



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

Town of North Canaan, Connecticut

FY 2025 Audit

Presented by:

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Audit Overview

- **Board level responsibilities:**

- Oversight of the financial reporting process and internal controls that are part of the process.
- Tone at the top.
- Communication with auditors of known or suspected fraud, noncompliance, concerns regarding related parties, unusual transactions.

- **Management Responsibilities:**

- Preparation of financial statements and grant schedules.
- Implementing the approved internal controls.
- Adjustment and reconciliation of the financial statements.
- Fraud prevention and detection.

- **Auditor responsibilities:**

- Opine and report on the financial statements based on the results of evaluation and testing.
- Design adequate audit procedures to address risks.
- Present control deficiencies and reportable noncompliance to management and governance.

Audit Sections

- Management Discussion and Analysis (high-level summary) on pages 4-10 precedes the first set of financial statements.
- Financial Statement Audit: the core of the audit – financial statements, note disclosures, supplemental financial statements and schedules.
- CT Single Audit: grant compliance audit – reports and schedules.
- BOE EFS Procedures: list of testing procedures specified by the CT State Department of Education. Results in its own separate report to the CT SDE.

Annual Financial Report - Highlights

- P.11-12 – Government-Wide statements, including depreciation, long-term debt (loans and retirement benefits), and actuarially determined deferred charges and credits.
- P.13 – GF Fund Balance of \$6,211,285. Government Finance Officer's Association recommends two months of annual revenues kept in surplus (16.67%). North Canaan's GF unassigned fund balance is \$5,476,627, which is approximately 43% of annual budgeted revenues.
- P.13 – Capital Nonrecurring Fund
 - \$2,271,663 identified with specific projects, plus \$551,890 for general capital reserve projects.
- P.13 – Douglas Library Fund
 - The library has a restricted fund balance of \$1,052,222.
- P.13 - Tobey Hill Bridge Fund
 - The fund has a deficit fund balance of \$94,511.
- P.13 – Union Station Project Fund
 - The fund has a deficit fund balance of \$76,706.

3 Year Fund Balance Trend



Annual Financial Report – Highlights (Continued)

- P.16 – Budgetary results show a \$86,921 addition to fund balance for the year.
 - This compares to the expected use of fund balance of \$395,606.
 - Revenues exceeded budget, led by investment revenues, tax collections and some departmental revenues.
 - Expenses were under budget in all sections.
- P.28 – Summary of changes in capital assets

Annual Financial Report – Highlights (Continued)

- P.29 – Future debt service requirements for Town through 2026. New compensated absences calculation from GASB standard 101.
- P.32 – Portion of Teacher's Retirement Pension Liability associated with the Town is \$7,482,967, Town is currently responsible for none. CT contributed \$858K on behalf of the Town.
- P.37 – Portion of Teacher's OPEB Liability associated with the Town is \$1,535,014, Town is currently responsible for none. CT contributed \$10,327 on behalf of the Town.
- Pages 42-45 – Detailed budgetary comparison
- P.53 – Outstanding Taxes Receivable at 6/30/25 is \$213,323. This is roughly 2% of the Current Levy. Current collection rate is 98.6%, which is close to the state average of 98.7% (as of 2022).

Federal and State Single Audits

Federal Single Audit

- Required when more than \$750,000 of federal funds expended.
- 232k of federal expenditures for 2025.

State Single Audit

- P. 6 – FY2025 expenditures of State Assistance: \$2,703,401 total assistance, of which \$1,781,954 is Education Cost Sharing.

Management Letter

- Management Letter
 - Accounting Manual for Board of Education
- Verbal Comments
 - BOE to BOS reconciliation.
 - BOE had two invoices in the sample with incorrect sub-coding, but were under the correct grouping. BOE corrected after we communicated the results of our testing.
 - COCs don't show signs of a secondary review. Only the assessor's sign off.

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