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# **TOWN OF NORTH CANAAN, CONNECTICUT**

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Annual Financial Statements

For the Year Ended June 30, 2022

# TOWN OF NORTH CANAAN, CONNECTICUT

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# 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, 2022, 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, 2022, 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 judgement 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 judgement 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 judgement, 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***

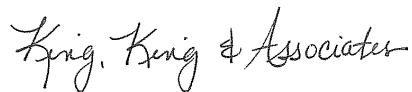
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules on pages 4-10, 41-44, and 39-40 be presented to supplement the basic financial statements. Such information 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 January 25, 2023, 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  
January 25, 2023

## TOWN OF NORTH CANAAN, CONNECTICUT

### Management's Discussion and Analysis

June 30, 2022

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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, 2022.

### 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 \$17,118,656 (*net position*). The government's total net position increased by \$1,174,263. Of this amount, \$6,576,401 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Position of \$1,336,070 is restricted for various programs such as road improvements, façade improvement program, Douglas Library, Union Station, 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 \$7,753,735, an increase of \$425,616 in comparison with the prior year. Of this amount, \$4,456,934 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 \$4,808,092 or 41% 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, 2022

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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 ARPA Grant 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 19-38 of this report.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2022

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**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 \$17,118,656 at the close of the most recent fiscal year.

**SUMMARY STATEMENT OF NET POSITION**

	2022	Restated 2021
Current and Other Assets	\$ 8,352,071	\$ 7,891,697
Capital Assets	9,620,635	8,973,305
Total Assets	<u>\$ 17,972,706</u>	<u>\$ 16,865,002</u>
Deferred Outflows of Resources	-	-
Other Liabilities	\$ 449,982	\$ 407,581
Long-Term Liabilities	404,068	513,028
Total Liabilities	<u>854,050</u>	<u>920,609</u>
Deferred Inflows of Resources	-	-
Net Position:		
Net Investment in Capital Assets	9,206,185	8,444,655
Restricted	1,336,070	1,317,006
Unrestricted	6,576,401	6,182,732
Total Net Position	<u>\$ 17,118,656</u>	<u>\$ 15,944,393</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 increased by \$761,530 primarily due to depreciation being less than fixed asset additions and the pay down of related debt.

The Town's restricted net position of \$1,336,070 increased by \$19,064 compared to last years restricted net position of \$1,317,006.

The Town's unrestricted net position of \$6,576,401 increased by \$393,669 compared to last years unrestricted net position of \$6,182,732. This increase is primarily due to the current year surplus.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2022

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STATEMENT OF CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	\$ 328,981	\$ 291,259
Operating Grants and Contributions	3,592,002	4,305,722
Capital Grants and Contributions	719,269	320,334
General Revenues:		
Property Taxes	9,342,749	9,088,237
Grants and contributions, not restricted to specific programs	37,980	37,120
Unrestricted Investment Income	14,909	53,646
Total Revenues	<u>14,035,890</u>	<u>14,096,318</u>
<b>EXPENSES</b>		
Governmental Activities:		
General Government	957,600	939,227
Public Safety	363,475	390,604
Public Works	890,804	733,198
Health & Welfare	156,096	297,945
Culture and recreation	255,776	249,154
Sanitation	341,492	312,715
Education	9,878,477	10,239,959
Interest	17,907	20,975
Total Expenses	<u>12,861,627</u>	<u>13,183,777</u>
Change in Net Position	1,174,263	912,541
Beginning Net Position. Restated	15,944,393	15,018,789
Ending Net Position	<u>\$ 17,118,656</u>	<u>\$ 15,931,330</u>

**Governmental activities.** Governmental activities increased the Town of North Canaan, CT's net position by \$1,174,263.

Key elements of this increase are as follows:

- Lower expenses than were originally budgeted mainly in education.
- A consistent tax collection of 98.5%, above budgeted figure and continued collection of back taxes.
- Increase in departmental fee collections compared to budgeted figures.

Sixty-seven percent (67%) of the revenues of the Town were derived from property taxes, followed by thirty-one percent (31%) from grants and contributions, then less than two percent (2%) from charges for services and less than one percent of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-seven percent (77%) of the expenses of the Town relate to education, Seven percent (7%) relate to general government, seven percent (7%) relate to public works, five percent (5%) relate to public safety, and sanitation, and four percent (4%) 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 \$7,753,735, an increase of \$438,679 in comparison with the prior year. Fifty-eight percent (58%) 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 \$4,808,092. 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-one percent (41%) of total General Fund budgeted expenditures.

The fund balance of the Town of North Canaan, CT's General Fund increased by \$425,616 during the current fiscal year. Key factors in this increase are as follows:

- Revenues coming in greater than budgeted, primarily in property taxes, town clerk fees, building permits, and transfer stations fees.
- Expenditures coming in less than budgeted in all departments, including the local and regional school budgets.

**Capital Nonrecurring Fund.** The fund balance of the Capital Nonrecurring Fund increased by \$128,354 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 \$3,386 during the current fiscal year. This increase is primarily attributable to investment income and contributions of \$33,514 and the General Fund appropriation of \$97,740 less the current years expenditures of \$127,868.

**Tobey Hill Bridge Project.** The fund balance of the Tobey Hill Project decreased by \$178,676 during the current fiscal year. This decrease is primarily attributable to federal and state grants of \$719,269, less the current years expenditures of \$897,945.

**ARPA Grant Fund.** There was no change in the fund balance of the ARPA Grant Fund as the money is held as an asset and unearned revenue until it is used for qualified expenditures.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2022

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

- Property tax collection and collection of prior year taxes stronger than budgeted.
- Strong Town Clerk, building and transfer station fee collections
- Educational budget had less expenditures than budgeted.

**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, 2022, amounts to \$9,620,635 (net of accumulated depreciation). This reported value in capital assets includes land and buildings, vehicles, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$647,330 which consisted of capital additions of \$1,109,677, offset by current year depreciation of \$462,347.

	2022	2021
<i>Governmental Activities:</i>		
Land	\$ 964,886	\$ 964,886
Construction In Progress	1,565,803	610,858
Buildings and Improvements	3,700,619	3,966,519
Furniture, Fixtures, & Equipment	729,916	669,486
Infrastructure	2,659,411	2,761,556
	<u>\$ 9,620,635</u>	<u>\$ 8,973,305</u>

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

- Tobey Road Bridge engineering

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 \$492,268.

	2022	2021
G.O. Bonds	\$ 27,650	\$ 43,450
Notes Payable	386,800	485,200
Teachers' Severance	77,818	98,578
Total	<u>\$ 492,268</u>	<u>\$ 627,228</u>

The Town of North Canaan, CT's total debt decreased by \$134,960 during the current fiscal year due to annual debt paydowns. 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, 2022

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Regional High school budget increase due to ratio change.
- Threat of losing State funding continues to be a variable in our local budget.
- Increase in the Mill Rate.

All of these factors were considered in preparing the Town of North Canaan, CT's budget for the 2023 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, 2022

	<b>Governmental Activities</b>
<b>Assets</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 7,403,081
Investments	365,939
Receivables, net of allowances:	
Property Taxes and Interest	264,404
Federal and State Grants	276,689
Other Receivables	13,708
Other Assets	28,250
Total Current Assets	<u>8,352,071</u>
<i>Noncurrent Assets:</i>	
Capital Assets:	
Land and Nondepreciable Assets	2,530,689
Depreciable Assets, Net of Depreciation	7,089,946
Total Noncurrent Assets	<u>9,620,635</u>
<b>Total Assets</b>	<u><b>17,972,706</b></u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	352,895
Unearned Grant Revenue	8,887
Current Portion of Long-Term Obligations	88,200
Total Current Liabilities	<u>449,982</u>
<i>Noncurrent Liabilities:</i>	
Noncurrent Portion of Long-Term Obligations	404,068
Total Noncurrent Liabilities	<u>404,068</u>
<b>Total Liabilities</b>	<u><b>854,050</b></u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	9,206,185
Restricted for:	
Façade Improvement Program	37,152
Union Station Project	88,280
Douglas Library	937,503
Other Purposes	273,135
Unrestricted	6,576,401
<b>Total Net Position</b>	<u><b>\$ 17,118,656</b></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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental Activities:					
General Government	\$ 957,600	\$ 178,668	\$ 45,723	\$ -	\$ (733,209)
Public Safety	363,475	61,685	-	-	(301,790)
Public Works	890,804	-	559,670	719,269	388,135
Health and Welfare	156,096	-	226,274	-	70,178
Culture and Recreation	255,776	-	71,112	-	(184,664)
Sanitation	341,492	88,628	-	-	(252,864)
Education	9,878,477	-	2,689,223	-	(7,189,254)
Interest on Long-Term Debt	17,907	-	-	-	(17,907)
Total Governmental Activities	<u>\$ 12,861,627</u>	<u>\$ 328,981</u>	<u>\$ 3,592,002</u>	<u>\$ 719,269</u>	<u>(8,221,375)</u>
General Revenues:					
Property Taxes and Assessments					9,342,749
Grants and Contributions not Restricted to Specific Programs					37,980
Unrestricted Investment Income					14,909
Total General Revenues					<u>9,395,638</u>
				Change in Net Position	1,174,263
				Net Position - Beginning, Restated	15,944,393
				Net Position - Ending	\$ 17,118,656

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

**TOWN OF NORTH CANAAN, CONNECTICUT**

Governmental Funds

Balance Sheet

June 30, 2022

	General Fund	Capital Nonrecurring	Douglas Library	Tobey Hill Bridge	ARPA Grant	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>							
Cash and Cash Equivalents	\$ 4,890,759	\$ 1,293,125	\$ 889,250	\$ -	\$ 420,443	\$ 329,947	\$ 7,823,524
Investments	-	319,692	46,247	-	-	-	365,939
Taxes and Interest Receivable, net	264,404	-	-	-	-	-	264,404
Federal & State Grants Receivable	20,000	-	-	128,978	-	127,711	276,689
Other Receivables	8,532	-	-	-	-	5,176	13,708
Interfund Receivables	556,842	-	-	-	-	-	556,842
Other Assets	-	-	2,750	-	-	25,500	28,250
<b>Total Assets</b>	<u>\$ 5,740,537</u>	<u>\$ 1,612,817</u>	<u>\$ 938,247</u>	<u>\$ 128,978</u>	<u>\$ 420,443</u>	<u>\$ 488,334</u>	<u>\$ 9,329,356</u>
<b>Liabilities</b>							
Accounts Payable	\$ 350,060	\$ -	\$ 744	\$ -	\$ -	\$ 2,091	\$ 352,895
Unearned Grant Revenue	3,093	-	-	-	420,443	5,794	429,330
Interfund Payables	-	-	-	479,913	-	76,929	556,842
<b>Total Liabilities</b>	<u>353,153</u>	<u>-</u>	<u>744</u>	<u>479,913</u>	<u>420,443</u>	<u>84,814</u>	<u>1,339,067</u>
<b>Deferred Inflows of Resources</b>							
Unavailable Revenue:							
Property Taxes and Interest	231,378	-	-	-	-	-	231,378
Property Rehabilitation Loans	-	-	-	-	-	5,176	5,176
<b>Total Deferred Inflows of Resources</b>	<u>231,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,176</u>	<u>236,554</u>
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted For:							
Façade Improvement Program	-	-	-	-	-	37,152	37,152
Douglas Library	-	-	937,503	-	-	-	937,503
Union Station Project	-	-	-	-	-	88,280	88,280
Nonmajor Fund Purposes	-	-	-	-	-	273,135	273,135
Committed to Capital Projects	-	1,060,927	-	-	-	-	1,060,927
Assigned to:							
Capital Outlay	-	551,890	-	-	-	-	551,890
Future Appropriation	347,914	-	-	-	-	-	347,914
Unassigned	<u>4,808,092</u>	<u>-</u>	<u>-</u>	<u>(350,935)</u>	<u>-</u>	<u>(223)</u>	<u>4,456,934</u>
<b>Total Fund Balances</b>	<u>5,156,006</u>	<u>1,612,817</u>	<u>937,503</u>	<u>(350,935)</u>	<u>-</u>	<u>398,344</u>	<u>7,753,735</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 5,740,537</u>	<u>\$ 1,612,817</u>	<u>\$ 938,247</u>	<u>\$ 128,978</u>	<u>\$ 420,443</u>	<u>\$ 488,334</u>	<u>9,329,356</u>

Amounts reported for *governmental activities* 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.

9,620,635

Deferred revenue for property taxes and rehabilitation loans are reported in the funds but accrued as revenue in the government-wide statements and added to net position.

236,554

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

(492,268)

Net Position of Governmental Activities

\$ 17,118,656

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2022

	General Fund	Capital Nonrecurring	Douglas Library	Tobey Hill Bridge	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property Taxes	\$ 9,308,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,308,914
Interest and Lien Fees	67,478	-	-	-	-	-	67,478
Federal and State Grants	3,113,983	-	501	719,269	60,625	531,290	4,425,668
Investment Income	10,157	3,036	1,647	-	-	69	14,909
Departmental	293,575	-	31,366	-	-	12,249	337,190
Other	41,103	-	-	-	-	111,808	152,911
<b>Total Revenues</b>	<u>12,835,210</u>	<u>3,036</u>	<u>33,514</u>	<u>719,269</u>	<u>60,625</u>	<u>655,416</u>	<u>14,307,070</u>
<b>Expenditures:</b>							
Current:							
General Government	922,627	-	-	-	60,625	2,017	985,269
Public Safety	358,452	-	-	-	-	5,023	363,475
Public Works	427,578	41,682	-	897,945	-	282,702	1,649,907
Health and Welfare	149,403	-	-	-	-	6,693	156,096
Culture and Recreation	83,944	-	127,868	-	-	32,202	244,014
Sanitation	341,492	-	-	-	-	-	341,492
Education	9,531,687	-	-	-	-	320,407	9,852,094
Debt Service	132,107	-	-	-	-	-	132,107
Capital Outlay	157,000	-	-	-	-	-	157,000
<b>Total Expenditures</b>	<u>12,104,290</u>	<u>41,682</u>	<u>127,868</u>	<u>897,945</u>	<u>60,625</u>	<u>649,044</u>	<u>13,881,454</u>
Excess/(Deficiency) of Revenues Over Expenditures	730,920	(38,646)	(94,354)	(178,676)	-	6,372	425,616
<b>Other Financing Sources/(Uses):</b>							
Transfers In	-	167,000	97,740	-	-	9,306	274,046
Transfers Out	(274,046)	-	-	-	-	-	(274,046)
<b>Total Other Financing Sources/(Uses)</b>	<u>(274,046)</u>	<u>167,000</u>	<u>97,740</u>	<u>-</u>	<u>-</u>	<u>9,306</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	456,874	128,354	3,386	(178,676)	-	15,678	425,616
<b>Fund Balances - Beginning, Restated</b>	4,699,132	1,484,463	934,117	(172,259)	-	382,666	7,328,119
<b>Fund Balances - Ending</b>	<u>\$ 5,156,006</u>	<u>\$ 1,612,817</u>	<u>\$ 937,503</u>	<u>\$ (350,935)</u>	<u>\$ -</u>	<u>\$ 398,344</u>	<u>\$ 7,753,735</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, 2022

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**Net change in fund balances - total governmental funds** \$ 425,616

**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>Capital Outlays</i>	1,109,677
<i>Depreciation Expense</i>	(462,347)

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>	(33,643)
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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>	114,200
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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 teachers' severance liability</i>	<u>20,760</u>
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**Change in net position of governmental activities.** **\$ 1,174,263**

# TOWN OF NORTH CANAAN, CONNECTICUT

## Budgetary Comparison Statement-General Fund

For The Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Property Taxes	\$ 9,208,966	\$ 9,208,966	<b>\$ 9,308,914</b>	\$ 99,948
Interest and Lien Fees	100,000	100,000	<b>67,478</b>	(32,522)
Federal and State Grants	2,208,566	2,208,566	<b>2,193,163</b>	(15,403)
Investment Income	1,500	1,500	<b>10,157</b>	8,657
Departmental	215,800	215,800	<b>293,575</b>	77,775
Other	26,343	26,343	<b>41,103</b>	14,760
<b>Total Revenues</b>	<u>11,761,175</u>	<u>11,761,175</u>	<u><b>11,914,390</b></u>	<u>153,215</u>
<b>Expenditures:</b>				
Current:				
General Government	945,339	937,188	<b>919,127</b>	18,061
Public Safety	384,704	361,854	<b>360,758</b>	1,096
Public Works	432,200	430,648	<b>427,578</b>	3,070
Health and Welfare	165,015	149,096	<b>142,646</b>	6,450
Culture and Recreation	202,240	204,974	<b>198,284</b>	6,690
Sanitation	296,550	342,213	<b>341,492</b>	721
Education	9,174,208	9,174,208	<b>8,643,124</b>	531,084
Debt Service	162,456	162,531	<b>157,507</b>	5,024
Capital Outlay	100,000	100,000	<b>100,000</b>	-
<b>Total Expenditures</b>	<u>11,862,712</u>	<u>11,862,712</u>	<u><b>11,290,516</b></u>	<u>572,196</u>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	(101,537)	(101,537)	<b>623,874</b>	725,411
<b>Other Financing Sources/(Uses):</b>				
Use of Fund Surplus	268,537	268,537	-	(268,537)
Transfers Out	<u>(167,000)</u>	<u>(167,000)</u>	<u><b>(167,000)</b></u>	<u>-</u>
<b>Net Change in Fund Balance, Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<b>456,874</b>	<u><b>\$ 456,874</b></u>
<b>Fund Balance, Beginning of Year</b>			<u><b>4,699,132</b></u>	
<b>Fund Balance, End of Year</b>			<u><b>\$ 5,156,006</b></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, 2022

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	Private-Purpose Trust Funds
<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,166
<b>Total Assets</b>	<u>\$ 3,166</u>
 <b>Deferred Outflows of Resources</b>	 <u>-</u>
 <b>Liabilities</b>	
Payables	\$ -
<b>Total Liabilities</b>	<u>-</u>
 <b>Deferred Inflows of Resources</b>	 <u>-</u>
 <b>Net Position</b>	
Held in Trust for Other Purposes	3,166
<b>Total Net Position</b>	<u>\$ 3,166</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, 2022**

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	Private-Purpose Trust Funds
<b>Additions:</b>	
Contributions	\$ -
Investment Income	2
Activity Fees	-
<b>Total Additions</b>	<u>2</u>
<b>Deductions:</b>	
Trust Distributions	-
Events and Activities	-
<b>Total Deductions</b>	<u>-</u>
Change in Net Position	2
<b>Net Position - Beginning of Year, Restated</b>	<u>3,164</u>
<b>Net Position - End of Year</b>	<u>\$ 3,166</u>

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

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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**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.

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financings of the right to use an underlying asset. The Entity adopted the requirements of the guidance effective July, 1, 2021, however, management concluded that they did not have any significant arrangements that met the requirement of this standard.



## TOWN OF NORTH CANAAN, CONNECTICUT

### Notes to the Financial Statements

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#### **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.

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 *ARPA Grant Fund* is used to account for and report financial resources related to the federal American Rescue Plan Act grant.

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

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

*Cash and Cash Equivalents* - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value 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 \$29,000. 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 1 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.

*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.

## TOWN OF NORTH CANAAN, CONNECTICUT

### Notes to the Financial Statements

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**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 for subsequent use or for payment upon termination or retirement. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations or retirements. Board of Education employees with 20 or more years of employment will receive twenty dollars per day of unused sick time upon retirement or death while employed. The obligation payable upon death is not recorded as it is not reasonably estimable.

**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.

**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.

## TOWN OF NORTH CANAAN, CONNECTICUT

### Notes to the Financial Statements

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

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

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

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

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

#### **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:

## TOWN OF NORTH CANAAN, CONNECTICUT

### Notes to the Financial Statements

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**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.

#### 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.

# TOWN OF NORTH CANAAN, CONNECTICUT

## Notes to the Financial Statements

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	\$ 11,914,390	\$ 11,290,516	\$ (167,000)	\$ 456,874
Revenue adjustments for:				
Unbudgeted Grants and CTRB	920,820	-	-	920,820
Expenditure adjustments for:				
Unbudgeted Grants and CTRB	-	920,820	-	(920,820)
Unbudgeted Adjustment	-	-	-	-
Transfers Out	-	(107,046)	(107,046)	-
Balance, GAAP Basis	<u>\$ 12,835,210</u>	<u>\$ 12,104,290</u>	<u>\$ (274,046)</u>	<u>\$ 456,874</u>

### Deficit Fund Equity

The following funds had deficit fund balances as of June 30, 2022:

Tobey Hill Bridge	\$ (350,935)
Sodom Road Bridge	(223)

### 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, 2022 consisted of:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$ 7,823,524</u>	<u>\$ 3,166</u>	<u>\$ 7,826,690</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	\$ 7,826,690
Plus: Investments (CDs)	365,939
	<u>\$ 8,192,629</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$8,192,629 and the bank balance was \$8,411,511. Of the bank balance, Federal Depository Insurance Corporation insured \$869,113.

# TOWN OF NORTH CANAAN, CONNECTICUT

## Notes to the Financial Statements

As of June 30, 2022, \$7,542,398 of the Town's bank balance of \$8,411,511 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,010,429
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>2,531,969</u>
Total	<u>\$ 7,542,398</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.

*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, 2022, 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	\$ 365,939	\$ 29,431	\$ 336,508	\$ -

### NOTE 4 – RECEIVABLES

As of June 30, 2022, Town receivable balances were as follows:

	<u>General Fund</u>	<u>Tobey Hill Bridge</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Taxes Receivable	\$ 226,439	\$ -	\$ -	\$ 226,439
Interest Receivable	66,965	-	-	66,965
Federal & State Grants	20,000	128,978	127,711	276,689
Other	8,532	-	5,176	13,708
Total Gross Receivables	<u>321,936</u>	<u>128,978</u>	<u>132,887</u>	<u>583,801</u>
Allowance for Collection Losses	<u>(29,000)</u>	<u>-</u>	<u>-</u>	<u>(29,000)</u>
Total Net Receivables	<u>\$ 292,936</u>	<u>\$ 128,978</u>	<u>\$ 132,887</u>	<u>\$ 554,801</u>

**TOWN OF NORTH CANAAN, CONNECTICUT****Notes to the Financial Statements****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, 2022, the outstanding balances between funds were:

	Due To:		Total
	General Fund	Nonmajor Funds	
<u>Due From:</u>			
General Fund	\$ -	\$ -	\$ -
Tobey Hill Bridge	479,913	-	479,913
Nonmajor Funds	76,929	-	76,929
Total	<u>\$ 556,842</u>	<u>\$ -</u>	<u>\$ 556,842</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, 2022 were as follows:

	Transfers In:			Total
	Capital Nonrecurring	Douglas Library	Nonmajor Funds	
<u>Transfers Out:</u>				
General Fund	<u>\$ 167,000</u>	<u>\$ 97,740</u>	<u>\$ 9,306</u>	<u>\$ 274,046</u>



**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, 2022:

	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets, not being depreciated				
Land	\$ 964,886	\$ -	\$ -	\$ 964,886
Construction in Progress	610,858	954,945	-	1,565,803
Total capital assets, not being depreciated	<u>1,575,744</u>	<u>954,945</u>	<u>-</u>	<u>2,530,689</u>
Capital assets, being depreciated				
Buildings & Improvements	9,827,644	-	-	9,827,644
Furniture, Fixtures, & Equipment	3,147,189	154,732	(490,107)	2,811,814
Infrastructure	3,913,193	-	-	3,913,193
Total capital assets, being depreciated	<u>16,888,026</u>	<u>154,732</u>	<u>(490,107)</u>	<u>16,552,651</u>
Less accumulated depreciation for:				
Buildings & Improvements	5,861,125	265,900	-	6,127,025
Furniture, Fixtures & Equipment	2,477,703	94,302	(490,107)	2,081,898
Infrastructure	1,151,637	102,145	-	1,253,782
Total accumulated depreciation	<u>9,490,465</u>	<u>462,347</u>	<u>(490,107)</u>	<u>9,462,705</u>
Total capital assets, being depreciated, net	<u>7,397,561</u>	<u>(307,615)</u>	<u>-</u>	<u>7,089,946</u>
<i>Capital assets, net</i>	<u><u>\$ 8,973,305</u></u>	<u><u>\$ 647,330</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,620,635</u></u>

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

General Government	\$ 32,956
Public Works	175,174
Culture and Recreation	11,762
Education	242,455
Total	<u><u>\$ 462,347</u></u>

The Town has an active construction project as of June 30, 2022 for Tobey Hill Bridge.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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**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. Bonds payable 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, 2022, the Town of North Canaan, CT had various general obligation bonds and notes 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. \$ 39,600

\$158,000 General Obligation Statutory Installment Bond dated October 31, 2013, due in quarterly principal installments of \$3,950, totalling \$15,800 annually; final maturity January 1, 2024; interest at 2.875%. 27,650

\$400,000 bank loan dated January 30, 2019, due in annual principal installments of \$40,000. The final maturity date is July 1, 2024 and the balance outstanding will become due at that time. The interest rate is 4%. 280,000

\$112,000 bank loan dated March 1, 2020 for the purchase of a Freightliner Truck; annual payments of \$23,551 are due beginning September 1, 2020; Interest at 2%; final payment is due September 10, 2024 67,200

\$ 414,450

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>
2023	\$ 88,200	\$ 14,801	\$ 103,001
2024	84,250	11,888	96,138
2025	232,400	9,260	241,660
2026	9,600	400	10,000
Total	<u>\$ 414,450</u>	<u>\$ 36,349</u>	<u>\$ 450,799</u>

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Teachers' Severance	\$ 98,578	\$ -	\$ 20,760	\$ 77,818	\$ -
G.O. Bonds & Bank Notes	528,650	-	114,200	414,450	88,200
Total	<u>\$ 627,228</u>	<u>\$ -</u>	<u>\$ 134,960</u>	<u>\$ 492,268</u>	<u>\$ 88,200</u>

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, 2022, a \$77,818 liability for the amount of severance benefits earned by eligible teachers is reflected in the government-wide statement of net position.

*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, 2022.

*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 33.11%, which is based on student enrollment. The Town's portion of the bond principal for Region One School District is \$1,457,051.

**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 \$26,071 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 defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov), or by writing to the State of Connecticut, Office of the State Comptroller, 165 Capital Avenue, Hartford, Connecticut 06106.

## TOWN OF NORTH CANAAN, CONNECTICUT

### Notes to the Financial Statements

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

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

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

**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 regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. 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% of average annual salary, nor more than 50% of average annual salary.

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

**Employer (School Districts):** School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

**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, 2022 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$173,469. Covered payroll for the Town for the year ended June 30, 2021 was approximately \$2,102,660.

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:** At June 30, 2022 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>7,027,285</u>
Total	<u>\$ 7,027,285</u>

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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The net pension liability was measured as of June 30, 2021, 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, 2022, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$588,421 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$453,628 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, 2021, 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
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

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

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

The long-term expected rate of return on pension 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.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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The current capital market assumptions and the target asset allocation as provided by the 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>
Domestic Equity Fund	20.00%	5.60%
Developed Market Intl. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%

**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 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's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**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 defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://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 \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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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 system. 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.

*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 \$13,847.

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.

*Actuarial Assumptions* - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.17%
Prior Measurement Date	2.21%

The projected fiduciary net position is projected to be depleted in 2023.

Single equivalent interest rate

Measurement Date	2.17%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.21%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023
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Mortality rates were based on the PubT-2010 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.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Notes to the Financial Statements

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*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 evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

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

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

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

*Discount Rate* - The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.



# TOWN OF NORTH CANAAN, CONNECTICUT

## Notes to the Financial Statements

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

	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%
Total OPEB Liability	\$ 641,239	\$ 765,610	\$ 935,683

*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 (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB liability	\$ 937,080	\$ 765,610	\$ 631,954

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2022 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>765,610</u>
Total	<u>\$ 765,610</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2022, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$13,847 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$28,272 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

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**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 not a defendant in any lawsuits that, in the opinion of Town Management, in consultation with the Town Attorney, will have an adverse, material effect on the Town's financial position.

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, 2022 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 – CONSTRUCTION COMMITMENTS**

As of June 30, 2022, the Town has incurred costs of \$1,491,253 for the construction of Tobey Hill Bridge. The Town has secured Federal grant funds to finance 80% of the project costs.

**NOTE 12 – 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. 91 – Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

*GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

*GASB Statement No. 96 – Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
**Notes to the Financial Statements**

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GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Town's reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2023.

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

**NOTE 13 – PRIOR PERIOD RESTATEMENT**

The Town previously reported the activities of multiple small funds as fiduciary activities. As of July 1, 2021, the Town made the following reporting change: the Grade 8 fund, AHA fund, Library Fund, and Student Activities Fund are now reported as a new special revenue fund combined with Sue's Kids fund now called Educational Fund.

The government-wide net position and nonmajor governmental funds fund balance were restated as a result of the implementation. The results of the changes to the fund balance and net position are as follows:

	<u><b>Governmental Activities</b></u>	<u><b>Nonmajor Governmental Funds</b></u>	<u><b>Custodial Funds</b></u>
Net position/fund balance as reported at June 30, 2021	\$ 15,931,330	\$ 369,603	\$ 13,063
Reclassify to proper fund type	<u>13,063</u>	<u>13,063</u>	<u>(13,063)</u>
Net position/fund balance as restated at July 1, 2021	<u><u>\$ 15,944,393</u></u>	<u><u>\$ 382,666</u></u>	<u><u>\$ -</u></u>

# **Required Supplementary Information**

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

<b>Schedule of Proportionate Share of Net Pension Liability</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	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>7,027,285</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>	<u>4,711,872</u>
Total	<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>	<u>\$ 4,711,872</u>
Town's covered payroll	<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>	<u>\$ 1,926,262</u>	<u>\$ 1,829,572</u>	<u>\$ 1,781,407</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.56%</u>

\* 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 pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.25% - 6.50% average, 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 Five Fiscal Years\*

**Schedule of Proportionate Share of Net OPEB Liability**

	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	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	765,610	1,323,369	1,296,054	1,280,937	1,609,745
Total	<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>\$ 2,102,660</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%
Plan fiduciary net position as a percentage of the total OPEB liability	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**

## TOWN OF NORTH CANAAN, CONNECTICUT

Page 1 of 4

## General Fund

Schedule of Revenues and Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Property Taxes:				
Current Property Taxes	\$ 9,093,966	\$ 9,093,966	\$ 9,156,130	\$ 62,164
Back Property Taxes	115,000	115,000	152,784	37,784
Total Property Taxes	9,208,966	9,208,966	9,308,914	99,948
Interest and Lien Fees	100,000	100,000	67,478	(32,522)
Government Grants:				
Education Cost Sharing	1,781,954	1,781,954	1,781,954	-
Municipal Grant-In-Aid	371,053	371,053	371,053	-
LOCIP	29,325	29,325	-	(29,325)
Mashantucket Pequot Fund	12,383	12,383	12,383	-
Other Grants	945	945	12,417	11,472
State Owned Property (PILOT)	12,906	12,906	15,356	2,450
Total Government Grants	2,208,566	2,208,566	2,193,163	(15,403)
Investment Income	1,500	1,500	10,157	8,657
Departmental:				
Housing Authority	8,700	8,700	-	(8,700)
Probate	3,600	3,600	3,600	-
Building Permits	50,000	50,000	58,292	8,292
Town Clerk Fees	80,000	80,000	135,171	55,171
Licenses and Permits	3,500	3,500	3,348	(152)
Zoning Permits	5,000	5,000	4,536	(464)
Transfer Station Permits and Fees	65,000	65,000	88,628	23,628
Total Departmental	215,800	215,800	293,575	77,775
Other Revenues:				
Miscellaneous Other	15,680	15,680	32,013	16,333
Telecommunications Tax	10,663	10,663	9,090	(1,573)
Total Other Revenues	26,343	26,343	41,103	14,760
<b>Total Revenues</b>	<b>11,761,175</b>	<b>11,761,175</b>	<b>11,914,390</b>	<b>153,215</b>
<b>Other Financing Sources:</b>				
Use of Fund Balance	268,537	268,537	-	(268,537)
<b>Total Revenues and     Other Financing Sources</b>	<b>\$ 12,029,712</b>	<b>\$ 12,029,712</b>	<b>\$ 11,914,390</b>	<b>\$ (115,322)</b>

See accountant's report.



## General Fund

Schedule of Revenues and Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance
<b>Expenditures:</b>				
General Government:				
Selectmen	\$ 80,600	\$ 78,525	\$ 77,135	\$ 1,390
Probate Court	2,387	2,387	2,387	-
Elections	7,000	9,771	9,771	-
Board of Finance	600	600	550	50
Audit and Accounting	25,500	25,500	24,990	510
Assessors	59,065	51,310	48,771	2,539
Board of Assessment Review	350	369	369	-
Tax Collector	35,566	35,566	33,638	1,928
Town Treasurer	29,500	29,500	29,026	474
Town Counsel	15,000	16,206	16,206	-
Town Clerk	79,710	91,019	87,604	3,415
Tax Refunds	6,000	14,205	14,205	-
Town Hall	55,400	54,193	53,923	270
Insurance	170,000	158,706	158,706	-
Payroll Taxes	55,500	50,500	49,535	965
Employee Benefits	234,000	230,159	230,155	4
Unemployment Compensation	-	-	-	-
Employee Retirement	23,000	26,071	26,071	-
Computer Services	30,000	25,000	24,968	32
Wetlands, Travel and Misc.	250	466	466	-
Planning and Zoning	19,500	18,762	13,347	5,415
Beautification Committee	4,000	4,000	2,931	1,069
Council of Governments	5,411	5,411	5,411	-
Contingency	7,000	8,962	8,962	-
Total General Government	945,339	937,188	919,127	18,061
Public Safety:				
Fire Protection	86,000	86,000	85,627	373
Fire Marshal	19,600	19,044	18,591	453
Police Protection - Resident Trooper	133,750	120,074	119,986	88
Building Inspector	70,430	64,230	64,097	133
Animal Control	6,500	6,500	6,500	-
Traffic Lights	400	400	351	49
Fire Hydrants	26,400	28,382	28,382	-
Homeland Security	4,400	-	-	-
Emergency Medical Dispatch	37,224	37,224	37,224	-
Total Public Safety	384,704	361,854	360,758	1,096
Public Works:				
Town Garage	20,700	19,113	18,312	801
Road and Bridge Maintenance	65,000	62,300	62,290	10
Winter Road Maintenance	74,500	84,180	83,784	396
Equipment Repair	30,000	33,399	33,399	-
Street Lighting	9,000	7,500	7,426	74
Tree Removal	15,000	19,430	19,430	-
Fuel	23,000	29,626	29,626	-
Wages	195,000	175,100	173,311	1,789
Total Public Works	\$ 432,200	\$ 430,648	\$ 427,578	\$ 3,070

See accountant's report.

## General Fund

Schedule of Revenues and Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance
Health and Welfare:				
Housing Authority	\$ 5,100	\$ 5,100	\$ 4,650	\$ 450
Housatonic River Commission	400	400	400	-
Northwestern Transit District	1,229	1,229	1,229	-
Health District	17,815	17,815	17,815	-
Visiting Nurse Association	2,000	2,000	2,000	-
Ambulance Service	62,750	61,750	61,750	-
Canaan Child Care	3,000	3,000	3,000	-
Local Relief	11,500	5,900	2,838	3,062
Adult Daycare	25,500	25,500	25,500	-
Social Worker	22,500	12,161	10,223	1,938
Youth Service Center	5,000	5,000	5,000	-
Women's Emergency	1,000	1,000	-	1,000
Discretionary Fund	7,221	8,241	8,241	-
Total Health and Welfare	165,015	149,096	142,646	6,450
Culture and Recreation:				
Douglas Library	97,740	97,740	97,740	-
Railroad Days	5,000	5,000	5,000	-
Town Historian	21,500	23,796	21,896	1,900
Memorial Day	1,000	1,000	1,000	-
Town Recreation	70,000	70,279	65,489	4,790
Little League	1,000	1,000	1,000	-
AHA Program	2,500	2,500	2,500	-
Foss Webb Building	3,500	3,659	3,659	-
Total Culture and Recreation	202,240	204,974	198,284	6,690
Sanitation:				
Recycling	18,000	16,600	16,560	40
Transfer Station Operations	25,500	38,504	38,504	-
Transfer Station Wages	64,450	71,023	71,023	-
Well Monitoring	8,000	8,842	8,842	-
Hazardous Waste Removal	600	600	325	275
Transfer Station Fee - Residential	90,000	115,050	115,050	-
Hauling Costs	30,000	31,594	31,594	-
Bulky Waste Removal	60,000	60,000	59,594	406
Total Sanitation	\$ 296,550	\$ 342,213	\$ 341,492	\$ 721

See accountant's report.

## General Fund

Schedule of Revenues and Expenditures - Budget and Actual  
For the Fiscal Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance
Education:				
Salaries and Wages	\$ 2,823,184	2,823,184	\$ 2,475,874	\$ 347,310
Employee Benefits	725,718	725,718	626,318	99,400
Program Purchased Services	122,958	122,958	95,520	27,438
Property Services	204,364	204,364	274,499	(70,135)
Other Services	338,021	338,021	312,673	25,348
Supplies and Materials	168,390	168,390	188,187	(19,797)
Equipment	28,927	28,927	36,625	(7,698)
Region #1 Tuition	4,762,646	4,762,646	4,633,428	129,218
Total Education	9,174,208	9,174,208	8,643,124	531,084
Debt Service:				
Principal Retirements	141,200	141,200	141,200	-
Interest Payments	21,256	21,331	16,307	5,024
Total Debt Service	162,456	162,531	157,507	5,024
Capital Outlay	100,000	100,000	100,000	-
Total Expenditures	11,862,712	11,862,712	11,290,516	572,196
Other Financing Uses:				
Transfers Out:				
Capital Nonrecurring Fund:				
Fire Equipment	75,000	75,000	75,000	-
Town Equipment	35,000	35,000	35,000	-
Ambulance Equipment	25,000	25,000	25,000	-
Reappraisal	2,000	2,000	2,000	-
Town Hall	10,000	10,000	10,000	-
Douglas Library	2,500	2,500	2,500	-
Roraback Building	10,000	10,000	10,000	-
Town Garage	5,000	5,000	5,000	-
Swimming Pool	2,500	2,500	2,500	-
Union Station	-	-	-	-
Total Other Financing Uses	167,000	167,000	167,000	-
Total Expenditures and Other Financing Uses	\$ 12,029,712	\$ 12,029,712	\$ 11,457,516	\$ 572,196

See accountant's report.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2022

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	<b>Special Revenue Funds</b>							
	Dog Fund	Visiting Nurses Fund	Beautification Trust Fund	Small Cities Block Grant- Façade	Town Aid Road	Community Network Fund	Elementary School Lunch Fund	L. Jackson Recreation Fund
<b>Assets</b>								
Cash and Cash Equivalents	\$ 5,930	\$ 17,996	\$ 7,243	\$ 37,952	\$ -	\$ 40,663	\$ 80,092	\$ 1,258
Investments	-	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-	31,307	-
Other Receivables	-	-	-	5,176	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	2,500	-
<b>Total Assets</b>	<u>\$ 5,930</u>	<u>\$ 17,996</u>	<u>\$ 7,243</u>	<u>\$ 43,128</u>	<u>\$ -</u>	<u>\$ 40,663</u>	<u>\$ 113,899</u>	<u>\$ 1,258</u>
<b>Liabilities</b>								
Accounts Payable	\$ 1,291	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -
Unearned Grant Revenue	-	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>1,291</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>								
Property Rehab Loans	-	-	-	5,176	-	-	-	-
<b>Fund Balances</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	4,639	17,996	7,243	37,152	-	40,663	113,899	1,258
Unassigned	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>4,639</u>	<u>17,996</u>	<u>7,243</u>	<u>37,152</u>	<u>-</u>	<u>40,663</u>	<u>113,899</u>	<u>1,258</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 5,930</u>	<u>\$ 17,996</u>	<u>\$ 7,243</u>	<u>\$ 43,128</u>	<u>\$ -</u>	<u>\$ 40,663</u>	<u>\$ 113,899</u>	<u>\$ 1,258</u>

See accountant's report.

**TOWN OF NORTH CANAAN, CONNECTICUT**  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2022

page 2 of 2

	<b>Special Revenue Funds</b>				<b>Capital Projects Funds</b>		
	Educational Fund	Canaan Child Care	Canaan Railroad Days	Special Recreation Fund	Sodom Road Bridge	Union Station Project	Totals
<b>Assets</b>							
Cash and Cash Equivalents	\$ 41,357	\$ 5,794	\$ 37,696	\$ 8,384	\$ -	\$ 45,582	\$ 329,947
Investments	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	96,404	127,711
Other Receivables	-	-	-	-	-	-	5,176
Interfund Receivables	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	23,000	25,500
<b>Total Assets</b>	<u>\$ 41,357</u>	<u>\$ 5,794</u>	<u>\$ 37,696</u>	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ 164,986</u>	<u>\$ 488,334</u>
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,091
Unearned Grant Revenue	-	5,794	-	-	-	-	5,794
Interfund Payables	-	-	-	-	223	76,706	76,929
<b>Total Liabilities</b>	<u>-</u>	<u>5,794</u>	<u>-</u>	<u>-</u>	<u>223</u>	<u>76,706</u>	<u>84,814</u>
<b>Deferred Inflows of Resources</b>							
Property Rehab Loans	-	-	-	-	-	-	5,176
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	41,357	-	37,696	8,384	-	88,280	398,567
Unassigned	-	-	-	-	(223)	-	(223)
<b>Total Fund Balances</b>	<u>41,357</u>	<u>-</u>	<u>37,696</u>	<u>8,384</u>	<u>(223)</u>	<u>88,280</u>	<u>398,344</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 41,357</u>	<u>\$ 5,794</u>	<u>\$ 37,696</u>	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ 164,986</u>	<u>\$ 488,334</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, 2022

page 1 of 2

	Special Revenue Funds							
	Dog Fund	Visiting Nurses Fund	Beautification Trust Fund	Small Cities Block Grant- Façade	Town Aid Road	Community Network Fund	Elementary School Lunch Fund	L. Jackson Recreation Fund
Revenues								
Federal and State Grants	\$ -	\$ -	\$ -	\$ -	\$ 188,617	\$ -	\$ 191,309	\$ -
Investment Income	-	20	-	31	-	-	12	-
Departmental	3,393	-	-	-	-	-	-	-
Contributions and Other	-	-	2,200	-	-	18,047	4,309	-
Total Revenues	3,393	20	2,200	31	188,617	18,047	195,630	-
Expenditures								
Current:								
General Government	-	-	2,017	-	-	-	-	-
Public Safety	5,023	-	-	-	-	-	-	-
Public Works	-	-	-	-	282,702	-	-	-
Health and Welfare	-	-	-	-	-	6,693	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	134,102	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	5,023	-	2,017	-	282,702	6,693	134,102	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,630)	20	183	31	(94,085)	11,354	61,528	-
Other Financing Sources/(Uses)								
Transfers Out	-	-	-	-	-	-	-	-
Transfers In	2,306	-	2,000	-	-	-	-	-
Net Changes in Fund Balances	676	20	2,183	31	(94,085)	11,354	61,528	-
Fund Balances - Beginning, Restated	3,963	17,976	5,060	37,121	94,085	29,309	52,371	1,258
Fund Balances - Ending	\$ 4,639	\$ 17,996	\$ 7,243	\$ 37,152	\$ -	\$ 40,663	\$ 113,899	\$ 1,258

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, 2022

page 2 of 2

	<u>Special Revenue Funds</u>				<u>Capital Projects Funds</u>		
	Educational Fund	Canaan Child Care	Canaan Railroad Days	Special Recreation Fund	Sodom Road Bridge	Union Station Project	Totals
<b>Revenues</b>							
Federal and State Grants	\$ -	\$ 151,364	\$ -	\$ -	\$ -	\$ -	\$ 531,290
Investment Income	6	-	-	-	-	-	69
Departmental	-	-	-	8,856	-	-	12,249
Contributions and Other	56,863	-	30,389	-	-	-	111,808
<b>Total Revenues</b>	<u>56,869</u>	<u>151,364</u>	<u>30,389</u>	<u>8,856</u>	<u>-</u>	<u>-</u>	<u>655,416</u>
<b>Expenditures</b>							
Current:							
General Government	-	-	-	-	-	-	2,017
Public Safety	-	-	-	-	-	-	5,023
Public Works	-	-	-	-	-	-	282,702
Health and Welfare	-	-	-	-	-	-	6,693
Culture and Recreation	-	-	24,035	8,167	-	-	32,202
Education	34,941	151,364	-	-	-	-	320,407
Debt Service	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>34,941</u>	<u>151,364</u>	<u>24,035</u>	<u>8,167</u>	<u>-</u>	<u>-</u>	<u>649,044</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	21,928	-	6,354	689	-	-	6,372
<b>Other Financing Sources/(Uses)</b>							
Transfers Out	-	-	-	-	-	-	-
Transfers In	-	-	5,000	-	-	-	9,306
Net Changes in Fund Balances	21,928	-	11,354	689	-	-	15,678
<b>Fund Balances - Beginning, Restated</b>	<u>19,429</u>	<u>-</u>	<u>26,342</u>	<u>7,695</u>	<u>(223)</u>	<u>88,280</u>	<u>382,666</u>
<b>Fund Balances - Ending</b>	<u>\$ 41,357</u>	<u>\$ -</u>	<u>\$ 37,696</u>	<u>\$ 8,384</u>	<u>\$ (223)</u>	<u>\$ 88,280</u>	<u>\$ 398,344</u>

See accountant's report.

# TOWN OF NORTH CANAAN, CONNECTICUT

## Schedule of Debt Limitation For the Year Ended June 30, 2022

### Total Tax Collections for the Prior Year

Total Tax Collections, Including Interest and Lien Fees - Prior Fiscal Year \$ 9,224,138

Reimbursement for Loss on:

Tax relief for Elderly and Disabled 219

Base \$ 9,224,357

	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)
<b>Debt Limitation:</b>					
Statutory Debt Limits by Function	<u>\$20,754,803</u>	<u>\$ 41,509,607</u>	<u>\$ 34,591,339</u>	<u>\$ 29,979,160</u>	<u>\$ 27,673,071</u>

### Indebtedness:

Notes payable	414,450	-	-	-	-
Bonds payable	27,650	-	-	-	-
Regional School District #1 (Town Share 33.11%)	<u>-</u>	<u>1,457,051</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>442,100</u>	<u>1,457,051</u>	<u>-</u>	<u>-</u>	<u>-</u>

### Debt Limitation in Excess of Debt\*

	<u>\$20,312,703</u>	<u>\$ 40,052,556</u>	<u>\$ 34,591,339</u>	<u>\$ 29,979,160</u>	<u>\$ 27,673,071</u>
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\*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$64,570,499.

See accountant's report



**TOWN OF NORTH CANAAN, CONNECTICUT**  
Schedule of Property Taxes Levied, Collected, and Outstanding  
July 1, 2021 to June 30, 2022

	Uncollected Taxes 7/1/2021	Current Levy	Lawful Corrections		Transfers to/(from) Suspense	Collectable Taxes	Receipt of Taxes	Interest and Liens	Total Receipts	Uncollected Taxes 6/30/2022
			Additions	Deductions						
List of:										
2020		\$ 9,350,720	\$ 33,250	\$ 51,085	\$ 424	\$ 9,332,461	\$ 9,204,689	\$ 33,010	\$ 9,237,699	\$ 127,772
2019	\$ 136,339	-	3	4,294	225	131,823	86,366	14,491	100,857	45,457
2018	48,929	-	4	3,593	672	44,668	17,165	5,958	23,123	27,503
2017	24,229	-	932	2,791	872	21,498	7,082	4,528	11,610	14,416
2016	20,498	-	24	3,457	7,880	9,185	6,936	5,703	12,639	2,249
2015	18,857	-	4	3,458	7,387	8,016	6,103	679	6,782	1,913
2014	6,457	-	-	3,458	18	2,981	221	254	475	2,760
2013	9,206	-	-	3,457	181	5,568	1,846	2,410	4,256	3,722
2012	2,327	-	-	1,626	54	647	-	-	-	647
2011	2,603	-	-	2,603	-	-	-	-	-	-
2010	2,618	-	-	2,542	76	-	-	-	-	-
2009	2,543	-	-	2,543	-	-	-	177	177	-
2008	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-
	<u>\$ 274,606</u>	<u>\$ 9,350,720</u>	<u>\$ 34,217</u>	<u>\$ 84,907</u>	<u>\$ 17,789</u>	<u>\$ 9,556,847</u>	<u>9,330,408</u>	<u>67,210</u>	<u>9,397,618</u>	<u>\$ 226,439</u>
Net Grand List - October 1, 2020						Suspense Collections	5,733	7,968	13,701	
Tax Rate: 29 Mills						Total Collections	<u>\$ 9,336,141</u>	<u>\$ 75,178</u>	<u>\$ 9,411,319</u>	

See accountant's report