOWN OF NORTH CANAAN, CONNECTICUT

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2025

	Private-Purpose Trust Funds
Assets	
Cash and Cash Equivalents	\$ 3,372
Total Assets	<u>\$ 3,372</u>
 Deferred Outflows of Resources	 <u>-</u>
 Liabilities	
Payables	\$ -
Total Liabilities	<u>-</u>
 Deferred Inflows of Resources	 <u>-</u>
 Net Position	
Held in Trust for Other Purposes	<u>3,372</u>
Total Net Position	<u>\$ 3,372</u>

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

TOWN OF NORTH CANAAN, CONNECTICUT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Private-Purpose Trust Funds
Additions:	
Contributions	\$ -
Investment Income	86
Activity Fees	-
Total Additions	<u>86</u>
Deductions:	
Trust Distributions	-
Events and Activities	-
Total Deductions	<u>-</u>
Change in Net Position	86
Net Position - Beginning of Year	<u>3,286</u>
Net Position - End of Year	<u><u>\$ 3,372</u></u>

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

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of North 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 the governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Reporting Entity

The Town was incorporated in 1858. 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.

The Town's financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of North Canaan (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches. The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of North Canaan.

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NORTH CANAAN, CONNECTICUT

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. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, and claims and judgments that are recorded only when payment is due.

Property taxes when levied, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

Governmental Funds are those through which most governmental functions typically are financed.

The major governmental funds are as follows:

- The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.
- The *Capital Nonrecurring Fund* accounts for financial resources that have been segregated for various acquisitions and capital projects.
- The *Douglas Library Fund* accounts for the financial activity of the Town's Library. Income comes from user fees, investments, governmental grants, and Town appropriations.
- The *Tobey Hill Bridge Project Fund* accounts for the financial activity of a partially grant-financed bridge project.
- The *Union Station Project Fund* accounts for the financial activity of a partially grant-financed project.

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:

- The *Private Purpose Trust Fund* is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes private purpose trust funds to account for activities of funds held in trust for student scholarships.

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

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

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 and have maturities of three months or less.

Receivables and Payables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible motor vehicle and personal property taxes and interest in the amount of \$20,000. Property taxes are assessed of October 1 and billed the following July. Real and personal property bills are payable in two installments, July 1 and January 1. Motor vehicle taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are filed within two years of the original due date. Assessments are due and payable as of May 22 following the levy, but may be paid in installments with interest over the life of the bond issues. All properties are levied until the assessment is paid in full.

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 whose portfolios are limited to obligations of the United States and its agencies, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Funds received to be held in a trust fund may be placed in a custodian account of any qualified public depository which has been designated as a depository of the municipality.

Fair Value of Financial Instruments

In accordance with GASB Statement No. 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.

Certificates of Deposit are reported at amortized cost and are excluded from the fair value disclosures.

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

Inventories - All materials and supplies are recorded as expenditures in the year purchased. Materials and supplies held at year-end are not considered material to these financial statements.

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 interfund receivables and payables. They 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 equipment, fixtures, and other long-lived assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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
Furniture, Equipment & Vehicles	3-30
Infrastructure	25-40

Compensated absences - Employees accumulate, by prescribed formula, vacation, sick and personal days for subsequent use or for payment upon termination or retirement. The liability for compensated absences reported in the government-wide financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. A liability for these amounts is reported in the 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.

Leases and Subscription-Based Information Technology Arrangements (as lessee) -The Town recognizes a lease/subscription liability and an intangible right-of-use asset (lease/subscription asset) for a noncancellable lease/subscription in the government-wide and proprietary fund financial statements. The Town recognizes lease/subscription liabilities with an initial, individual value of \$20,000 or more. At the commencement of a lease/subscription, the Town initially measures the lease/subscription liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease/subscription liability is reduced by the principal portion of lease/subscription payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

Key estimates and judgments related to leases/subscriptions include how the Town determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments. The Town uses the interest rate charged by the lessor/subscription vendor as the discount rate. When the interest rate charged by the lessor/subscription vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases/subscriptions. The lease/subscription term includes the non-cancellable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability. Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt and other long-term obligations in the statement of net position.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports revenues which are unavailable for spending as deferred inflows of resources in the governmental funds balance sheet.

Fund equity and net position– Net position represents the difference between assets, deferred inflows of resources, liabilities, and deferred outflows of resources. In the government-wide statement of net position, 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.

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

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 inventories and prepaid expenditures.

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

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

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

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

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies requiring it to maintain a minimum fund balance.

Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized on a very limited basis in the general fund, to recognize expenditures associated with capital projects that have been scheduled but not completed during the fiscal year as a result of unforeseeable scheduling projects.

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information and Accounting

The Town of North Canaan follows these procedures in establishing its annual budget:

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. All General Fund unencumbered appropriations lapse at year-end.

The Town does not have legally adopted annual budgets for its remaining governmental and fiduciary funds, as budgetary control is alternatively achieved by constraints imposed by various means including intergovernmental grant agreements, bond ordinances, Connecticut General Statutes, and donor instruments.

Budgetary/GAAP Reconciliation

The Town of North Canaan prepares its annual budget on a basis of accounting (budget basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the Town's method (budget basis) in the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund* to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that unbudgeted grants and capital expenditures are not included in the budget statements and are recorded as revenues and expenditures in the GAAP statements. Certain interfund transfers are also recorded as expenditures for the budget statements rather than operating transfers in the GAAP statements. The budget as presented has been amended by the Board of Finance throughout the year.

Adjustments necessary to reconcile the budget basis to GAAP basis are presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>	<u>Change</u>
Balance, Budgetary Basis	\$ 13,175,590	\$ 12,896,669	\$ (192,000)	\$ 86,921
Revenue adjustments for:				
Unbudgeted Grants and CTRB	894,661	-	-	894,661
Expenditure adjustments for:				
Unbudgeted Grants and CTRB	-	894,661	-	(894,661)
Transfers Out	-	(185,864)	(185,864)	-
Balance, GAAP Basis	<u>\$ 14,070,251</u>	<u>\$ 13,605,466</u>	<u>\$ (377,864)</u>	<u>\$ 86,921</u>

Deficit Fund Equity

The following funds had deficit fund balances as of June 30, 2025:

Tobey Hill Bridge	\$ (94,511)
Union Station Project	(76,706)

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”

Cash and cash equivalents at June 30, 2025 consisted of:

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents	<u>\$ 8,246,873</u>	<u>\$ 3,372</u>	<u>\$ 8,250,245</u>

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s custodial credit risk policy is to only use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The Town also has an agreement with a bank requiring pledged assets as collateral to manage custodial credit risk. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 8,250,245
Plus: Investments (CDs)	<u>1,369,934</u>
	<u>\$ 9,620,179</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$9,620,179 and the bank balance was \$9,635,386. Of the bank balance, Federal Depository Insurance Corporation insured \$1,267,691.

As of June 30, 2025, \$8,367,695 of the Town’s bank balance of \$9,635,386 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,754,426
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	<u>2,613,269</u>
Total	<u>\$ 8,367,695</u>

Investments

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 Town’s does not have a policy for custodial credit risk.

Credit Risk – The Town does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

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

As of June 30, 2025, the Town had the following investments subject to interest rate risk:

	<u>Total</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Certificates of Deposit	\$ 1,369,934	\$ 760,663	\$ 609,271	\$ -

NOTE 4 – RECEIVABLES

As of June 30, 2025, Town receivable balances were as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Taxes Receivable	\$ 213,323	\$ -	\$ 213,323
Interest Receivable	45,866	-	45,866
Federal & State Grants	186,023	11,844	197,867
Other	<u>7,532</u>	<u>33,500</u>	<u>41,032</u>
Total Gross Receivables	<u>452,744</u>	<u>45,344</u>	<u>498,088</u>
Allowance for Collection Losses	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Total Net Receivables	<u>\$ 432,744</u>	<u>\$ 45,344</u>	<u>\$ 478,088</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) inter-fund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2025, the outstanding balances between funds were:

<u>Due From:</u>	<u>Due To:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 23,953	\$ 23,953
Union Station Project	76,706	-	76,706
Tobey Hill Bridge	<u>94,511</u>	<u>-</u>	<u>94,511</u>
Total	<u>\$ 171,217</u>	<u>\$ 23,953</u>	<u>\$ 195,170</u>

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2025 were as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>			<u>Total</u>
	<u>Capital Nonrecurring</u>	<u>Douglas Library</u>	<u>Nonmajor Funds</u>	
General Fund	\$ 262,643	\$ 98,721	\$ 16,500	\$ 377,864

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets, not being depreciated				
Land	\$ 964,886	\$ -	\$ -	\$ 964,886
Construction in Progress	196,447	-	-	196,447
Total capital assets, not being depreciated	<u>1,161,333</u>	<u>-</u>	<u>-</u>	<u>1,161,333</u>
Capital assets, being depreciated				
Buildings & Improvements	9,892,356	-	-	9,892,356
Furniture, Fixtures, & Equipment	2,652,081	-	-	2,652,081
Infrastructure	5,404,446	-	-	5,404,446
Total capital assets, being depreciated	<u>17,948,883</u>	<u>-</u>	<u>-</u>	<u>17,948,883</u>
Less accumulated depreciation for:				
Buildings & Improvements	6,660,073	266,633	-	6,926,706
Furniture, Fixtures & Equipment	2,112,672	93,871	-	2,206,543
Infrastructure	1,458,072	139,426	-	1,597,498
Total accumulated depreciation	<u>10,230,817</u>	<u>499,930</u>	<u>-</u>	<u>10,730,747</u>
Total capital assets, being depreciated, net	<u>7,718,066</u>	<u>(499,930)</u>	<u>-</u>	<u>7,218,136</u>
<i>Capital assets, net</i>	<u><u>\$ 8,879,399</u></u>	<u><u>\$ (499,930)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,379,469</u></u>

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

General Government	\$ 29,952
Public Works	219,970
Culture and Recreation	11,339
Education	238,669
Total	<u><u>\$ 499,930</u></u>

NOTE 7 – LONG-TERM LIABILITIES

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. Bond payables are secured by the general revenue raising powers of the Town. The Town also has secured bank financing for several capital projects and acquisitions.

At June 30, 2025, the Town of North Canaan, CT had one note outstanding.

\$150,000 Note dated June 15, 2011, payable to the Canaan Foundation, Inc., for the purchase of, and secured by, property known as the Catherine G. Roraback Building at 115 Main St, North Canaan, CT; due in fifteen \$10,000 annual principal installments beginning in July 2011; final maturity date July 2025; 4% interest beginning July 2014.

\$ 9,600

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

The annual debt service requirements of the Town's general obligation bonds, and notes payable are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 9,600	\$ 400	\$ 10,000
Total	\$ 9,600	\$ 400	\$ 10,000

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Teachers' Severance	\$ 109,982	\$ 18,334	\$ -	\$ 128,316	\$ -
Compensated Absences	1,084,585	57,083	-	1,141,668	141,524
G.O. Bonds & Bank Notes	42,000	-	32,400	9,600	9,600
Total	<u>\$ 1,236,567</u>	<u>\$ 75,417</u>	<u>\$ 32,400</u>	<u>\$ 1,279,584</u>	<u>\$ 151,124</u>

*The beginning balance of the compensated absences has been restated for the implementation of GASB 101, *Compensated Absences*. See Note 12. The change in the liabilities for compensated absences is presented net of increases and decreases. Long-term liabilities are generally liquidated by the General Fund.

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

Teachers' Severance

The collective bargaining agreement between the North Canaan Board of Education (BOE) and the North Canaan Faculty Association (the "Association") provides a severance benefit to members of the Association who have been employed by the BOE for at least twenty years. Eligible members receive fifteen percent of their basic salary upon retirement. At June 30, 2025, a \$128,316 liability for the amount of severance benefits earned by eligible teachers is reflected in the government-wide statement of net position.

Compensated Absences

Employees may accumulate unused vacation, sick, and personal leave in accordance with policies, union contracts, and employment agreements. A liability has been recorded in the Governmental Activities financial statements for amounts more likely than not to be used as time off or paid. The liability is based on estimates of the amount of vacation, sick, and personal leave that employees will use in future years. Actual leave usage could differ from those estimates, and those differences could be material to the financial statements.

Line of Credit

The Town has an unsecured \$250,000 bank line of credit with a variable interest rate to provide short-term financing, on an as needed basis, of ordinary operating expenses of the Town. There was no balance outstanding at June 30, 2025.

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

Overlapping Debt

North Canaan is a member of Regional School District #1, along with the towns of Canaan, Cornwall, Kent, Salisbury and Sharon. North Canaan's scheduled payment to the School District is a pro rata share of 35.29%, which is based on student enrollment. The Town's portion of the bond principal for Region One School District is \$3,026,116.

Statutory Debt Limitation

The Town's indebtedness does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 24,074,854	\$ 9,600	\$ 24,065,254
Schools	48,149,708	3,026,116	45,123,592
Sewers	40,124,756	-	40,124,756
Urban Renewal	34,774,789	-	34,774,789
Pension Deficit	32,099,805	-	32,099,805

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$74,899,545.

NOTE 8 – RETIREMENT BENEFITS

Defined Contribution Retirement Plan

The Town established and may amend a retirement benefit for eight full-time municipal employees called the Town of North Canaan Money Purchase Plan. Due to the nature of the benefit, which provides that contributions are made to employee-owned accounts, there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, and the Town does not include a Pension Trust Fund in its financial statements and does not have a pension benefit obligation to employees. The Town contributed \$29,225 in the current fiscal year.

Connecticut State Teacher's Retirement System

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

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective January 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement preceded normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service-related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15% nor more than 50%. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefits as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

Contributions: Per Connecticut General 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 State Teachers Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employer (School Districts): School District employers are not required to make contributions to the plan, and contributions are required only from employees and the State.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2025, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$168,435. The covered payroll for the Town for the year ended June 30, 2025, was approximately \$2,406,215.

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

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2025 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>7,482,967</u>
Total	<u>\$ 7,482,967</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2025, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2025, the Town recognized benefits expense and contribution revenue of \$737,584 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$858,312 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, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

Future cost-of-living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

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

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

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

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

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

Connecticut Teachers' Retirement System - OPEB

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

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the TRS. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$10,327.

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

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

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 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
<u>Municipal bond index rate:</u>	
Measurement Date	3.93%
Prior Measurement Date	3.65%

The projected fiduciary net position is projected to be depleted in 2027.

Single equivalent interest rate

Measurement Date	3.64%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.53%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	Known increases until calendar year 2024, then General trend decreasing to an ultimate rate of 4.5% by 2031.
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Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

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

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	1.26%	1.10%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.75%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.93%. 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, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024 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 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 1,259,947	\$ 1,535,014	\$ 1,908,993

TOWN OF NORTH CANAAN, CONNECTICUT

Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	\$ 1,869,535	\$ 1,535,014	\$ 1,273,715

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2025 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>1,535,014</u>
Total	<u>\$ 1,535,014</u>

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the Town recognized OPEB expense and revenue of \$10,327 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$21,269 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

NOTE 9 – 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.

NOTE 10 – LITIGATION AND CONTINGENCIES

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

The Town participates in several Federal and State assisted grants programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2025 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 11 – UPCOMING PRONOUNCEMENTS

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. 103 – Financial Reporting Model Improvements – The objective of this Statement is to provide key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2025.

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

TOWN OF NORTH CANAAN, CONNECTICUT
Notes to the Financial Statements

NOTE 12 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

Changes to or within the Financial Reporting Entity

The Canaan Child Care Fund previously met the criteria to be reported as a major governmental fund. However, effective July 1, 2024, the fund no longer met the criteria to be reported as a major governmental fund and is reported as a nonmajor governmental fund for the fiscal year ended June 30, 2025. The Union Station Project Fund went from Nonmajor governmental funds and now has met the criteria to be reported as a major governmental fund. The effect of these changes to or within the financial reporting entity is to adjust the beginning fund balance of \$(59,486) from the Canaan Child Care Fund and \$(44,608) for Union Station Project Fund between the Major and Nonmajor governmental funds.

Change in Accounting Principle

Effective July 1, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, there was an adjustment to increase the beginning Governmental Activities compensated absences liability by \$1,084,585 and to reduce the beginning Net Position by the same amount.

Adjustments and Restatements of Beginning Balances

The effect of the change in accounting principle and changes to or within the financial reporting entity on the beginning net position and fund balances is described in the table below:

	Governmental Activities	Union Station Project	Canaan Child Care	Nonmajor Governmental Funds
Net Position/Fund Balance as Reported June 30, 2024	\$ 18,153,491	\$ -	\$ (59,486)	\$ 221,608
Change in Accounting Principle - Compensated Absences	(1,084,585)	-	-	-
Changes to or Within the Financial Reporting Entity	<u>-</u>	<u>(44,608)</u>	<u>59,486</u>	<u>(14,878)</u>
Net Position/Fund Balance as Adjusted July 1, 2024	<u>\$ 17,068,906</u>	<u>\$ (44,608)</u>	<u>\$ -</u>	<u>\$ 206,730</u>

Required Supplementary Information

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

Schedule of Proportionate Share of Net Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>7,482,967</u>	<u>7,584,743</u>	<u>8,535,101</u>	<u>7,027,285</u>	<u>8,872,739</u>	<u>8,310,399</u>	<u>6,407,801</u>	<u>6,254,147</u>	<u>6,598,173</u>	<u>5,097,775</u>
Total	<u>\$ 7,482,967</u>	<u>\$ 7,584,743</u>	<u>\$ 8,535,101</u>	<u>\$ 7,027,285</u>	<u>\$ 8,872,739</u>	<u>\$ 8,310,399</u>	<u>\$ 6,407,801</u>	<u>\$ 6,254,147</u>	<u>\$ 6,598,173</u>	<u>\$ 5,097,775</u>
Town's covered payroll	\$ 2,406,215	\$ 2,268,550	\$ 2,064,649	\$ 2,102,660	\$ 2,160,764	\$ 2,014,935	\$ 2,037,346	\$ 2,043,665	\$ 1,926,262	\$ 1,829,572
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single equivalent amortization period	25.9 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90% net of investment related expense

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT
State Teacher's Retirement System
Proportionate Share of Net OPEB Liability
Last Eight Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	2025	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	1,535,014	710,586	747,479	765,610	1,323,369	1,296,054	1,280,937	1,609,745
Total	<u>\$ 1,535,014</u>	<u>\$ 710,586</u>	<u>\$ 747,479</u>	<u>\$ 765,610</u>	<u>\$ 1,323,369</u>	<u>\$ 1,296,054</u>	<u>\$ 1,280,937</u>	<u>\$ 1,609,745</u>
Town's covered payroll	<u>\$ 2,406,215</u>	<u>\$ 2,268,550</u>	<u>\$ 2,064,649</u>	<u>\$ 2,102,660</u>	<u>\$ 2,160,764</u>	<u>\$ 2,014,935</u>	<u>\$ 2,037,346</u>	<u>\$ 2,043,665</u>
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

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

Notes to Schedule

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

See accountant's report.

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund

Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes:				
Current Property Taxes	\$ 10,171,986	\$ 10,171,986	\$ 10,174,668	\$ 2,682
Back Property Taxes	100,000	100,000	136,284	36,284
Total Property Taxes	10,271,986	10,271,986	10,310,952	38,966
Interest and Lien Fees	85,000	85,000	88,550	3,550
Government Grants:				
Education Cost Sharing	1,781,954	1,781,954	1,781,954	-
State Owned Property (PILOT)	21,388	21,388	21,388	-
LOCIP	42,629	42,629	28,545	(14,084)
Veterans' Tax Relief	1,031	1,031	955	(76)
Mashantucket Pequot Fund	12,383	12,383	12,383	-
Municipal Grant-In-Aid	371,053	371,053	371,053	-
Other Grants	-	-	2,850	2,850
Total Government Grants	2,230,438	2,230,438	2,219,128	(11,310)
Investment Income	50,000	50,000	170,665	120,665
Departmental:				
Probate	3,600	3,600	-	(3,600)
Housing Authority	8,949	8,949	11,242	2,293
Building Permits	90,000	90,000	99,080	9,080
Licenses and Permits	3,500	3,500	2,447	(1,053)
Town Clerk Fees	70,000	70,000	77,288	7,288
Transfer Station Permits and Fees	75,000	75,000	127,173	52,173
Zoning Permits	18,000	18,000	7,797	(10,203)
Total Departmental	269,049	269,049	325,027	55,978
Other Revenues:				
Miscellaneous Other	25,000	25,000	50,565	25,565
Visiting Nurses	2,000	2,000	-	(2,000)
Telecommunications Tax	15,893	15,893	10,703	(5,190)
Total Other Revenues	42,893	42,893	61,268	18,375
Total Revenues	12,949,366	12,949,366	13,175,590	226,224
Other Financing Sources:				
Use of Fund Balance	395,606	395,606	-	(395,606)
Total Revenues and Other Financing Sources	\$ 13,344,972	\$ 13,344,972	\$ 13,175,590	\$ (169,382)

See accountant's report.

General Fund

Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Expenditures:				
General Government:				
Selectmen	\$ 103,700	\$ 103,700	\$ 99,969	\$ 3,731
Probate Court	3,049	3,149	3,149	-
Elections	28,500	35,241	35,743	(502)
Board of Finance	800	800	780	20
Audit and Accounting	41,000	38,500	38,500	-
Assessors	63,980	63,779	62,303	1,476
Board of Assessment Review	500	500	270	230
Tax Collector	52,071	52,071	42,954	9,117
Town Treasurer	39,000	41,392	41,326	66
Town Counsel	25,000	43,032	43,032	-
Town Clerk	78,670	84,700	71,837	12,863
Tax Refunds	6,000	6,000	5,590	410
Town Hall	58,000	57,998	54,619	3,379
Insurance	175,000	175,000	153,229	21,771
Payroll Taxes	65,000	65,000	56,775	8,225
Employee Benefits	337,500	309,500	258,047	51,453
Employee Retirement	30,000	30,000	29,225	775
Computer Services	10,000	10,000	6,632	3,368
Beautification Committee	1,500	1,500	1,500	-
NW Council of Governments	5,858	5,858	4,858	1,000
Wetlands, Travel and Misc.	1,000	1,000	940	60
Planning and Zoning	23,100	23,100	17,095	6,005
Contingency	5,000	2,489	2,297	192
Total General Government	1,154,228	1,154,309	1,030,670	123,639
Public Safety:				
Fire Protection	140,275	140,275	139,313	962
Fire Marshal	25,750	25,750	21,984	3,766
Police Protection - Resident Trooper	161,315	160,913	139,096	21,817
Building Inspector	94,416	77,144	69,637	7,507
Animal Control	6,500	6,500	6,500	-
Traffic Lights	400	749	749	-
Fire Hydrants	30,000	30,000	27,091	2,909
Homeland Security	-	-	-	-
Emergency Medical Dispatch	39,800	39,800	39,792	8
Total Public Safety	498,456	481,131	444,162	36,969
Public Works:				
Town Garage	24,250	30,094	26,546	3,548
LOCIP	-	28,545	28,545	-
Road and Bridge Maintenance	75,000	70,000	69,852	148
Winter Road Maintenance	80,000	88,851	88,752	99
Equipment Repair	32,000	29,500	29,070	430
Street Lighting	8,500	11,430	11,430	-
Tree Removal	17,000	27,075	27,075	-
Wages	215,000	195,500	183,088	12,412
Fuel	27,000	27,000	25,523	1,477
Total Public Works	\$ 478,750	\$ 507,995	\$ 489,881	\$ 18,114

See accountant's report.

General Fund

Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Health and Welfare:				
Health District	\$ 17,460	\$ 17,460	\$ 17,454	\$ 6
Visiting Nurse Association	2,000	2,000	2,000	-
Ambulance Service	132,000	132,000	131,250	750
Local Relief	5,500	5,500	5,000	500
Adult Daycare	27,500	27,500	27,500	-
Social Worker	20,600	20,600	16,871	3,729
Youth Service Center	5,000	5,000	5,000	-
Women's Emergency	1,500	1,500	1,500	-
Discretionary Fund	8,308	8,308	8,183	125
Canaan Child Care	6,900	6,900	6,400	500
Housing Authority	5,500	5,500	4,964	536
Housatonic River Commission	400	400	400	-
Northwestern Transit District	5,894	5,894	5,894	-
Total Health and Welfare	238,562	238,562	232,416	6,146
Culture and Recreation:				
Douglas Library	97,740	98,721	98,721	-
Little League	1,000	1,000	1,000	-
Memorial Day	1,000	1,051	1,051	-
Town Recreation	70,000	81,243	80,474	769
Foss Webb Building	3,000	3,000	2,243	757
Railroad Days	10,000	10,000	10,000	-
Town Historian	22,300	22,448	20,948	1,500
Total Culture and Recreation	205,040	217,463	214,437	3,026
Sanitation:				
Recycling	19,000	19,000	17,434	1,566
Transfer Station Operations	30,000	20,000	22,349	(2,349)
Transfer Station Wages	90,000	90,193	90,193	-
Well Monitoring	8,000	11,247	11,247	-
Hazardous Waste Removal	1,000	1,000	127	873
Transfer Station Fee - Residential	110,000	108,450	105,595	2,855
Hauling Costs	30,000	32,042	32,042	-
Bulky Waste Removal	60,000	40,500	38,883	1,617
Total Sanitation	\$ 348,000	\$ 322,432	\$ 317,870	\$ 4,562

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT

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General Fund

Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance
Education:				
Salaries and Wages	\$ 2,891,569	2,891,569	\$ 2,891,569	\$ -
Employee Benefits	878,516	878,516	832,132	46,384
Program Purchased Services	101,136	101,136	101,136	-
Property Services	145,070	145,070	145,072	(2)
Other Services	303,464	303,464	301,243	2,221
Supplies and Materials	183,458	183,458	183,376	82
Equipment	32,900	32,900	30,356	2,544
Region #1 Tuition	5,565,923	5,565,923	5,558,305	7,618
Total Education	10,102,036	10,102,036	10,043,189	58,847
Debt Service:				
Principal Retirements	22,400	22,400	22,400	-
Interest Payments	5,500	6,644	1,644	5,000
Total Debt Service	27,900	29,044	24,044	5,000
Capital Outlay	100,000	100,000	100,000	-
Total Expenditures	13,152,972	13,152,972	12,896,669	256,303
Other Financing Uses:				
Transfers Out:				
Capital Nonrecurring Fund:				
Fire Equipment	85,000	85,000	85,000	-
Town Equipment	37,000	37,000	37,000	-
Ambulance Equipment	35,000	35,000	35,000	-
Reappraisal	10,000	10,000	10,000	-
Town Hall	5,000	5,000	5,000	-
Reserve	5,000	5,000	5,000	-
Swimming Pool	2,500	2,500	2,500	-
Douglas Library	2,500	2,500	2,500	-
Roraback Building	5,000	5,000	5,000	-
Town Garage	5,000	5,000	5,000	-
Total Other Financing Uses	192,000	192,000	192,000	-
Total Expenditures and Other Financing Uses	\$ 13,344,972	\$ 13,344,972	\$ 13,088,669	\$ 256,303

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

page 1 of 3

Special Revenue Funds						
	Dog Fund	Visiting Nurses Fund	Beautification Trust Fund	Small Cities Block Grant- Façade	Town Aid Road	Community Network Fund
Assets						
Cash and Cash Equivalents	\$ 8,493	\$ 19,204	\$ 8,974	\$ 6,839	\$ -	\$ 35,252
Investments	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-
Other Receivables	-	-	-	33,500	-	-
Interfund Receivables	-	-	-	-	23,953	-
Other Assets	-	-	-	-	-	-
Total Assets	<u>\$ 8,493</u>	<u>\$ 19,204</u>	<u>\$ 8,974</u>	<u>\$ 40,339</u>	<u>\$ 23,953</u>	<u>\$ 35,252</u>
Liabilities						
Accounts Payable	\$ 1,386	\$ -	\$ -	\$ 800	\$ -	\$ -
Unearned Grant Revenue	-	-	-	-	23,953	-
Interfund Payables	-	-	-	-	-	-
Total Liabilities	<u>1,386</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>23,953</u>	<u>-</u>
Deferred Inflows of Resources						
Grant Revenues	-	-	-	-	-	-
Property Rehab Loans	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	7,107	19,204	8,974	39,539	-	35,252
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>7,107</u>	<u>19,204</u>	<u>8,974</u>	<u>39,539</u>	<u>-</u>	<u>35,252</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,493</u>	<u>\$ 19,204</u>	<u>\$ 8,974</u>	<u>\$ 40,339</u>	<u>\$ 23,953</u>	<u>\$ 35,252</u>

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

page 2 of 3

	Special Revenue Funds					
	Elementary School Lunch Fund	L. Jackson Recreation Fund	Educational Fund	ARPA Grant	Canaan Railroad Days	Special Recreation Fund
Assets						
Cash and Cash Equivalents	\$ 63,809	\$ 1,342	\$ 17,847	\$ -	\$ 37,108	\$ 9,742
Investments	-	-	-	-	-	-
Grants Receivable	11,844	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-
Other Assets	801	-	-	-	-	-
Total Assets	<u>\$ 76,454</u>	<u>\$ 1,342</u>	<u>\$ 17,847</u>	<u>\$ -</u>	<u>\$ 37,108</u>	<u>\$ 9,742</u>
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Grant Revenue	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Grant Revenues	-	-	-	-	-	-
Property Rehab Loans	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	76,454	1,342	17,847	-	37,108	9,742
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>76,454</u>	<u>1,342</u>	<u>17,847</u>	<u>-</u>	<u>37,108</u>	<u>9,742</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 76,454</u>	<u>\$ 1,342</u>	<u>\$ 17,847</u>	<u>\$ -</u>	<u>\$ 37,108</u>	<u>\$ 9,742</u>

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2025

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	Special Revenue Funds	Capital Projects Fund	
	Bunny McGuire Fund	Sodom Road Bridge	Totals
Assets			
Cash and Cash Equivalents	\$ 2,864	\$ -	\$ 211,474
Investments	-	-	-
Grants Receivable	-	-	11,844
Other Receivables	-	-	33,500
Interfund Receivables	-	-	23,953
Other Assets	-	-	801
Total Assets	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ 281,572</u>
Liabilities			
Accounts Payable	\$ -	\$ -	\$ 2,186
Unearned Grant Revenue	-	-	23,953
Interfund Payables	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>26,139</u>
Deferred Inflows of Resources			
Grant Revenues	-	-	-
Property Rehab Loans	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	2,864	-	255,433
Unassigned	-	-	-
Total Fund Balances	<u>2,864</u>	<u>-</u>	<u>255,433</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ 281,572</u>

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

page 1 of 3

	Special Revenue Funds					
	Dog Fund	Visiting Nurses Fund	Beautification Trust Fund	Small Cities Block Grant- Façade	Town Aid Road	Community Network Fund
Revenues						
Federal and State Grants	\$ -	\$ -	\$ -	\$ -	\$ 240,406	\$ -
Investment Income	-	496	-	177	-	-
Departmental	7,381	-	-	-	-	-
Contributions and Other	-	-	1,850	-	-	24,649
Total Revenues	<u>7,381</u>	<u>496</u>	<u>1,850</u>	<u>177</u>	<u>240,406</u>	<u>24,649</u>
Expenditures						
Current:						
General Government	-	-	3,794	-	-	-
Public Safety	3,182	-	-	-	-	-
Public Works	-	-	-	-	240,406	21,586
Health and Welfare	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>3,182</u>	<u>-</u>	<u>3,794</u>	<u>-</u>	<u>240,406</u>	<u>21,586</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	4,199	496	(1,944)	177	-	3,063
Other Financing Sources/(Uses)						
Transfers Out	-	-	-	-	-	-
Transfers In	-	-	1,500	-	-	5,000
Net Changes in Fund Balances	4,199	496	(444)	177	-	8,063
Fund Balances - Beginning	2,908	18,708	9,418	39,362	-	27,189
Change in Fund Presentation	-	-	-	-	-	-
Fund Balances at Beginning of Year - as Adjusted	<u>2,908</u>	<u>18,708</u>	<u>9,418</u>	<u>39,362</u>	<u>-</u>	<u>27,189</u>
Fund Balances - Ending	<u>\$ 7,107</u>	<u>\$ 19,204</u>	<u>\$ 8,974</u>	<u>\$ 39,539</u>	<u>\$ -</u>	<u>\$ 35,252</u>

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

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	Special Revenue Funds					
	Elementary School Lunch Fund	L. Jackson Recreation Fund	Educational Fund	Canaan Child Care	ARPA Grant	Canaan Railroad Days
Revenues						
Federal and State Grants	\$ 81,897	\$ -	\$ -	\$ 289,098	\$ 15,755	\$ -
Investment Income	-	35	-	-	-	-
Departmental	51,209	-	83,741	-	-	-
Contributions and Other	-	-	-	-	-	22,339
Total Revenues	<u>133,106</u>	<u>35</u>	<u>83,741</u>	<u>289,098</u>	<u>15,755</u>	<u>22,339</u>
Expenditures						
Current:						
General Government	-	-	-	-	15,755	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	34,721
Education	141,632	-	98,181	229,612	-	-
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>141,632</u>	<u>-</u>	<u>98,181</u>	<u>229,612</u>	<u>15,755</u>	<u>34,721</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(8,526)	35	(14,440)	59,486	-	(12,382)
Other Financing Sources/(Uses)						
Transfers Out	-	-	-	-	-	-
Transfers In	-	-	-	-	-	10,000
Net Changes in Fund Balances	(8,526)	35	(14,440)	59,486	-	(2,382)
Fund Balances - Beginning	84,980	1,307	32,287	-	-	39,490
Change in Fund Presentation	-	-	-	(59,486)	-	-
Fund Balances at Beginning of Year - as Adjusted	<u>84,980</u>	<u>1,307</u>	<u>32,287</u>	<u>(59,486)</u>	<u>-</u>	<u>39,490</u>
Fund Balances - Ending	<u>\$ 76,454</u>	<u>\$ 1,342</u>	<u>\$ 17,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,108</u>

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

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	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>		
	Special Recreation Fund	Bunny McGuire Fund	Sodom Road Bridge	Union Station Project	Totals
Revenues					
Federal and State Grants	\$ -	\$ -	\$ -	\$ -	\$ 627,156
Investment Income	-	15	-	-	723
Departmental	12,795	-	-	-	155,126
Contributions and Other	-	13,065	223	-	62,126
Total Revenues	<u>12,795</u>	<u>13,080</u>	<u>223</u>	<u>-</u>	<u>845,131</u>
Expenditures					
Current:					
General Government	-	-	-	-	19,549
Public Safety	-	-	-	-	3,182
Public Works	-	-	-	-	261,992
Health and Welfare	-	-	-	-	-
Culture and Recreation	13,843	10,216	-	-	58,780
Education	-	-	-	-	469,425
Debt Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>13,843</u>	<u>10,216</u>	<u>-</u>	<u>-</u>	<u>812,928</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,048)	2,864	223	-	32,203
Other Financing Sources/(Uses)					
Transfers Out	-	-	-	-	-
Transfers In	-	-	-	-	16,500
Net Changes in Fund Balances	(1,048)	2,864	223	-	48,703
Fund Balances - Beginning	10,790	-	(223)	(44,608)	221,608
Change in Fund Presentation	-	-	-	44,608	(14,878)
Fund Balances at Beginning of Year - as Adjusted	<u>10,790</u>	<u>-</u>	<u>(223)</u>	<u>-</u>	<u>206,730</u>
Fund Balances - Ending	<u>\$ 9,742</u>	<u>\$ 2,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,433</u>

See accountant's report.

TOWN OF NORTH CANAAN, CONNECTICUT

Schedule of Debt Limitation For the Year Ended June 30, 2025

Total Tax Collections for the Prior Year

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year	\$ 10,699,720
Reimbursement for Loss on:	
Tax relief for Elderly and Disabled	<u>215</u>
Base	<u>\$ 10,699,935</u>

	General Purpose (2.25 x base)	Schools (4.50 x base)	Sewers (3.75 x base)	Urban Renewal (3.25 x base)	Pension Deficit (3.00 x base)
Debt Limitation:					
Statutory Debt Limits by Function	<u>\$ 24,074,854</u>	<u>\$ 48,149,708</u>	<u>\$ 40,124,756</u>	<u>\$ 34,774,789</u>	<u>\$ 32,099,805</u>
Indebtedness:					
Notes payable	9,600	-	-	-	-
Regional School District #1 (Town Share 35.29%)	<u>-</u>	<u>3,026,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>9,600</u>	<u>3,026,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 24,065,254</u>	<u>\$ 45,123,592</u>	<u>\$ 40,124,756</u>	<u>\$ 34,774,789</u>	<u>\$ 32,099,805</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$74,899,545.

See accountant's report

TOWN OF NORTH CANAAN, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
July 1, 2024 to June 30, 2025

	Uncollected Taxes 7/1/2024	Current Levy	Lawful Corrections		Transfers to/(from) Suspense	Collectable Taxes	Receipt of Taxes	Interest and Liens	Total Receipts	Uncollected Taxes 6/30/2025
			Additions	Deductions						
List of:										
2023		\$ 10,353,728	\$ -	\$ 1	\$ 2,903	\$ 10,350,824	\$ 10,205,762	\$ 45,951	\$ 10,251,713	\$ 145,062
2022	\$ 142,993	-	24,205	54,238	2,778	110,182	75,089	20,605	95,694	35,093
2021	49,091	-	289	389	3,894	45,097	20,601	7,506	28,107	24,496
2020	13,341	-	219	110	3,215	10,235	4,507	2,523	7,030	5,728
2019	12,154	-	24	70	7,910	4,198	2,337	703	3,040	1,861
2018	4,393	-	-	-	3,569	824	46	72	118	778
2017	1,202	-	-	-	922	280	120	130	250	160
2016	911	-	-	-	837	74	-	-	-	74
2015	819	-	-	-	748	71	-	-	-	71
2014	521	-	-	-	521	-	-	-	-	-
2013	521	-	-	-	521	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-
	<u>\$ 225,946</u>	<u>\$ 10,353,728</u>	<u>\$ 24,737</u>	<u>\$ 54,808</u>	<u>\$ 27,818</u>	<u>\$ 10,521,785</u>	<u>10,308,462</u>	<u>77,490</u>	<u>10,385,952</u>	<u>\$ 213,323</u>
Net Grand List - October 1, 2023					Suspense Collections		9,833	9,720	19,553	
Tax Rate: 24.75 Mills					Total Collections		<u>\$ 10,318,295</u>	<u>\$ 87,210</u>	<u>\$ 10,405,505</u>	

See accountant's report