

**Town of New Canaan, Connecticut**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2014

# Town of New Canaan, Connecticut

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Year Ended June 30, 2014

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## **Independent Auditors' Report**

**The Town Council  
Town of New Canaan, Connecticut**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Canaan, Connecticut ("Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information and pension and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

December 23, 2014

**Town of New Canaan, Connecticut**

Management's Discussion and Analysis  
June 30, 2014

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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Our discussion and analysis of Town of New Canaan, Connecticut's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements, which begin with Exhibit 1.

### FINANCIAL HIGHLIGHTS

- The Town has completed a full tax assessment revaluation for the upcoming fiscal year. The revaluation assessment will be effective for the fiscal year 2014-2015. The Town's next scheduled revaluation will be October 1, 2018 which will be effective for fiscal year 2019-2020.
- Total Taxable Grand List for 2012 has shown a slight increase from last year's list of \$8,248,622,291 to \$8,299,347,038 or .615%. The Real Estate Grand List increased from \$7,933,699,856 to \$7,985,817,336 or .657%. Motor Vehicle Grand List decreased from \$252,477,780 to \$246,985,852 or 2.175%. The Business Personal Property Grand List increased from \$62,444,655 to \$66,543,850 or 6.564%.
- The sewer District total for the Grand List 2012 has shown a slight increase from last year's list of \$1,961,483,821 to \$1,978,737,042 or .897%. The Sewer District number applies to only Real Estate.
- A large portion of the Town's net position is its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens.
- The Town has a strong governmental unrestricted net position of \$63,864,740 which may be used to meet the Town's ongoing obligations to citizens and creditors. Total net position increased by \$25,657,476 over prior year to \$162,397,524. This increase was mainly due to a change reporting of and an increase in pension assets along with strong cash and equivalents.
- The Town had growth in net position for business-type activities of \$301,870 bringing the ending net position up to net position of \$838,861. This strong increase was due to strength the Enterprise Funds assets (cash) and a reduction in the liabilities mainly bonds payable.
- The net change in Fund Balance of \$6,256,788 for the general fund, giving an end of year fund balance of \$31,633,861 an approximate 24.66% increase. This increase was due to an increase in Assigned Fund Balance of \$3,289,306 over last year due to an increase in budget and an added Board of Education Health Reserve along with an increase of \$2,599,777 in Unassigned Fund Balance which was mainly due to one-time revenues from Strom Sandy of \$1.2 million, the cleanup of old balance sheet accounts coupled with the usual strong tax collections.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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- More than \$121.7 million or 88.75% of the revenues were derived from property taxes in addition more than \$1.2 million in taxes were collected from the Sewer District followed by approximately \$27 million from program revenues.
- For governmental activities, approximately \$92 million of the Town's expenditures relate to education, \$6.6 million relate to public safety, \$14.5 million relate to general government, \$10 million relate to public works, \$1.8 million to parks and recreation, and \$4 million for interest on long-term debt.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

### Reporting the Town as a Whole

Our analysis of the Town as a whole begins with Exhibit 1. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two kinds of activities:

- Governmental activities—Most of the Town's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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- Business-type activities—The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides.

### Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- *Proprietary funds*—When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### The Town as Trustee

The Town is the trustee, or *fiduciary*, for the pension trust funds, private purpose trust funds and certain agency funds. These funds do not belong to the Town. The Town's fiduciary activities are reported in separate statements in Exhibits 8 and 9. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

### THE TOWN AS A WHOLE

The Town's *combined* net position increased by \$16,661,415 from a year ago—*increasing* from \$146,574,970 to \$163,236,385. Governmental Activities contributed to most of this increase with \$16,359,544 in total net position increase. Total Assets accounted for more than \$33 million of the increase while Liabilities only increased a little more than \$8 million. The Unrestricted net position increased a little more than \$24 million while the Net Investment in Capital Assets decreased approximately \$7.7 million mainly due to an increase in general obligation bonds. Last year *combined* net position *increased* by \$3,700,158. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the Town.

Table 1  
Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 81,009,402	\$ 50,219,203	\$ 1,603,919	\$ 1,503,119	\$ 82,613,321	\$ 51,722,322
Capital assets	227,583,332	224,521,673	1,390,961	1,439,669	228,974,293	225,961,342
Total assets	308,592,734	274,740,876	2,994,880	2,942,788	311,587,614	277,683,664
Long-term debt outstanding	133,274,924	116,620,343	1,656,643	1,800,354	134,931,567	118,420,697
Other liabilities	12,920,286	21,380,485	499,376	605,443	13,419,662	21,985,928
Total liabilities	146,195,210	138,000,828	2,156,019	2,405,797	148,351,229	140,406,625
Net position:						
Net investment in capital assets	97,437,742	105,180,840	(265,682)	(360,685)	97,172,060	104,820,155
Restricted						
Expendable	1,038,542	949,820	-	-	1,038,542	949,820
Nonexpendable	56,500	56,500	-	-	56,500	56,500
Unrestricted	63,864,740	39,850,819	1,104,543	897,676	64,969,283	40,748,495
Total net position	\$ 162,397,524	\$ 146,037,979	\$ 838,861	\$ 536,991	\$ 163,236,385	\$ 146,574,970

**Governmental activities** - The Town made a profit of \$16,359,544 (Exhibit 2) on the full accrual basis for all the governmental activities. Throughout the course of the fiscal year \$9,553,097 of long term debt was paid down, plus the reduction in deferred refunding amounts is \$274,618. The remainder of change in LTD is changes in various items such as capital lease additions and payments, compensated absences, landfill costs, pension obligations. Net investment in capital assets increased \$7,742,098.

**Business-type activities** – Business activities overall have been doing better covering their full costs. The net position through June 30, 2013 for business type activities totaled \$536,991. Because of profits in this fiscal year, the current year net increase of \$301,870 resulted in a net position for June 30, 2014 of \$838,861. This is expected to continue to improve as fees are reviewed and the Town continues to pay a portion of the debt service for the Waveny Pool Fund.

The net investment in capital assets, showed an increase of \$95,003 to a negative \$265,682. This means that the debt on the capital assets is higher than the depreciated cost. This is expected to turn around in the next few years as the debt is paid down faster than the asset is depreciated.

## Town of New Canaan, Connecticut

### Management's Discussion and Analysis June 30, 2014

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 11,286,608	\$ 9,211,145	\$ 801,486	\$ 1,157,543	\$ 12,088,094	\$ 10,368,688
Operating grants and contributions	14,642,531	15,254,940	-	-	14,642,531	15,254,940
Capital grants and contributions	804,367	1,788,728	45,677	-	850,044	1,788,728
General revenues:						
Property taxes	121,713,956	117,190,892	-	-	121,713,956	117,190,892
Grants and contributions	14,628	91,709	-	-	14,628	91,709
Interest and investment earnings	297,591	157,891	579	659	298,170	158,550
Gain (loss) on disposal of equipment	118,360	(536,687)	-	-	118,360	(536,687)
Other General Revenue	1,036,166	-	-	-	1,036,166	-
Total revenues	149,914,207	143,158,618	847,742	1,158,202	150,761,949	144,316,820
<b>Program expenses</b>						
General government	14,486,310	15,143,990	-	-	14,486,310	15,143,990
Public Safety	6,643,644	10,345,384	-	-	6,643,644	10,345,384
Operation of plant	1,210,846	1,221,356	-	-	1,210,846	1,221,356
Public Works	9,975,712	11,285,180	-	-	9,975,712	11,285,180
Social services	472,580	461,984	-	-	472,580	461,984
Education	92,072,085	92,556,160	-	-	92,072,085	92,556,160
Payments to other organizations	2,698,495	2,736,635	-	-	2,698,495	2,736,635
Parks and recreation	1,845,191	1,745,951	-	-	1,845,191	1,745,951
Interest on long-term debt	4,074,541	4,505,737	-	-	4,074,541	4,505,737
Railroad	-	-	170,928	147,984	170,928	147,984
Property rental	-	-	5,747	105,612	5,747	105,612
Waveny pool	-	-	314,484	338,036	314,484	338,036
Parking	-	-	98,653	-	98,653	-
Movie theatre	-	-	31,317	22,653	31,317	22,653
Total expenses	133,479,404	140,002,377	621,129	614,285	134,100,533	140,616,662
Excess (deficiency) before transfers	16,434,803	3,156,241	226,613	543,917	16,661,416	3,700,158
Transfers	(75,259)	-	75,259	-	-	-
Increase (decrease) in net position	\$ 16,359,544	\$ 3,156,241	\$ 301,872	\$ 543,917	\$ 16,661,416	\$ 3,700,158

Table 2 (shown above) reports the changes in the Net Position for the governmental activities and the business type activities. The significant changes from last year to this year are discussed below:

#### Governmental Activities

Total revenues have increased by \$6,755,589 from fiscal year 2013 to 2014. The primary causes of the increased revenues are:

- Charges for Services increased \$2,075,463 mainly due to increase in the collection of revenue through Licenses and Permits.
- Property tax collections payments in lieu of taxes, interest and liens increased by \$4,523,064 or approximately 4%, because of an increase in the mill rate.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

- Other revenues of \$1,036,166 were recorded that consisted mostly of employee and retiree insurance contributions.
- There was a slight increase in interest and investment earnings of \$139,700 over the prior year.

Expenditures decreased by a total of \$6,522,973 over last year. The major causes are discussed below:

**Table 3**  
**Governmental Type Activities**

Governmental Activities	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2014	2013		2014	2013	
General government	\$ 14,486,310	\$ 15,143,990	-4.34%	\$ 10,942,802	\$ 11,747,366	-6.85%
Public safety	6,643,644	10,345,384	-35.78%	3,409,796	8,581,847	-60.27%
Operation of plant	1,210,846	1,221,356	-0.86%	(424,831)	(285,192)	48.96%
Public Works	9,975,712	11,285,180	-11.60%	8,211,829	7,110,874	15.48%
Social services	472,580	461,984	2.29%	454,833	443,797	2.49%
Education	92,072,085	92,556,160	-0.52%	76,508,606	78,134,896	-2.08%
Payments to other agencies	2,698,495	2,736,635	-1.39%	2,698,495	2,736,635	-1.39%
Parks and recreation	1,845,191	1,745,951	5.68%	1,065,227	771,604	38.05%
Property rental	-	-	0.00%	(195,400)	-	-100.00%
Interest on long-term debt	4,074,541	4,505,737	-9.57%	4,074,541	4,505,737	-9.57%
Totals	\$ 133,479,404	\$ 140,002,377	-4.66%	\$ 106,745,898	\$ 113,747,564	-6.16%

- Overall most departments incurred less expense in FY2014 than in FY2013. Public Safety had a decrease of 35.78% due mainly to Fire Department expenditure reductions in salary and other operating accounts; Public Works showed a decrease of 11.60% due mainly to expenditure reductions in the Tree Service and Transfer Station departments. General Government showed a decrease of 4.34%.
- Interest on long-term debt decreased 9.57% from \$4,505,737 to \$4,074,541.
- Education reported an operating expenditure decrease of \$484,075 from FY2013 of \$92,556,160 to \$92,072,085 in FY2014.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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### THE TOWN'S 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 between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Town Renovations Fund, which are considered to be major funds. Ten (10) Special Revenue Funds, nine (9) Capital Project Funds and one (1) Permanent Fund are combined into aggregate funds in this presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the back of this report.

Government Funds in total showed an overall balance increase. The year showed an increase in net position as well as an increase in fund balance in the governmental funds as presented in Exhibits 3 and 4. The total fund balance for government activities increased \$19,355,292 over the prior year as shown in Exhibit 4. The general fund balance increased by \$6,256,788. The differences are reconciled in Exhibit 4a and are summarized as follows:

- A total of \$13,033,539 of capital outlays are treated as expenditures in Exhibit 4, but are not on Exhibit 2. Instead, on the government wide statements (Exhibit 2), the capital assets are capitalized and depreciated. The depreciation totaled \$7,739,774 this year.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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Significant changes in the fund balances were as follows:

- The General Fund's fund balance increased by a total of \$6,256,788. Although the Town budgeted for a slight decrease in fund balance, revenues were higher than expected and expenditures were lower than expected. This is discussed further in the next section.
- Special Bonding's fund balance increased by \$970,876 due to the close out of three sub bonding accounts, Police Station Renovations, EMS Renovations and School Energy Efficiency
- Bridge Replacement Fund's fund balance decreased \$1,125,805 due to the completion of two bridge projects, Mariomi Road Bridge and Hickok Road Bridge and work on Huckleberry. Expenditures were made as planned; debt was approved and is scheduled to be bonded.
- The Capital and Nonrecurring Fund's fund balance increased by \$1,101,275 as budgeted funds were transferred into the Capital Nonrecurring Fund for approved budgeted projects. Details, by project can be found in Schedule 2 in the back of the financial statement.
- Road Paving Fund's fund balance increased \$2,471,618 as additional debt was bonded to cover the budgeted approved projects to keep within the pavement improvement preservation plan.
- Small Bonded Capital Projects fund balance decreases \$262,198 as less additional debt was taken on than expenditures incurred as projects were completed.
- The project Town Hall Renovations created in FY2013 is shown in Exhibit 3 as the extent of the project categorizes it as a major fund. Fund balance for this fund is \$9,090,756 due to debt incurred. The project is scheduled to be completed in May of FY2015. Project is on time and within budget.

### Proprietary Funds

The Town maintains five (5) enterprise funds to account for the activities. These funds account for the activities of the waveny pool, the operations of the railroad station, certain rental properties, the operation of the movie theater and the newly established parking fund.

Unlike governmental funds, the measurement focus of proprietary funds is on total economic resources. Accordingly, the individual fund statements (Exhibits 5 through 7) will reflect transactions and events that increase or decrease net position just like the government wide statements did (Exhibit 1 and 2). Significant changes (shown on Exhibit 6) by fund are as follows:

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

	Total Cost of Services			Incr. Decr.	Net Cost of Services			Incr. Decr.
	2014	2013			2014	2013		
<b>Business-Type Activities</b>								
Railroad	170,928	147,984	15.50%	(37,829)	(24,934)	51.72%		
Property rental	5,747	105,612	-94.56%	(3,853)	94,012	-104.10%		
Wavenny pool	314,484	338,036	-6.97%	(175,614)	(46,057)	281.30%		
Movie theatre	31,317	22,653	38.25%	(82,755)	(99,119)	-16.51%		
Parking	98,653	-	100.00%	74,017	(467,160)	-115.84%		
Totals	\$ 621,129	\$ 614,285	1.11%	\$ (226,034)	\$ (543,258)	-58.39%		

- The Wavenny Pool Fund showed an increase in Net Position of \$(124,953), an improvement of \$251,248 over the prior year. This improvement was due to an increase in pool fees. The Net Position is shown after the Town paid \$75,259 in debt interest expense on behalf of this fund. Without that, the Wavenny Pool Fund would have a further reduction in its Net Position.
- The Movie Theater Fund showed an increase in Net Position over prior year of \$82,755. This resulted in ending Net Position of \$432,192.
- The Parking Fund showed an ending Net Position of \$393,143 a reduction of \$74,017 from the prior year. The reduction is due to incurring expenses within the fund to improve parking in various lots.
- The Railroad Fund improved its ending Net Position by \$37,829 over last year to a Net Position of \$117,537. Included in this net position is an expense of another approved project in the amount of \$53,063 which was used to improve and repair the Railroad Station including performing a lighting analysis to assess recurring problems with circuitry and seek recommendations for efficiency improvements.

Additionally, the Town has one internal service fund used to account for the Board of Education's medical insurances. The internal service fund held strong with a net position of \$2,767,769. Revenues in the internal service fund were slightly lower than expenses resulting in a net loss from operations of \$722,523 including non-operating revenues. The Internal Service Fund is an accounting device used to accumulate and allocate intra-governmental costs. Because these activities serve the governmental entity itself, rather than external parties, they have been included within governmental activities in the government-wide financial statements.

### General Fund Budgetary Highlights

Over the course of the year, collectively the Board of Finance and Town Council can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. Line item transfers do not increase the total budget, but instead pull appropriations from one department account to a different account within the same department. The Town Charter allows these transfers to be made by the Board of Finance alone.

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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During the 2014 fiscal year, the Town implemented numerous policies and procedures within the finance area to better facilitate timely reporting and monitoring of the budget. These policies and procedures improved the efficiency within the Department of Finance removing much of the challenges faced by the department in the past.

Below is a summarized view of the final budget and actual results for the General Fund:

**Table 5**  
**General Fund - Budget Summary**

	<b>Final</b>		
<b>Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Property Taxes	\$ 120,185,408	\$ 122,509,946	\$ 2,324,538
Intergovernmental	1,895,701	2,268,961	373,260
Licenses and Permits	993,550	1,660,957	667,407
Investment Earnings	300,050	273,911	(26,139)
Fines and Forfeitures	290,000	286,386	(3,614)
Use of Money and Property	1,247,500	1,280,741	33,241
Charges for Services	2,989,900	4,068,324	1,078,424
Reimbursements and Refunds	2,094,296	4,192,842	2,098,546
<b>Total Revenues</b>	<b>129,996,405</b>	<b>136,542,068</b>	<b>6,545,663</b>
<b>Expenditures</b>			
General Government	13,503,247	12,638,840	864,407
Public Safety and Protection	10,358,449	10,083,644	274,805
Public Works	7,597,264	7,275,688	321,576
Human Resources	895,544	798,921	96,623
Recreation	1,795,487	1,663,902	131,585
Board of Education	77,939,705	77,765,069	174,636
Library	1,936,882	1,936,825	57
Other Agencies	695,560	612,594	82,966
Human Service Agencies	154,000	149,076	4,924
Capital Outlay	4,341,958	3,431,557	910,401
Debt Service	14,080,613	14,052,769	27,844
Operating Transfers	556,023	556,023	-
<b>Total Expenditures</b>	<b>133,854,732</b>	<b>130,964,908</b>	<b>2,889,824</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ (3,858,327)</b>	<b>\$ 5,577,160</b>	<b>\$ 9,435,487</b>

## Town of New Canaan, Connecticut

Management's Discussion and Analysis  
June 30, 2014

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Significant variances are summarized as follows:

- Total Revenues exceeded budgeted expectations by \$6,545,663. The state finally releasing the Town's FEMA funds of \$1,533,281. Expenses for storm Sandy were incurred in FY2013. An unbudgeted Sale of Assets added \$122,034 to the total revenues mainly due to the sale of the Hybrid Bus to DACCO for \$82,347 and the sale of excess top soil in the amount of \$16,000.
- Tax collections exceeded budget by \$2,324,538. The taxes were budgeted assuming that 98% of the total tax levy would be collected. The actual tax collections were 99.5% of the total tax levy.
- Building Permits exceeded budget by \$548,603. Construction around town was very strong during the fiscal year however there were two unusually large properties with building permits Grace Church and the Forest Street project causing the additional revenue to be skewed. Street opening permits and Zoning permits also exceeded budget by \$32,892 and \$39,610 respectively. Going hand in hand with building, Conveyance fees were \$359,699 higher than budget due to strong property transfers.
- Investment on earning continues to struggle posting revenue of \$273,911, missing the budgeted amount of \$300,050 by \$26,139.
- Over all Charges for Services did well with a total revenue collection of \$4,068,324 giving an overall budget collection of \$1,078,424. Park and Recreation fees coupled with Other Classes & Programs exceeded budget slightly by \$264. Recording fees fell short of budget by \$34,844; a new line item was created to record the MERS fees. MERS stands for Mortgage Electronic Registration System and is a recording fee on all purchase and refinanced loans. Of this fee 2/3 goes to the State and 1/3 goes to the Town Clerk.
- The sale of parking permits fell short of budget by \$76,850 this was due to the budget being set with the expectation that parking permit fees would be increased, however they were not.
- Conservative budgeting on State issued revenues programs helped the Town as the Municipal Video Grant program was stopped at the state level mid-year causing this specific budget revenue to be received below budget by \$55,141.
- General government expenses were under budget by \$864,407. This is due to a decrease in health and security benefits which were \$257,159 under budget. This was the result of more employee participation in the health savings account ("HSA") high deductible plan to keep health insurance costs down. Contingency kept a surplus \$507,500 due to 2 unsettled union contracts. The Department of Finance showed an over budget expense of \$34,231 due to merchant fees for the taking of payments around town through the use of credit cards.

## **Town of New Canaan, Connecticut**

Management's Discussion and Analysis  
June 30, 2014

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- Public Safety and Protection was under budget by \$274,805 mainly due to expense savings in the Fire Department.
- Public Works kept their expenses under budget by \$321,576 with savings in the Tree Service area and at the Transfer Station.
- The Board of Education returned to the Town \$174,636 due to savings within their operating budget.
- Capital outlay was under budget by \$910,401. The Town Charter allows capital improvement budgets to be continued for one year for the same purposes with the approval of the Board of Finance.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of this year, the Town had \$258,325,241 invested government activity capital assets before depreciation, however \$71,304,044 in Land and \$4,850,561 in construction in progress capital assets were not depreciated and not part of the \$258,325,241. This amount represents a net increase (including additions and deductions) of \$6,020,686 from last year. This is primarily due to building improvements and infrastructure. More detailed information about the Town's capital assets is presented in Note 3 section E to the financial statements.

#### **Debt**

At year end, the Town had \$127,224,154 in bonds and notes outstanding. This is a net increase of \$10,576,903 from last year. The Town's general obligation bond rating continues to carry an 'AAA' rating from Moody's Investors Service. More detailed information about the Town's long-term liabilities is presented in Note 3 section F to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. At June 30, 2014 debt limitation for the Town is \$853,570,200, which is significantly in excess of the Town's outstanding general obligation debt.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The net taxable grand list of October 1, 2013 is used for the 2014-2015 annual budget. The grand list decreased 3.004% from \$8,301,919,279 to \$8,052,488,253. The Town Boards increased the mill rate for 2014-2015 6.56%, and kept the budgeted collection rate at 98% of the tax levy.

The Town receives relatively little state aid in comparison to other Connecticut municipalities. As a result, the Town is considerably insulated from the impact of State revenue shortfalls

## **Town of New Canaan, Connecticut**

Management's Discussion and Analysis  
June 30, 2014

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and corresponding cuts in state grants to municipalities.

Primarily a residential community, wealth and income indicators for the Town are among the strongest in the state. Based on 2012 census figures, median family income and per capita income for the Town are approximately twice that of the state median family income and per capita income.

All of these factors were considered in preparing the Town of New Canaan's fiscal 2014 General Fund budget.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Requests for additional financial information should be addressed to the Finance Department of New Canaan, 77 Main Street, New Canaan, CT 06840, (203) 594-3024.

**Town of New Canaan, Connecticut**

Basic Financial Statements  
June 30, 2014

## Town of New Canaan, Connecticut

Statement of Net Position  
June 30, 2014

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 38,539,353	\$ 1,602,320	\$ 40,141,673
Investments	22,784,695	-	22,784,695
Receivables			
Taxes and assessments, net	2,099,281	-	2,099,281
Accounts, net	427,751	1,599	429,350
Interest	43,497	-	43,497
Intergovernmental	1,501,930	-	1,501,930
Usage, net	39,592	-	39,592
Due from other funds	178,584	-	178,584
Prepaid expenses	760,229	-	760,229
Inventory	29,357	-	29,357
Net pension asset	14,605,133	-	14,605,133
Capital assets			
Nondepreciable	76,154,605	-	76,154,605
Depreciable, net of accumulated depreciation	<u>151,428,727</u>	<u>1,390,961</u>	<u>152,819,688</u>
Total Assets	<u>308,592,734</u>	<u>2,994,880</u>	<u>311,587,614</u>
<b>LIABILITIES</b>			
Accounts payable	3,390,433	47,720	3,438,153
Accrued liabilities	6,967,692	14,611	6,982,303
Intergovernmental payable	68,048	30,744	98,792
Performance bonds held	491,651	-	491,651
Accrued interest payable	973,519	-	973,519
Due to other funds	-	178,584	178,584
Due to fiduciary funds	1,028,943	-	1,028,943
Unearned revenues	-	227,717	227,717
Non-current liabilities			
Due within one year	12,303,978	157,037	12,461,015
Due in more than one year	<u>120,970,946</u>	<u>1,499,606</u>	<u>122,470,552</u>
Total Liabilities	<u>146,195,210</u>	<u>2,156,019</u>	<u>148,351,229</u>
<b>NET POSITION</b>			
Net investment in capital assets	97,437,742	(265,682)	97,172,060
Restricted			
Expendable	1,038,542	-	1,038,542
Nonexpendable	56,500	-	56,500
Unrestricted	<u>63,864,740</u>	<u>1,104,543</u>	<u>64,969,283</u>
Total Net Position	<u>\$ 162,397,524</u>	<u>\$ 838,861</u>	<u>\$ 163,236,385</u>

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

## Town of New Canaan, Connecticut

Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ (14,486,310)	\$ 2,708,732	\$ 631,900	\$ 202,876	\$ (10,942,802)		\$ (10,942,802)
Public safety and protection	(6,643,644)	2,600,802	627,546	5,500	(3,409,796)		(3,409,796)
Operation of plant	(1,210,846)	1,535,866	99,811	-	424,831		424,831
Public works	(9,975,712)	1,094,055	94,578	575,250	(8,211,829)		(8,211,829)
Social services	(472,580)	750	16,997	-	(454,833)		(454,833)
Education	(92,072,085)	2,371,039	13,171,699	20,741	(76,508,606)		(76,508,606)
Payments to other agencies	(2,698,495)	-	-	-	(2,698,495)		(2,698,495)
Parks and recreation	(1,845,191)	779,964	-	-	(1,065,227)		(1,065,227)
Property rental	-	195,400	-	-	195,400		195,400
Interest on long-term debt	(4,074,541)	-	-	-	(4,074,541)		(4,074,541)
	<u>(133,479,404)</u>	<u>11,286,608</u>	<u>14,642,531</u>	<u>804,367</u>	<u>(106,745,898)</u>		<u>(106,745,898)</u>
<b>Business-type activities</b>							
Railroad	(170,928)	163,080	-	45,677		37,829	37,829
Property rental	(5,747)	9,600	-	-		3,853	3,853
Waveny pool	(314,484)	490,098	-	-		175,614	175,614
Movie theatre	(31,317)	114,072	-	-		82,755	82,755
Parking	(98,653)	24,636	-	-		(74,017)	(74,017)
	<u>(621,129)</u>	<u>801,486</u>	<u>-</u>	<u>45,677</u>		<u>226,034</u>	<u>226,034</u>
Total Government	<u>\$(134,100,533)</u>	<u>\$ 12,088,094</u>	<u>\$ 14,642,531</u>	<u>\$ 850,044</u>			<u>(106,519,864)</u>
<b>General Revenues</b>							
Property taxes, payments in lieu of taxes, interest and liens					121,713,956	-	121,713,956
Grants and contributions not restricted to specific programs					14,628	-	14,628
Unrestricted interest and investment earnings					297,591	579	298,170
Gain (loss) on disposal of equipment					118,360	-	118,360
Transfers in (transfers out)					(75,259)	75,259	-
Other General Revenues					1,036,166	-	1,036,166
Total General Revenues					<u>123,105,442</u>	<u>75,838</u>	<u>123,181,280</u>
Change in Net Position					16,359,544	301,872	16,661,416
Net Position - Beginning of Year					<u>146,037,980</u>	<u>536,989</u>	<u>146,574,969</u>
Net Position - End of Year					<u>\$ 162,397,524</u>	<u>\$ 838,861</u>	<u>\$ 163,236,385</u>

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

## Town of New Canaan, Connecticut

Balance Sheet  
 Governmental Funds  
 June 30, 2014

	General Fund	Town Hall Renovations	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 13,562,044	\$ 9,936,365	\$ 11,745,422	\$ 35,243,831
Investments	22,284,444	-	-	22,284,444
Taxes and assessments receivable, net of allowances for uncollectible amounts	2,096,412	-	2,869	2,099,281
Other receivables				
Accounts	274,679	-	153,072	427,751
Interest	43,497	-	-	43,497
Intergovernmental	919,495	-	582,436	1,501,931
Usage	-	-	39,592	39,592
Due from other funds	4,748,385	-	2,804,566	7,552,951
Prepaid expenditures	760,229	-	-	760,229
Inventories	-	-	29,357	29,357
Total Assets	<u>\$ 44,689,185</u>	<u>\$ 9,936,365</u>	<u>\$ 15,357,314</u>	<u>\$ 69,982,864</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 1,073,791	\$ 824,393	\$ 1,452,326	\$ 3,350,510
Accrued payroll and related	6,030,800	14,173	22,764	6,067,737
Intergovernmental payable	68,048	-	-	68,048
Performance bonds held	491,651	-	-	491,651
Due to other funds	2,877,257	7,043	5,430,884	8,315,184
Total Liabilities	<u>10,541,547</u>	<u>845,609</u>	<u>6,905,974</u>	<u>18,293,130</u>
Deferred inflows of resources				
Deferred revenues	<u>2,513,777</u>	<u>-</u>	<u>597,491</u>	<u>3,111,268</u>
Fund balances (deficits)				
Nonspendable	760,229	-	85,857	846,086
Restricted	-	-	1,038,542	1,038,542
Committed	-	9,090,756	5,538,277	14,629,033
Assigned	9,545,033	-	2,667,729	12,212,762
Unassigned	21,328,599	-	(1,476,556)	19,852,043
Total Fund Balances	<u>31,633,861</u>	<u>9,090,756</u>	<u>7,853,849</u>	<u>48,578,466</u>
Total Liabilities, Deferred Inflows of of Resources and Fund Balances	<u>\$ 44,689,185</u>	<u>\$ 9,936,365</u>	<u>\$ 15,357,314</u>	<u>\$ 69,982,864</u>

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

**Town of New Canaan, Connecticut**
 Reconciliation of Governmental Funds Balance Sheet  
 to the Government Wide Statement of Net Position - Governmental Activities  
 June 30, 2014
 

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Fund Balances - Total Governmental Funds	\$ 48,578,466
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.	227,583,332
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,767,769
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,111,268
Long-term assets (liabilities) are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(127,224,154)
Premiums on debt issues	(1,890,828)
Capital leases	(1,030,608)
Compensated absences	(2,035,772)
Post closure landfill costs	(375,000)
Pension assets	14,605,133
Other post employment benefits	(718,563)
Accrued interest	<u>(973,519)</u>
Net Position of Governmental Activities	<u>\$ 162,397,524</u>

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

## Town of New Canaan, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2014

	General Fund	Town Hall Renovations	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes and assessments	\$ 122,509,946	\$ -	\$ 1,247,643	\$ 123,757,589
Intergovernmental	14,458,604	-	2,062,500	16,521,104
Licenses and permits	1,658,007	-	-	1,658,007
Fines and forfeitures	269,686	-	-	269,686
Use of money and property	1,216,699	-	-	1,216,699
Charges for services	4,091,174	-	3,679,947	7,771,121
Reimbursements of funds	1,088,656	-	625	1,089,281
Income from investments	<u>273,911</u>	-	<u>9,060</u>	<u>282,971</u>
Total Revenues	<u>145,566,683</u>	-	<u>6,999,775</u>	<u>152,566,458</u>
<b>EXPENDITURES</b>				
Current				
General government	12,969,917	-	422,469	13,392,386
Public safety and protection	10,083,644	-	717,198	10,800,842
Operation of plant	-	-	1,166,829	1,166,829
Public works	7,275,688	-	-	7,275,688
Social services	463,844	-	-	463,844
Parks and recreation	1,663,902	-	-	1,663,902
Education	86,457,443	-	3,531,253	89,988,696
Payment to other agencies	2,698,495	-	-	2,698,495
Debt service	13,977,510	-	55,871	14,033,381
Capital outlay	<u>4,511,813</u>	<u>4,712,475</u>	<u>4,370,277</u>	<u>13,594,565</u>
Total Expenditures	<u>140,102,256</u>	<u>4,712,475</u>	<u>10,263,897</u>	<u>155,078,628</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,464,427</u>	<u>(4,712,475)</u>	<u>(3,264,122)</u>	<u>(2,512,170)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	-	1,660,176	1,670,176
Transfers out	(827,484)	-	(917,951)	(1,745,435)
Sale of capital assets	122,034	-	-	122,034
Insurance recoveries	411,555	-	-	411,555
Lease financing	1,076,256	-	-	1,076,256
Premium on financing	-	-	202,876	202,876
Issuance of long term debt	-	<u>15,000,000</u>	<u>5,130,000</u>	<u>20,130,000</u>
Total Other Financing Sources	<u>792,361</u>	<u>15,000,000</u>	<u>6,075,101</u>	<u>21,867,462</u>
Net Change in Fund Balances	6,256,788	10,287,525	2,810,979	19,355,292
Fund Balances - Beginning of Year	<u>25,377,073</u>	<u>(1,196,769)</u>	<u>5,042,870</u>	<u>29,223,174</u>
Fund Balances - End of Year	<u>\$ 31,633,861</u>	<u>\$9,090,756</u>	<u>\$ 7,853,849</u>	<u>\$ 48,578,466</u>

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

## Town of New Canaan, Connecticut

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014

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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$19,355,292</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	10,805,107
Depreciation expense	(7,739,774)
Undepreciated basis of assets disposed of or sold	<u>(3,674)</u>
	<u>3,061,659</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes and other revenues in the General Fund	(3,055,545)
Revenues in the Capital Nonrecurring Fund	(172,239)
Revenues in the Sewer Taxing District Fund	25,309
Revenues in the School Lunch Fund	(17,267)
Revenues in the Police Extra Duty Fund	<u>(14,448)</u>
	<u>(3,234,190)</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Issuance of long-term debt - general obligation bonds	(20,130,000)
Issuance of long-term debt - capital leases	(1,076,256)
Amortization of premium on issuance of long-term debt	274,618
Principal payments on long-term debt - bonds	9,553,097
Principal payments on long-term debt - leases	<u>573,784</u>
	<u>(10,804,757)</u>
<p>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, including the change in</p>	
Accrued interest	131,125
Change in compensated absences	57,131
Pollution remediation obligation	25,000
Pension liability	9,391,741
Other post employment benefits asset	<u>(900,934)</u>
	<u>8,704,063</u>
<p>Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	
	<u>(722,523)</u>
Change in Net Position of Governmental Activities	<u>\$16,359,544</u>

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

## Town of New Canaan, Connecticut

Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Business-Type Activities- Enterprise Funds			Internal Service Fund
	Waveny Pool	Other Enterprise Funds	Totals Enterprise Funds	Employee Health Insurance Fund
<b>ASSETS</b>				
Current assets				
Cash and equivalents	\$ 606,121	\$ 996,199	\$1,602,320	\$ 3,295,522
Investments	-	-	-	500,251
Receivables				
Accounts, net	-	1,599	1,599	-
Due from other funds	-	39	39	-
Total Current Assets	<u>606,121</u>	<u>997,837</u>	<u>1,603,958</u>	<u>3,795,773</u>
Noncurrent assets				
Capital assets				
Buildings and improvements	1,645,481	-	1,645,481	-
Machinery and equipment	153,629	134,459	288,088	-
Infrastructure	-	-	-	-
	<u>1,799,110</u>	<u>134,459</u>	<u>1,933,569</u>	<u>-</u>
Less accumulated depreciation	<u>(511,818)</u>	<u>(30,790)</u>	<u>(542,608)</u>	<u>-</u>
Total Capital Assets, net	<u>1,287,292</u>	<u>103,669</u>	<u>1,390,961</u>	<u>-</u>
Total Assets	<u>1,893,413</u>	<u>1,101,506</u>	<u>2,994,919</u>	<u>3,795,773</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	13,513	34,207	47,720	39,923
Accrued liabilities	14,611	-	14,611	899,955
Intergovernmental payable	-	30,744	30,744	-
Due to other funds	105,882	72,741	178,623	88,126
Unearned revenues	227,717	-	227,717	-
Current maturities of bonds payable	<u>157,037</u>	<u>-</u>	<u>157,037</u>	<u>-</u>
Total Current Liabilities	<u>518,760</u>	<u>137,692</u>	<u>656,452</u>	<u>1,028,004</u>
Noncurrent liabilities				
Bonds payable, less current maturities	<u>1,499,606</u>	<u>-</u>	<u>1,499,606</u>	<u>-</u>
Total Liabilities	<u>2,018,366</u>	<u>137,692</u>	<u>2,156,058</u>	<u>1,028,004</u>
<b>NET POSITION</b>				
Net investment in capital assets	(369,351)	103,669	(265,682)	-
Unrestricted	<u>244,398</u>	<u>860,145</u>	<u>1,104,543</u>	<u>2,767,769</u>
Total Net Position	<u>\$ (124,953)</u>	<u>\$ 963,814</u>	<u>\$ 838,861</u>	<u>\$ 2,767,769</u>

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

## Town of New Canaan, Connecticut

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2014

	Business-Type Activities- Enterprise Funds			Internal Service Fund
	Waveny Pool	Other Enterprise Funds	Totals Enterprise Funds	Employee Health Insurance Fund
Operating revenues				
Parking fees and rent	\$ -	\$ 197,316	\$ 197,316	\$ -
Charges for services	<u>490,098</u>	<u>114,072</u>	<u>604,170</u>	<u>11,732,214</u>
Total Operating Revenues	<u>490,098</u>	<u>311,388</u>	<u>801,486</u>	<u>11,732,214</u>
Operating expenses				
Costs of services	239,225	306,645	545,870	-
Claims incurred	-	-	-	10,613,524
Administration	-	-	-	1,100,447
Purchased insurance	-	-	-	664,805
Service fee	-	-	-	87,863
Total Operating Expenses	<u>239,225</u>	<u>306,645</u>	<u>545,870</u>	<u>12,466,639</u>
Income (Loss) from Operations	<u>250,873</u>	<u>4,743</u>	<u>255,616</u>	<u>(734,425)</u>
Non-operating revenues (expenses)				
Interest income	375	204	579	11,902
Interest expense	<u>(75,259)</u>	<u>-</u>	<u>(75,259)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(74,884)</u>	<u>204</u>	<u>(74,680)</u>	<u>11,902</u>
Income (Loss) Before Transfers and Capital Contributions	175,989	4,947	180,936	(722,523)
Capital contributions	-	45,677	45,677	-
Transfers in	<u>75,259</u>	<u>-</u>	<u>75,259</u>	<u>-</u>
Change in Net Position	251,248	50,624	301,872	(722,523)
Net Position (Deficits) - Beginning of Year	<u>(376,201)</u>	<u>913,190</u>	<u>536,989</u>	<u>3,490,292</u>
Net Position - End of Year	<u>\$(124,953)</u>	<u>\$ 963,814</u>	<u>\$ 838,861</u>	<u>\$ 2,767,769</u>

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

## Town of New Canaan, Connecticut

Statement of Cash Flows  
Enterprise Funds  
Year Ended June 30, 2014

	Business-Type Activities- Enterprise Funds			Internal Service Fund
	Waveny Pool	Other Enterprise Funds	Totals Enterprise Funds	Employee Health Insurance Fund
<b>Cash Flows From Operating Activities</b>				
Cash received from customers and users	\$ 490,098	\$ 318,801	\$ 808,899	\$ 11,732,214
Cash payments to suppliers and employees	(205,916)	(329,782)	(535,698)	(1,813,192)
Cash payments for benefits and claims	-	-	-	(10,278,569)
Net Cash from Operating Activities	<u>284,182</u>	<u>(10,981)</u>	<u>273,201</u>	<u>(359,547)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal paid on debt	(143,711)	-	(143,711)	-
Interest paid on debt	(75,259)	-	(75,259)	-
Other non-operating revenue	-	45,677	45,677	-
Net Cash from Capital and Related Financing Activities	<u>(218,970)</u>	<u>45,677</u>	<u>(173,293)</u>	<u>-</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Advances from other funds	(70,737)	3,204	(67,533)	(97,571)
Transfers in	<u>75,259</u>	<u>-</u>	<u>75,259</u>	<u>-</u>
Net Cash from Non-Capital Financing Activities	<u>4,522</u>	<u>3,204</u>	<u>7,726</u>	<u>(97,571)</u>
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	-	-	-	1,382,616
Interest income	<u>375</u>	<u>204</u>	<u>579</u>	<u>11,902</u>
Net Cash from Investing Activities	<u>375</u>	<u>204</u>	<u>579</u>	<u>1,394,518</u>
Net Increase in Cash and Equivalents	70,109	38,104	108,213	937,400
Cash and Equivalents - Beginning of Year	<u>536,012</u>	<u>958,095</u>	<u>1,494,107</u>	<u>2,358,122</u>
Cash and Equivalents - End of Year	<u>\$ 606,121</u>	<u>\$ 996,199</u>	<u>\$ 1,602,320</u>	<u>\$ 3,295,522</u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash from Operating Activities</b>				
Income (loss) from operations	\$ 250,873	\$ 4,743	\$ 255,616	\$ (734,425)
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation	40,994	7,714	48,708	-
Changes in operating assets and liabilities				
Accounts receivable	-	7,413	7,413	-
Prepaid expenses	-	-	-	485,000
Accounts payable	(2,175)	14,826	12,651	39,923
Accrued liabilities	(5,510)	-	(5,510)	(150,045)
Intergovernmental payable	-	(45,677)	(45,677)	-
Net Cash from Operating Activities	<u>\$ 284,182</u>	<u>\$ (10,981)</u>	<u>\$ 273,201</u>	<u>\$ (359,547)</u>

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

**Town of New Canaan, Connecticut**

Statement of Net Position  
Fiduciary Funds  
June 30, 2014

	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and equivalents	\$ -	\$ 87,917	\$ 418,093
Investments, at fair value	136,063,644	1,015,102	-
Due from other funds	-	1,102,023	-
	<u>136,063,644</u>	<u>2,205,042</u>	<u>418,093</u>
Total Assets			
<b>LIABILITIES</b>			
Amount held as agent	-	-	381,763
Due to other funds	36,750	-	36,330
	<u>36,750</u>	<u>-</u>	<u>418,093</u>
Total Liabilities			
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 136,026,894</u>	<u>\$ 2,205,042</u>	<u>\$ -</u>

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

**Town of New Canaan, Connecticut**

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2014

	Pension and OPEB Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions and revenue		
Employer	\$ 1,500,000	\$ -
Plan members	288,760	-
Other	-	49,715
Fees	-	644,264
Total Contributions	<u>1,788,760</u>	<u>693,979</u>
Investment income		
Net change in fair value of investments	16,359,066	132,020
Interest and dividends	<u>3,060,436</u>	<u>22,895</u>
Total Investment Income	19,419,502	154,915
Less investment management fees	<u>(114,128)</u>	<u>-</u>
Net Investment Income	<u>19,305,374</u>	<u>154,915</u>
Total Additions	<u>21,094,134</u>	<u>848,894</u>
<b>DEDUCTIONS</b>		
Pension benefits	5,291,409	-
Administrative fees	<u>110,402</u>	<u>58,406</u>
Total Deductions	<u>5,401,811</u>	<u>58,406</u>
Change in Net Position	15,692,323	790,488
Net Position - Beginning of Year	<u>120,334,571</u>	<u>1,414,554</u>
Net Position - End of Year	<u>\$ 136,026,894</u>	<u>\$ 2,205,042</u>

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

## **Town of New Canaan, Connecticut**

Notes to Financial Statements  
June 30, 2014

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### **1. Summary of Significant Accounting Policies**

The Town of New Canaan, Connecticut ("Town") was incorporated as a Town in 1801. The Town operates under a town council, board of selectmen and board of finance form of government. Under this form of government the town council is the legislative body. The administrative branch is led by an elected three-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public school system.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

#### **A. Financial Reporting Entity**

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

#### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

#### C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and the Internal Service funds are charges to customers for services. Operating expenses for the enterprise funds and the internal service funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

#### Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Town Hall Renovations Fund – The Town Hall Renovations Fund is used to account for expenditures related to renovations at the Town Hall.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Sewer Taxing District Fund - is used to account for revenues generated from property taxes specifically designated for the maintenance and operation of the distribution system and sewer plant.

School Lunch Fund - is used to account for the operations of the schools' cafeterias.

Subrecipient Grants Fund - is used to account for revenues received and paid to a subrecipient.

Summer Learning Fund - is used to account for registration revenues related to summer school and related expenditures.

Town Grants Fund – is used to account for revenues from federal and state grants.

Facilities Rental Fund – is used to account for revenues and expenditures related to the rental of school properties to third parties.

Special Projects Fund – is used to account for donations from individuals and private organizations to be used for the stated purpose.

Extra Duty Fund – is used to account for revenues related to extra duties performed by police officers and fire department employees to be used for the stated purpose.

Town Clerk Fund – is used to account for revenues related to historic document preservation and community investment to be used for the stated purpose.

State and Federal Educational Grants Fund – is used to account for revenues from federal, state and local grants for educational purposes.

Capital Projects Funds - Capital project funds are used to account for the acquisition of major capital facilities or improvements other than those financed by proprietary funds. The following are the Town's non-major capital projects funds:

School Energy Efficiency – is used to account for energy efficiency programs in the schools.

Bridge Replacement – is used to account for bridge replacements in Town.

Special Bonding Fund - is used to account for projects to be funded from bond proceeds.

EMS – is used to account for expenditures related to the EMS Building.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

NCHS Phase 1 Renovation – accounts for expenditures relating to the renovation of the Town of New Canaan High School.

Police Station Renovations – is used to account for expenditures related to renovations at the Police Station.

Capital and Nonrecurring Fund – is used to account for capital acquisitions which, by their nature, occur over the course of multiple years.

Road Paving Fund – is used to account for expenditures relating to various road paving projects throughout the Town.

Small Bonded Capital Projects – is used to account for expenditures related to small bonded capital projects that are not significant enough to be a stand-alone fund.

Permanent Funds – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town has the following permanent fund:

Sydney Weisner Fund – is used to account for investment earnings in the Sydney Weisner Endowment Fund to be used for special education programs.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The following are the Town's enterprise funds:

Waveny Pool Fund – is used to account for Waveny Pool revenues and related expenditures.

Railroad Fund - is used to account for revenues and expenditures related to the operation of the railway station.

Property Rental Fund - is used to account for revenues and expenditures related to the Town's rental of property.

Movie Theater – is used to account for Movie Theater revenues and expenditures.

Parking Fund – is used to account for parking permit revenues and expenditures.

An internal service fund is used to account for the Town's risk financing activities; specifically the Town reports the revenues and expenses of the self-insured health insurance plan for employees of the Board of Education in the Employee Health Insurance Fund.

**1. Summary of Significant Accounting Policies (Continued)**

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension Trust, Private-Purpose Trust, and Agency funds. The Pension Trust Funds are provided to account for the activities of the Town's defined benefit pension plan and the Other Post Employment Benefit Trust Fund, which accumulate resources for pension and health benefit payments to qualified employees upon retirement. The Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments. The Agency Fund is primarily utilized to account for monies held as custodian for outside student groups.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and pension trust funds. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

**1. Summary of Significant Accounting Policies (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Deposits, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to 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.

**Investments** - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.

**1. Summary of Significant Accounting Policies (Continued)**

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town of New Canaan minimizes interest rate risk by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, avoiding the need to sell securities on the open market prior to maturity. Generally, the Town does not invest in any long-term investment obligations.

**Custodial Credit Risk** – 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 policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously and pre-qualifying institutions with which the Town may do business.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town's policy for credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously and pre-qualifying institutions with which the Town may do business.

**Concentration of Credit Risk** – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

**Taxes Receivable** - Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

**Due From/To Other Funds** - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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.

Land is considered inexhaustible and, therefore, not depreciated. Construction in progress has not been put into service yet and, therefore, is not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 5,000
Construction in progress	N/A	\$ 5,000
Intangible assets	Varies, if any	\$ 5,000
Land improvements	20	\$ 5,000
Buildings and improvements	50	\$ 5,000
Machinery and equipment	5-15	\$ 5,000
Vehicles	8	\$ 5,000
Infrastructure	20-65	\$ 5,000

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

**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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

As of June 30, 2014, \$3,111,268 was required to be reported as deferred inflows of resources.

**Long-Term Liabilities** - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt payments, are reported as expenditures.

**Compensated Absences** - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

**Net Position** - Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. The Town Council is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance or Town Council for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

### F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 1. Summary of Significant Accounting Policies (Continued)

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

#### H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 23, 2014.

### 2. Stewardship, Compliance and Accountability

#### A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund but not the Educational Grants Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

**2. Stewardship, Compliance and Accountability (Continued)**

**B. Budget Calendar**

**Requests for Annual Appropriations** - The Town Council, all officers, department heads, boards, commissions and committees of the Town and the New Canaan Library shall annually not later than the third Tuesday preceding the first Tuesday in February submit to the Selectmen, in a form prescribed by the Board of Finance, itemized estimates of their respective requests for appropriations to cover such expenses, together with statements in detail of their respective expenditures for similar purposes for the preceding fiscal year and such other information as may from time to time be required by the Board of Finance. The Selectmen shall review such estimates or requests, including the preliminary budget estimates submitted by the Board of Education, and shall compile a recommended budget which shall be submitted to the Board of Finance for its consideration not later than the first Tuesday of February in each year.

The Board of Education shall submit its preliminary budget estimates to the Board of Selectmen, for its review and comment, not later than the third Tuesday preceding the first Tuesday in February, and shall compile and submit its recommended budget directly to the Board of Finance, with a copy to the Board of Selectmen, not later than the first Tuesday in February in each year.

**Requests for Capital Expenditures** - All officers, department heads, boards, commissions and committees shall submit annually to the Selectmen, with the estimates of their respective expenses for the ensuing fiscal year and in a form prescribed by the Board of Finance, an outline of the estimated capital expenditures of such office, board, commission or committee during the next five fiscal years. The Selectmen shall consider such outlines and, after consultation with the Planning and Zoning Commission, shall submit to the Board of Finance, not later than two weeks after the first Tuesday of February, a recommended budget of such capital expenditures, including such recommendation as they desire as to the creation of a reserve therefore in the Town budget for the ensuing fiscal year.

**Board of Finance Budget Recommendations and Public Hearing** - The Board of Finance, after receipt of the recommended budget from the Board of Selectmen and after obtaining any further information which it may require, shall prepare tentative budget recommendations. The Board of Finance shall cause such recommendations to be published at least once, together with a notice fixing the time of a public hearing which shall be held not later than the sixth Tuesday following the first Tuesday of February; and the place where such hearing shall be held by the Board of Finance upon requests for appropriations, to hear all persons, including members of the Board of Finance, who may wish to be heard in respect to any such recommendations or who may wish the Board of Finance to recommend any other appropriation or any other matter within the power of the Board of Finance.

After such public hearing, the Board of Finance forthwith shall hold a meeting or meetings to consider the estimates and requests so presented. The Board of Finance shall thereupon prepare and present its recommendations to the Board of Selectmen, for submission to the Town Council, for appropriations to cover Town expenditures for the ensuing fiscal year. Such recommendations may also include appropriations to pay any part of the Town debt or to provide a fund for any public improvement or any other matter within the power of the Board of Finance and to provide a contingent fund for expenses of the Town not otherwise provided for, which contingent fund, when appropriated by the Town Council, shall be subject to disbursement by the Board of Finance. Nothing in this section shall be construed to be a limitation upon the Board of

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 2. Stewardship, Compliance and Accountability (Continued)

Finance in the disbursement of the whole or any part of the Town contingent fund. All such recommendations for appropriations shall be classified under proper headings and shall be accompanied by an estimate, made by the Board of Finance, of the amount of revenue the Town will receive during such fiscal year from all sources, except that of taxation, and an itemized list of the debts and obligations of the Town as of the date of the meeting or meetings following the public hearing of the Board of Finance and a detailed statement showing the amount of increase or decrease of the proposed appropriation as compared to the last previous appropriation made by the Town Council for like purpose. Such recommendations shall include the amount of any unexpended balances or surplus to be applied against appropriations and a reserve for uncollectible taxes; provided, however, that if the Town Council shall reduce the proposed appropriations so recommended and published by an amount exceeding 5%, then in that event, the amount of unexpended balances or surplus to be applied shall be reconsidered by the Board of Finance for final action.

**Annual Budget Meeting** - The recommendations for appropriations so prepared by the Board of Finance shall be delivered to the Selectmen not later than the seventh Tuesday following the first Tuesday of February in each year in the form of a written report signed by the Chairman of the Board of Finance and a majority of its members. The Selectmen shall forthwith cause to be published once a week for two successive weeks a notice of a meeting of the Town Council to act upon such recommendations, stating the time and place thereof. The first of such notices shall include the publication in full of the recommendations of the Board of Finance. Such meeting of the Town Council shall be held not later than 11 weeks after the first Tuesday of February in each year.

**Town Council Action Upon Annual Appropriations and Other Recommendations** - The Town Council shall take action upon each of the proposed appropriations so recommended and published. It may approve, disapprove or reduce but may not increase the amount of such appropriations or any of them or the amount of any unexpended balances or surplus to be applied or any reserve for any uncollectible taxes; and no appropriation shall be made for any purpose not recommended and published as hereinbefore provided. If a recommendation of the Board of Finance pertains to some matter other than a money appropriation, then the Town Council shall act thereon in such case as provided in this Charter.

### C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

Whenever the Board of Selectmen or the First Selectman requests a special appropriation, or whenever a special appropriation, in the opinion of the Board of Finance, shall be necessary for any purpose, the Board of Finance shall deliver a recommendation to the Selectmen and the Selectmen shall present the recommendation to a meeting of the Town Council or may present the recommendation of the Board of Finance to a meeting called for that purpose, whereupon the Selectmen shall forthwith cause to be published once a week for two successive weeks a notice of a meeting of the Town Council to consider and act upon the recommendation of the Board of Finance for such special appropriation, which notice shall state the time and place thereof.

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

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**2. Stewardship, Compliance and Accountability (Continued)**

The Board of Finance may also include in its recommendation that such special appropriation shall be paid from moneys in the Town treasury not otherwise appropriated or by the levying of a special tax. If and when such special appropriation shall be made by the Town Council and the levying of a special tax to pay such special appropriation shall be approved by the Town Council, the Board of Finance shall lay a special tax upon the grand list last completed and fix the date or dates upon which such special tax shall become due and payable and shall thereupon issue a warrant to the Tax Collector to receive and collect the same in the manner provided by the General Statutes for the collection of taxes.

**D. Expenditures in Excess of Budget**

During the year \$1,671,491 of additional appropriations were made. Although the budget was not over expended in total, the following appropriations were over expended by the amount indicated

<u>Appropriation</u>	<u>Amount</u>
Finance	\$ 34,231
Insurance	119,589

**E. Fund Deficits**

The following funds had deficit unassigned fund balances in the amounts indicated at June 30, 2014:

	<u>Deficit</u>	<u>Expected Future Coverage</u>	
		<u>Revenues</u>	<u>Bonding (3)</u>
Special Revenue Funds			
Police Extra Duty Fund (1)	\$113,440	\$113,440	\$ -
Capital Project Funds			
School Energy Efficiency (2)	252,097	252,097	-
Bridge Replacement	889,561	-	889,561
Small Bonded Capital Projects	221,458	-	221,458

- (1) The deficit is a carryover from 2013 and will be written off against the General Fund from which it was transferred.
- (2) A request for a special appropriation from the Special Bonding Fund will be made.
- (3) This will be covered in the Spring 2015 bond issue.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 2. Stewardship, Compliance and Accountability (Continued)

#### F. Application of Accounting Standards

For the year ended June 30, 2014, the Town implemented:

- GASB Statement 66 – *Technical Corrections - 2012* – This statement resolves conflicting guidance.
- GASB Statement 67, 68 and 71 – *Financial Reporting for Pension Plans* – These statements amend GASB Statement 25 and 27. This resulted in a restatement the beginning balances. Previously the pension liability (asset) was measured based on the difference between the annual required contribution and the amount funded. Now it will be based on how much should be funded compared to how much is funded. As a result, the net pension obligation decreased and net assets increased in the amount \$9,297,931.
- GASB Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

### 3. Detailed Notes on All Funds

#### A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2014:

Statement of Net Position	
Cash and equivalents	\$ 40,141,673
Investments	22,784,695
	<u>62,926,368</u>
Fiduciary Funds	
Cash and equivalents - Private Purpose Trusts	87,917
Cash and equivalents - Agency Funds	418,093
Investments - Pension and OPEB Trust Funds	136,063,644
Investments - Private Purpose Trusts	1,015,102
	<u>137,584,756</u>
Total Cash and Investments	<u>\$200,511,124</u>

**Cash and Cash Equivalents** - As of June 30, 2014 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 35,617,673
Plus external investment pools	7,604,726
Less Certificates of deposits (in investments)	(2,574,716)
	<u>\$ 40,647,683</u>

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

The bank balance of the deposits was \$35,341,768 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 2,663,047
Uninsured and uncollateralized	32,678,721
	<u>\$ 35,341,768</u>

**Investments** – Investments are summarized as follows at June 30, 2014

	General Fund	Internal Service Fund	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Total Investments
Certificates of deposit	\$ 2,076,310	\$ 498,406	\$ -	\$ -	\$ 2,574,716
U.S. treasuries	12,485,079	-	-	-	12,485,079
Commercial paper	-	-	-	-	-
Repurchase agreements	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Mutual funds - bond index fund	-	-	50,241,703	-	50,241,703
Mutual funds - US equity index	-	-	54,378,914	-	54,378,914
Mutual funds - Non US equity	-	-	31,443,027	1,015,102	32,458,129
Mutual funds - money market	7,723,055	1,845	-	-	7,724,900
	<u>\$ 22,284,444</u>	<u>\$ 500,251</u>	<u>\$ 136,063,644</u>	<u>\$ 1,015,102</u>	<u>\$ 159,863,441</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2014

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Certificates of deposit	NA	2,574,716	-	2,574,716	-
U.S. treasuries	NA	12,485,079	-	-	12,485,079
Mutual funds - bond index fund	NA	50,241,703	50,241,703	-	-
Mutual funds - US equity index	NA	54,378,914	54,378,914	-	-
Mutual funds - Non US equity	NA	32,458,129	32,458,129	-	-
Mutual funds - money market	NA	7,724,900	7,724,900	-	-
Total		<u>\$ 159,863,441</u>	<u>\$ 144,803,646</u>	<u>\$ 2,574,716</u>	<u>\$ 12,485,079</u>

**B. Receivables, Deferred Revenue and Unearned Revenue**

Of the intergovernmental receivables, \$807,357 in reimbursements for education bonds from the State of Connecticut is not expected to be collected within one year.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end:

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

	General Fund	Other Governmental Funds	Total Governmental Funds
Property taxes and interest	\$ 1,430,329	\$ 2,698	\$ 1,433,027
Intergovernmental revenue	807,357	437,812	1,245,169
Usage fees	-	39,592	39,592
Other	276,091	117,389	393,480
	<u>\$ 2,513,777</u>	<u>\$ 597,491</u>	<u>\$ 3,111,268</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. There was no liability *unearned revenue* at June 30, 2014

**C. Operating Lease Receivable**

The town entered into an operating lease with a third party for access to a water storage tank located within Waveny Park (town owned property) for the installation of telecommunications equipment which will facilitate wireless communications service to the Town and surrounding areas. In consideration of the mutual benefit which will derive to the third party and the Town by the utilization of the Tank as a communications tower, the third party has agreed to share future revenues it derives from the use of the tower by the Service Providers.

The town entered into an operating lease with a third party for land owned by the town. The annual rent is equal to the tax equivalent and additional rent and is payable in semiannually in advance. The tax equivalent is the amount of real estate taxes which would be payable on the leased premises.

**D. Interfund Transactions**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund 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, 2014 these were summarized as follows

Receivable fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 4,426,957
General Fund	Town Hall Renovations Fund	7,043
General Fund	Enterprise funds	178,623
General Fund	Internal service funds	88,126
General Fund	Pension trust funds	36,750
General Fund	General Fund (dog subfund)	10,886
Other governmental funds	General Fund	1,800,678
Other governmental funds	Other governmental funds	1,003,888
Enterprise funds	Other governmental funds	39
Private purpose trust funds	General Fund	1,065,693
Private purpose trust funds	Agency funds	36,330
		<u>\$ 8,655,013</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2014 were as follows:

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

	Transfers into:			Total
	General Fund	Other Governmental Funds	Enterprise Fund - Waveny Pool Fund	
Transfers out of:				
General Fund	\$ -	\$ 752,225	\$ 75,259	\$ 827,484
Other governmental funds	10,000	907,951	-	917,951
	<u>\$ 10,000</u>	<u>\$ 1,660,176</u>	<u>\$ 75,259</u>	<u>\$ 1,745,435</u>

**E. Capital Assets**

Changes in the Town's capital assets used in the governmental activities are as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 71,304,044	\$ -	\$ -	\$ 71,304,044
Construction in progress	139,623	4,710,938	-	4,850,561
	<u>71,443,667</u>	<u>4,710,938</u>	<u>-</u>	<u>76,154,605</u>
Capital assets being depreciated				
Land improvements	10,170,335	88,486	-	10,258,821
Buildings and improvements	150,737,314	333,808	-	151,071,122
Machinery and equipment	18,141,187	657,792	-	18,798,979
Vehicles	8,367,540	1,089,133	(73,483)	9,383,190
Infrastructure	64,888,179	3,924,950	-	68,813,129
	<u>252,304,555</u>	<u>6,094,169</u>	<u>(73,483)</u>	<u>258,325,241</u>
Less accumulated depreciation	(99,226,549)	(7,739,774)	69,809	(106,896,514)
	<u>\$ 224,521,673</u>	<u>\$ 3,065,333</u>	<u>\$ (3,674)</u>	<u>\$ 227,583,332</u>

Depreciation and amortization expense was charged to the governmental activities as follows:

General government	\$ 337,788
Public safety	477,783
Public works	2,691,859
Parks and recreation	145,614
Education	4,086,730
	<u>\$ 7,739,774</u>

Changes in the Town's capital assets used in the business-type activities are as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Buildings and improvements	1,645,481	-	-	1,645,481
Machinery and equipment	288,088	-	-	288,088
	<u>1,933,569</u>	<u>-</u>	<u>-</u>	<u>1,933,569</u>
Less accumulated depreciation	(493,900)	(48,708)	-	(542,608)
	<u>\$ 1,439,669</u>	<u>\$ (48,708)</u>	<u>\$ -</u>	<u>\$ 1,390,961</u>

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

Depreciation and amortization expense was charged to functions/programs of the business-type activities as follows:

Railroad Fund	4,340
Waveny Pool Fund	40,994
Movie Theater Fund	3,374
	<u>\$ 48,708</u>

**F. Long-Term Liabilities – Governmental Funds**

The following table summarizes changes in the Town’s governmental long-term indebtedness for the year ending June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$116,627,251	\$ 20,130,000	\$ (9,533,097)	\$ 127,224,154	\$ 11,202,398
Deferred refunding amounts, net	2,165,446	-	(274,618)	1,890,828	274,618
	<u>118,792,697</u>	<u>20,130,000</u>	<u>(9,807,715)</u>	<u>129,114,982</u>	<u>11,477,016</u>
Capital leases	1,089,162	515,230	(573,784)	1,030,608	476,239
Compensated absences	1,925,360	110,411	-	2,035,771	325,723
Post closure landfill costs	400,000	-	(25,000)	375,000	25,000
OPEB obligation	(182,371)	2,667,446	(1,766,512)	718,563	-
	<u>\$122,024,848</u>	<u>\$ 23,423,087</u>	<u>\$ (12,173,011)</u>	<u>\$ 133,274,924</u>	<u>\$ 12,303,978</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2014 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Clean Water Fund Bonds	1999-00	\$ 12,440,686	2018-19	2.00%	3,500,797
School and Public Improvement	2008-09	\$ 66,510,000	2022-23	3.13%	41,940,000
School and Public Improvement	2009-10	\$ 24,005,000	2024-25	2.00-5.00%	21,355,000
School and Public Improvement	2009-10	\$ 16,330,000	2023-24	3.00-5.00%	13,205,000
School and Public Improvement	2010-11	\$ 16,500,000	2030-31	2.00-4.00%	15,150,000
School and Public Improvement	2011-12	\$ 7,145,000	2026-27	0.18-4.00%	7,010,000
School and Public Improvement	2011-12	\$ 7,100,000	2026-27	2.00-2.375%	6,590,000
School and Public Improvement	2013-14	\$ 4,830,000	2028-29	2.00-3.00%	4,830,000
School and Public Improvement	2013-14	\$ 15,300,000	2033-34	2.00-4.00%	15,300,000
Less: Waveny Pool Fund Portion					(1,656,643)
					<u>\$127,224,154</u>

The town has \$5,750,000 of debt authorized but unissued.

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

Payments to maturity on the general obligation bonds are as follows

Year End	Governmental Activities General Obligation Bonds		Year End	Governmental Activities General Obligation Bonds	
	Principal	Interest		Principal	Interest
2015	\$ 11,202,398	\$ 4,582,096	2025	7,423,042	743,396
2016	11,455,819	4,204,759	2026	3,960,000	490,960
2017	11,787,345	3,792,387	2027	3,935,000	396,922
2018	11,974,429	3,336,174	2028	2,060,000	288,081
2019	10,754,709	2,836,811	2029	2,085,000	244,601
2020	9,002,529	2,381,457	2030	1,765,000	164,456
2021	9,243,930	2,000,062	2031	1,765,000	109,006
2022	9,342,640	1,683,418	2032	765,000	69,806
2023	8,553,169	1,353,414	2033	765,000	46,856
2024	8,619,144	1,050,817	2034	765,000	23,906
				<u>\$127,224,154</u>	<u>\$ 29,799,385</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2014 totaled \$4,074,541.

**Capital Leases Payable**

The Town has entered into a lease agreement to finance the acquisition of various types of equipment. The equipment is included in the capital assets with a cost of \$2,552,060 and accumulated depreciation of \$1,385,308. These leases qualify as a capital lease for accounting purposes. The Town's capital lease obligation at June 30, 2014 is as follows:

Total payments on capital leases for year ending

2015	\$ 495,778
2016	385,410
2017	136,790
2018	35,223
2019	14,677
	<u>1,067,878</u>
Less the amount representing interest	<u>(37,270)</u>
Present value of future minimum lease payments	<u>\$ 1,030,608</u>

Interest incurred and expensed on capital leases payable for the year ended June 30, 2014 totaled \$25,034.

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**Operating Leases Payable**

The Town is a lessee in operating leases as follows:

Lease of	General Fund			Enterprise Fund	Total
	Education Offices	LAUNCH Offices	Postage Equipment	Train Station*	
Actual expenses for operating leases in the current year					
2014	\$ 195,000	\$ 35,443	\$ 37,200	\$ 12,257	\$ 279,900
Total payments on operating lease for year ending					
2015	\$ 195,000	\$ 36,322	\$ 24,800	\$ 12,257	\$ 268,379
2016	195,000	36,942	-	12,257	244,199
2017	202,600	15,500	-	12,257	230,357
2018	202,600	-	-	12,257	214,857
2019	210,000	-	-	12,257	222,257
	<u>\$ 1,005,200</u>	<u>\$ 88,764</u>	<u>\$ 24,800</u>	<u>\$ 61,285</u>	<u>\$ 1,180,049</u>

\* The actual annual expense for this lease is based on actual net income. The figures presented for the future years are estimates of the annual expense.

The Town has also entered into a ten year operating lease agreement with the State of Connecticut for land related to the New Canaan railroad line. In lieu of an annual lease payment, the Town agreed to reinvest all surplus revenue derived from rail parking and rail-related leases into the improvement and maintenance of rail station buildings, rail station parking, and mutually agreed upon rail station services. In the event of a surplus in the Fund, at the end of each five year period, the Town shall pay the State fifty percent of the surplus. The balance shall remain in the Fund for additional improvements and maintenance and continue to rollover in the next five year period. The surplus as of June 30, 2014 was \$30,744.

**Compensated Absences**

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**Post Closure Landfill Costs**

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in the long-term debt. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year the actual costs amounted to \$30.

**Prior Year Defeasance of Debt**

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2014, \$102,440,000 of bonds outstanding are considered defeased.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of New Canaan, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government					121,938,446
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)					154
Debt limitation base					<u>\$121,938,600</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation					
2 1/4 times base	\$274,361,850	\$ -	\$ -	\$ -	-
4 1/2 times base	-	548,723,700	-	-	-
3 3/4 times base	-	-	457,269,750	-	-
3 1/4 times base	-	-	-	396,300,450	-
3 times base	-	-	-	-	365,815,800
Total debt limitation	<u>274,361,850</u>	<u>548,723,700</u>	<u>457,269,750</u>	<u>396,300,450</u>	<u>365,815,800</u>
Indebtedness					
Bonds payable	68,759,465	58,039,980	424,709	-	-
Amount to be provided by CT	-	(807,356)	-	-	-
Total indebtedness	<u>68,759,465</u>	<u>57,232,624</u>	<u>424,709</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$205,602,385</u>	<u>\$491,491,076</u>	<u>\$456,845,041</u>	<u>\$396,300,450</u>	<u>\$365,815,800</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$853,570,200</u>

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**G. Long-term Liabilities – Enterprise Funds**

The following table summarizes changes in the Town’s long-term indebtedness in the enterprise funds for the year ending June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,800,354	\$ -	\$ (143,711)	\$ 1,656,643	157,037

Interest incurred and expensed on general obligation bonds in the enterprise funds for the year ended June 30, 2014 totaled \$75,259.

These bonds are part of the general obligation bonds discussed in Note 3E. Payments to maturity on the enterprise portion of the general obligation bonds are as follow:

Year End	Business-Type Activities Notes and Loans		Year End	Business-Type Activities Notes and Loans	
	Principal	Interest		Principal	Interest
2015	\$ 157,037	\$ 69,826	2021	161,070	26,821
2016	162,432	63,873	2022	162,360	20,862
2017	169,999	57,752	2023	56,831	14,586
2018	172,293	50,318	2024	150,856	12,313
2019	149,333	42,161	2025	156,961	6,278
2020	157,471	34,695		<u>\$ 1,656,643</u>	<u>\$ 399,485</u>

**H. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position - Nonexpendable* - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$56,500 in trust fund principal.

*Restricted Net Position – Expendable* - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is summarized below:

General Government	\$ 801,982
Education	236,560
	<u>\$ 1,038,542</u>

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

**3. Detailed Notes on All Funds (Continued)**

**I. Fund Balances**

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Town Hall Renovations	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Not in spendable form				
Prepaid expenditures	\$ 760,229	\$ -	\$ -	\$ 760,229
Inventories	-	-	29,357	29,357
Required to be maintained				
Trust principal	-	-	56,500	56,500
	<u>\$ 760,229</u>	<u>\$ -</u>	<u>\$ 85,857</u>	<u>\$ 846,086</u>
Restricted				
General Government	\$ -	\$ -	\$ 801,982	\$ 801,982
Education	-	-	236,560	236,560
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,038,542</u>	<u>\$ 1,038,542</u>
Committed				
General Government	\$ -	\$ -	\$ 1,008,952	\$ 1,008,952
Capital Projects	-	9,090,756	4,529,325	13,620,081
	<u>\$ -</u>	<u>\$ 9,090,756</u>	<u>\$ 5,538,277</u>	<u>\$ 14,629,033</u>
Assigned				
General Government	\$ 1,172,921	\$ -	\$ 2,020,034	\$ 3,192,955
Education	3,270,044	-	627,589	3,897,633
Capital Projects	902,068	-	20,106	922,174
To balance next year's budget	4,200,000	-	-	4,200,000
	<u>\$ 9,545,033</u>	<u>\$ -</u>	<u>\$ 2,667,729</u>	<u>\$ 12,212,762</u>

**J. The Funded Retirement Plan of the Town of New Canaan, Connecticut**

**Plan Description** - The Town is the administrator of a single employer public employee retirement system ("PERS") established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers' Retirement System). The PERS is considered to be part of the Town of New Canaan's financial reporting entity and is included in the Town's financial statement as a pension trust fund. A separate stand-alone financial report is not issued. The Plan is governed by the Retirement Plans Investment Advisor Committee (the "Board") which is a subcommittee of the Board of Finance.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

The Plan provides retirement benefits through a single employer contributory defined benefit plan. Members include bargained and non-bargained Town employees and employees of the Department of Public Works ("DPW"), Police and Fire Departments, Board of Education ("BOE"), and the Employees of the Library. Temporary employees, employees working less than 20 hours per week and any BOE employee covered under the CT State Teachers' Retirement System are excluded. Effective January 1, 2011 non-bargained Town, DPW or non-bargained BOE (includes teaching assistants) and Library employees are not eligible for the plan. DPW employees hired after July 1, 2010 are not eligible for the Plan.

**Plan Membership** – As of the date of the latest actuarial valuation (July 1, 2012), membership consisted of the following:

Retirees and beneficiaries receiving benefits	230
Terminated employees entitled to benefits, but not yet receiving them	179
Active members	427
	<u>836</u>

#### Funding Policy

Police and Fire employees are required to contribute .75% of earnings with 0% contribution after 30 years of service. DPW employees contribute 1.5% of earnings. Library and BOE contribute 2.0%. All other non-bargained groups are required to contribute .25% of earnings. The Town is required to contribute the remaining amounts as determined by annual actuarial valuations.

A pension committee oversees the pension investments and activities. This committee is comprised of the following voting members: the First Selectman, the Town's Finance Director, a member of the Board of Finance, an appointee of the police union and an appointee of the fire union. An appointee of the public works union attends the meetings, but is not a voting member.

**Investment Policy** – Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

<u>Asset Class</u>	<u>Sub-Asset Class</u>	<u>Target Allocation</u>
Equity	United States	48%
	Non United States	12%
Fixed Income	At or Above Investment Grade	40%

Reasonable precautions will be taken to avoid excessive investment concentrations to protect the portfolio against unfavorable outcomes within an asset class. Specifically, the following guidelines will be in place:

- With the exception of fixed income investments explicitly guaranteed by the U.S. Government, no single investment security shall represent more than 5% of total Plan assets.
- With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Plan assets.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

- c) No more than 4% of the portfolio may be invested in securities with ratings below investment grade.
- d) With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB; Moody's Baa) or higher.

**Long-term expected rate of return** – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the Board's target asset class allocation and the long-term expected rate of return calculated as geometric means:

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Broad US Equities	Vanguard Inst. Advisory Service	42.00%	6.40%
Broad International Equities	Vanguard Inst. Advisory Service	18.00%	7.70%
Broad US Bonds	Vanguard Inst. Advisory Service	40.00%	1.90%

**Calculation of Money-Weighted Rate of Return** – The money-weighted rate of return considers the changing amounts actually invested during and period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted rate of return for the year ended June 30, 2014                      16.16%

### Net Pension Liability

The components of the net pension liability of the Town as of June 30, 2014 were as follows:

Town pension liability	\$ 113,207,612
Plan fiduciary net position	<u>127,812,745</u>
Net pension liability (asset)	<u>\$ (14,605,133)</u>
Plan fiduciary net position as a percentage of total pension liability	112.90%

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
 June 30, 2014

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**3. Detailed Notes on All Funds (Continued)**

**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the July 1, 2012 valuation and projected forward to June 30, 2014:

<b>Valuation timing</b>	Actuarially determined contribution rates are calculated as of July 1, twenty four months prior to the beginning of the fiscal year in which the contributions are reported.
<b>Actuarial cost method</b>	Frozen Initial Liability Funding Method
<b>Amortization method</b>	
Level percent or level dollar	Level dollar
Closed, open or layered	Open periods
Amortization period at 1/1/14	15 years
<b>Asset valuation method</b>	
Smoothing period	5 year
Recognition method	20% per year
<b>Inflation</b>	2.10%
<b>Salary increases</b>	4.00%
<b>Investment rate of return</b>	Blended at 6.5% to 2020 then 7% thereafter resulting in 6.8%
<b>Cost of living adjustment</b>	None
<b>Retirement age</b>	Differing for Public Works, Police & Fire and all other employees
<b>Post-retirement mortality</b>	RP-2000 fully projected with separate male & female tables

**Sensitivity Analysis** – The following presents the net pension liability (asset) of the Town, calculated using the current discount rate, as well as what the Town’s net pension would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Discount Rate	1% Increase
	5.80%	6.80%	7.80%
Net Pension Liability (Asset)	\$ (374,138)	\$ (14,605,133)	\$ (26,493,625)

**K. Other Employee Retirement Plans**

**Teachers’ Retirement System**

Teachers and certain other certified personnel in the Town’s Board of Education are eligible to participate in the State of Connecticut Teachers’ Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes, Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut. The financial report may be obtained through the State Teachers’ Retirement Board.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 3. Detailed Notes on All Funds (Continued)

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary, or be less than \$3,600. Benefits are fully vested after ten years of service.

The funding of the system is provided by required member contributions (7.25 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2014, the State contributed \$9,492,988 into the pension plan on behalf of the Town. This was recorded on the GAAP statements as revenue and expenditures in the General Fund. The Town's total payroll for all employees for the fiscal year ending June 30, 2014 was \$69,037,210 of which \$38,291,931 was covered under this pension plan.

#### Defined Contribution Plan

The Town has a defined contribution plan for all eligible employees under Internal Revenue Code ("IRS") 401(a). This is administered through the Security Benefit Corporation. Provisions are made and amended as necessary by the Town. Employees may contribute up to the IRS limits through an IRS section 457 plan. The Town will match an eligible employee's contribution up to 4.0% of their base salary. Contributions in this fiscal year were \$62,871 (3.6%) of covered salaries of \$1,730,491.

#### L. Other Post-Employment Benefits ("OPEB")

From an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The liability accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

**Plan Description** - The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of New Canaan, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility	Teachers and Administrators – Age 60 with 20 years of service or 35 years of service at any age (Normal Retirement); or age 55 with 20 years of service or 25 years of service at any age (Early Retirement). Upon reaching age 65 retired teachers and certified administrators must transfer coverage to Medicare and are removed from coverage.
	Police and Fire – Age 50 with 20 years of service or retirement at a Disability Retirement Date.
	Department of Public Works – Age 65 with 5 years of service (Normal Retirement); unreduced retirement at age 60 with 25 years of service; or retirement at a Disability Retirement Date.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 3. Detailed Notes on All Funds (continued)

All Other Employees – Age 65 with 5 years of service (Normal Retirement); Age 55 with 15 years of service (Early Retirement); or retirement at a Disability Retirement Date.

#### Cost Sharing

For most Town employees, the Town pays the retiree's health premium (single only coverage) subject to the retiree's premium contribution which is the same percentage as active employees (dual rates).

For certified Board of Education employees hired prior to July 1, 1989 the Board of Education pays a fixed contribution towards health insurance until the retiree is Medicare eligible, at which time the retiree comes off the plan. For certain noncertified employees hired prior to September 1, 1989, the Board of Education pays a percent of the premium. This is not capped.

Library retirees pay 100% of the retiree's health premium.

#### Annual OPEB Cost ("AOC") and Net OPEB Obligation ("NOO")

##### Amortization Component:

Actuarial Accrued Liability as of July 1, 2012	\$ 26,026,821
Assets at Market Value	<u>5,406,066</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 20,620,755</u>
Funded Ratio	20.77%
Covered Payroll (Active plan members)	\$ 51,918,000
UAAL as a Percentage of Covered Payroll	39.72%
Annual Required Contribution*	\$ 2,666,479
Interest on Net OPEB Obligation	(12,766)
Adjustment to Annual Required Contribution	<u>13,733</u>
Annual OPEB Cost	<u>2,667,446</u>
Contributions made	<u>(1,766,512)</u>
Increase in net OPEB Obligation (Asset)	900,934
Net OPEB Obligation (Asset) - Beginning of the year	<u>(182,371)</u>
Net OPEB Obligation (Asset) - End of the year	<u>\$ 718,563</u>

**Actuarial Methods and Significant Assumptions** - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**Town of New Canaan, Connecticut**

Notes to Financial Statements (Continued)  
June 30, 2014

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**3. Detailed Notes on All Funds (continued)**

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Discount Rate	7.00%
Medical Inflation	8% for 2014, reducing .5% per year to a final 5% for 2020 and later
Amortization Method	Level dollar amortization
Amortization	30 years, open
Mortality	RP-2000 Mortality Table or CT State Teachers Retirement 2010 OPEB valuation
Participation	Based on percentages depending on cost to employee
Retirement	Based on percentages at differing ages depending on department

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
6/30/2012	\$ 1,870,542	\$ 2,219,634	118.7%	\$ (509,457)
6/30/2013	1,925,176	1,598,090	83.0%	\$ (182,371)
6/30/2014	2,667,446	1,766,512	66.2%	\$ 718,563

**Funding Progress**

As of the last valuation date, July 1, 2012, the actuarial valuation of the plan assets was \$5,406,066. The actuarial accrued liability was \$26,026,821. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan but the plan has been partially funded.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)

June 30, 2014

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### 4. Other Information

#### A. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

#### B. Contingencies

**Grants** - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

**School Building Grants** - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of over two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

#### C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance except as noted below. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the Board of Education per covered participant is \$300,000. The Board of Education retains an insurance policy for employee claims in excess of \$300,000. A third party administers the plan for which the Board of Education pays an administrative fee. The plan is funded monthly by the Board of Education budget appropriations and employee contributions, as required.

## Town of New Canaan, Connecticut

Notes to Financial Statements (Continued)  
June 30, 2014

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### 4. Other Information (Continued)

The following is a summary of changes in claims liability during the year:

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2011	\$ 1,786,535	\$ 9,697,911	\$ (9,803,317)	\$ 1,681,129
2012	1,681,129	10,529,172	(10,497,579)	1,712,722
2013	1,712,722	10,864,235	(11,526,957)	1,050,000
2014	1,050,000	10,613,524	(10,769,983)	893,541

The internal service funds are substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability, reported in the internal service funds at June 30, 2014, are based on the requirements of GASB Statements number 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

#### D. Risks and Uncertainties

The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have had a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

#### E. GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following is a statement which has been approved by GASB but is not yet effective:

- GASB Statement 69 – *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. It is not expected to have a significant effect on the financial statements.

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**Town of New Canaan, Connecticut**

Required Supplementary Information  
June 30, 2014

**Town of New Canaan, Connecticut**

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original Budget	Additional Appropriations and Transfers	Final Budget		
<b>REVENUES</b>					
<b>Tax - Current Year</b>					
Tax Collections	\$ 119,031,208	\$ -	\$ 119,031,208	\$ 121,184,742	\$ 2,153,534
<b>Tax- Other Than Levy</b>					
Tax Collections - Prior Years	650,000	-	650,000	574,700	(75,300)
Lien Fees and Interest	504,200	-	504,200	750,504	246,304
	<u>1,154,200</u>	<u>-</u>	<u>1,154,200</u>	<u>1,325,204</u>	<u>171,004</u>
<b>Intergovernmental</b>					
Road Maintenance	157,728	-	157,728	330,353	172,625
Casino Revenue Sharing	7,288	-	7,288	4,292	(2,996)
State Reimbursement on School Project	309,861	-	309,861	309,862	1
State Aid Grant (ECS)	1,420,824	-	1,420,824	1,624,414	203,590
Municipal Revenue Sharing	-	-	-	40	40
	<u>1,895,701</u>	<u>-</u>	<u>1,895,701</u>	<u>2,268,961</u>	<u>373,260</u>
<b>Licenses and Permits</b>					
Amusement Permits	200	-	200	210	10
Refuse Collectors Licenses	3,500	-	3,500	3,975	475
Liquor Licenses	50	-	50	60	10
Restaurant Permits	30,000	-	30,000	44,025	14,025
Barbers and Salons	2,500	-	2,500	2,350	(150)
Dog License Clerk Fees	29,750	-	29,750	29,838	88
Building Permits	800,000	-	800,000	1,348,603	548,603
Building Permit Revisions	10,000	-	10,000	-	(10,000)
Driveway Permits	500	-	500	605	105
Pistol Permits	3,000	-	3,000	5,415	2,415
Sewer and Water Permits	12,000	-	12,000	28,425	16,425
Sewer Connection Permits	50	-	50	-	(50)
Well Permits	3,500	-	3,500	8,300	4,800
Sign Permits	2,500	-	2,500	5,600	3,100
Street Opening Permits	15,000	-	15,000	47,892	32,892
Zoning Permits	63,000	-	63,000	102,610	39,610
Lot Testing	8,000	-	8,000	16,500	8,500
Plan Review	10,000	-	10,000	16,549	6,549
	<u>993,550</u>	<u>-</u>	<u>993,550</u>	<u>1,660,957</u>	<u>667,407</u>
<b>Investment Earnings</b>					
Interest on Investments	300,050	-	300,050	273,911	(26,139)
	<u>300,050</u>	<u>-</u>	<u>300,050</u>	<u>273,911</u>	<u>(26,139)</u>
<b>Fines and Forfeitures</b>					
False Alarm Fines	15,000	-	15,000	23,800	8,800
Parking Tickets	215,000	-	215,000	173,721	(41,279)
Parking Tickets - On-Line	35,000	-	35,000	72,165	37,165
CT Judicial Revenue Distribution	25,000	-	25,000	16,700	(8,300)
	<u>290,000</u>	<u>-</u>	<u>290,000</u>	<u>286,386</u>	<u>(3,614)</u>

(Continued)

**Town of New Canaan, Connecticut**

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original Budget	Additional Appropriations and Transfers	Final Budget		
<b>Use of Money and Property</b>					
Wavenvy Custodial Fees	\$ 5,000	\$ -	\$ 5,000	\$ 2,575	\$ (2,425)
Concessions and Commissions	-	-	-	1,410	1,410
Parking Meters	225,000	-	225,000	306,653	81,653
Parking-Day Passes	11,000	-	11,000	30,456	19,456
Parking Permits	672,000	-	672,000	595,150	(76,850)
Parking Newsrack Permits	1,000	-	1,000	700	(300)
Copier Revenue	20,000	-	20,000	14,905	(5,095)
Paddle Tennis Fees	38,500	-	38,500	34,452	(4,048)
Rental of Property	265,000	-	265,000	284,440	19,440
School Rental Fees	10,000	-	10,000	10,000	-
	<u>1,247,500</u>	<u>-</u>	<u>1,247,500</u>	<u>1,280,741</u>	<u>33,241</u>
<b>Charges for Services</b>					
Transfer Station Dump Fees	30,000	-	30,000	26,398	(3,602)
Transfer Station Tipping Fees	430,000	-	430,000	463,745	33,745
Transfer Station Recycling	70,000	-	70,000	46,677	(23,323)
Transfer Station Sticker Fee	124,400	-	124,400	133,840	9,440
Sales of Codes and Regulation	6,000	-	6,000	6,886	886
Senior Citizens Program	108,000	-	108,000	118,076	10,076
Zoning Board of Appeals Fee	7,500	-	7,500	7,600	100
Wetlands Septic Review Fee	5,700	-	5,700	8,100	2,400
Wetlands Demo Review Fee	600	-	600	650	50
Planning and Zoning Applica	15,500	-	15,500	16,800	1,300
Building Dept-Work w/o Perm	3,000	-	3,000	1,200	(1,800)
Env App / Violation Fees	40,000	-	40,000	58,388	18,388
Vital Statistics Fees	15,000	-	15,000	20,441	5,441
State Telephone Line Grant	71,250	-	71,250	65,298	(5,952)
Park and Recreation Fees	230,000	-	230,000	172,586	(57,414)
Recording Fees	180,000	-	180,000	102,942	(77,058)
Senior Program Lunches	3,500	-	3,500	2,769	(731)
Miscellaneous Income	1,000	-	1,000	702,829	701,829
Conveyance Fees	1,250,000	-	1,250,000	1,609,699	359,699
Fingerprint Fees	6,750	-	6,750	5,830	(920)
MERS - Town G/F Fees	-	-	-	42,214	42,214
Testing & Hiring Application Fees	-	-	-	4,240	4,240
Dog Park Fees	-	-	-	24,681	24,681
Other Classes & Programs Offset	340,500	-	340,500	398,178	57,678
Tech Support Billing	31,200	-	31,200	22,330	(8,870)
Flu Clinics	20,000	-	20,000	5,927	(14,073)
	<u>2,989,900</u>	<u>-</u>	<u>2,989,900</u>	<u>4,068,324</u>	<u>1,078,424</u>
					(Continued)

**Town of New Canaan, Connecticut**

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original Budget	Additional Appropriations and Transfers	Final Budget		
<b>Reimbursements and Refunds</b>					
Elderly Tax Exempt Frozen	\$ 190	\$ -	\$ 190	\$ 154	\$ (36)
LOCIP	111,263	-	111,263	112,138	875
Homeowner Tax Relief	30,400	-	30,400	29,301	(1,099)
State Property Rebate	38,000	-	38,000	42,306	4,306
Dep Administration Cost Revenue	200	-	200	118	(82)
Dep Admin Cost Revenue - P&Z	700	-	700	1,166	466
Additional Veterans Exemption	950	-	950	1,339	389
Municipal Video Grant	80,000	-	80,000	24,859	(55,141)
State Mfg, New Machine and Equipment	38	-	38	-	(38)
School H&W Reimbursements	15,675	-	15,675	16,997	1,322
Insurance Recoveries	-	87,575	87,575	411,555	323,980
FEMA Reimbursements	-	-	-	1,533,281	1,533,281
NSF Fees	-	-	-	177	177
Employee Insurance Contributions	547,030	-	547,030	598,183	51,153
Retiree Insurance Contributions	404,525	-	404,525	398,781	(5,744)
Medicare Part D Reimbursements	60,000	-	60,000	39,202	(20,798)
Contribution from Compensated Absence l	-	26,319	26,319	-	(26,319)
BOE Grants	616,431	-	616,431	775,498	159,067
Workers Comp Offset	75,000	-	75,000	78,784	3,784
Sale of Assets	-	-	-	122,034	122,034
Legal Reimbursement	-	-	-	6,969	6,969
	<u>1,980,402</u>	<u>113,894</u>	<u>2,094,296</u>	<u>4,192,842</u>	<u>2,098,546</u>
<b>Total Revenues</b>	<u>129,882,511</u>	<u>113,894</u>	<u>129,996,405</u>	<u>136,542,068</u>	<u>6,545,663</u>
<b>EXPENDITURES</b>					
<b>General Government</b>					
Selectmen	383,624	25,509	409,133	393,343	15,790
Town Clerk	318,854	22,910	341,764	334,684	7,080
Finance	806,909	81,637	888,546	922,777	(34,231)
Information Technology	274,953	29,523	304,476	299,833	4,643
Central Services	171,628	(7,626)	164,002	107,821	56,181
Professional Services	424,000	9,030	433,030	355,397	77,633
Tax Collector	191,034	14,376	205,410	196,430	8,980
Assessor	273,968	22,180	296,148	284,773	11,375
Registrar	99,825	3,825	103,650	70,645	33,005
Parking	313,418	20,760	334,178	316,965	17,213
Planning and Zoning	314,065	17,293	331,358	315,373	15,985
Inland Wetlands	147,196	12,309	159,505	153,822	5,683
Health and Security Benefits	8,475,167	(743,370)	7,731,797	7,474,638	257,159
Insurance	1,288,750	-	1,288,750	1,408,339	(119,589)
Contingency	746,000	(238,500)	507,500	-	507,500
Special Appropriations	-	4,000	4,000	4,000	-
<b>Total General Government</b>	<u>14,229,391</u>	<u>(726,144)</u>	<u>13,503,247</u>	<u>12,638,840</u>	<u>864,407</u>

(Continued)

**Town of New Canaan, Connecticut**

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original Budget	Additional Appropriations and Transfers	Final Budget		
<b>Public Safety and Protection</b>					
Police	\$ 5,517,504	\$ 94,044	\$ 5,611,548	\$ 5,592,994	\$ 18,554
Animal Control	115,821	7,938	123,759	118,859	4,900
Fire	3,325,584	116,792	3,442,376	3,216,186	226,190
Ambulance	564,069	10,000	574,069	569,038	5,031
Fire Marshal	185,232	14,785	200,017	190,060	9,957
Emergency Management	30,200	-	30,200	25,987	4,213
Building	344,022	32,458	376,480	370,520	5,960
	<u>10,082,432</u>	<u>276,017</u>	<u>10,358,449</u>	<u>10,083,644</u>	<u>274,805</u>
<b>Public Works</b>					
Directors Office	297,391	26,844	324,235	320,913	3,322
Engineering	150,529	10,473	161,002	146,842	14,160
Town Buildings	372,351	20,593	392,944	309,466	83,478
Highway	2,741,905	210,805	2,952,710	2,951,020	1,690
Transfer Station	1,507,687	(39,475)	1,468,212	1,409,776	58,436
Parks	1,251,331	83,465	1,334,796	1,334,789	7
Nature Center	101,500	-	101,500	98,837	2,663
Total Town Utilities	398,803	25,726	424,529	424,528	1
Tree Service	435,500	1,836	437,336	279,517	157,819
	<u>7,256,997</u>	<u>340,267</u>	<u>7,597,264</u>	<u>7,275,688</u>	<u>321,576</u>
<b>Human Services</b>					
Administration	492,265	7,607	499,872	463,844	36,028
Health and Sanitation	352,032	43,640	395,672	335,077	60,595
	<u>844,297</u>	<u>51,247</u>	<u>895,544</u>	<u>798,921</u>	<u>96,623</u>
<b>Recreation</b>					
Administration and Programs	872,496	51,566	924,062	896,508	27,554
Waveny House	138,711	6,790	145,501	132,622	12,879
Paddle Tennis	28,750	1,431	30,181	24,801	5,380
Park Buildings	309,400	-	309,400	265,654	43,746
Civic Activities	24,500	-	24,500	20,735	3,765
Lapham Community Center	266,650	13,087	279,737	267,910	11,827
Special Persons	14,900	(11,543)	3,357	484	2,873
Pool Kiwanis Operations	76,150	2,599	78,749	55,188	23,561
	<u>1,731,557</u>	<u>63,930</u>	<u>1,795,487</u>	<u>1,663,902</u>	<u>131,585</u>
<b>Board of Education</b>	<u>77,939,705</u>	<u>-</u>	<u>77,939,705</u>	<u>77,765,069</u>	<u>174,636</u>
<b>Library</b>	<u>1,936,882</u>	<u>-</u>	<u>1,936,882</u>	<u>1,936,825</u>	<u>57</u>
<b>Other Agencies</b>					
New Canaan Day Care Center	30,557	-	30,557	30,557	-
Health Services - Private Schools	268,523	-	268,523	239,539	28,984
Transportation Private Schools	357,480	-	357,480	309,014	48,466
Channel 79 Public Access TV	29,000	-	29,000	29,000	-
Probate Court (Darien)	10,000	-	10,000	4,484	5,516
<b>Total Other Agencies</b>	<u>695,560</u>	<u>-</u>	<u>695,560</u>	<u>612,594</u>	<u>82,966</u>

(Continued)

**Town of New Canaan, Connecticut**

Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original Budget	Additional Appropriations and Transfers	Final Budget		
<b>Human Services Agencies</b>					
Chores	\$ 3,000	\$ 230	\$ 3,230	\$ 3,077	\$ 153
Getabout	48,000	-	48,000	48,000	-
Norwalk Transit Authority (Insurance)	5,000	(230)	4,770	-	4,770
Kids in Crisis	25,000	25,000	50,000	50,000	-
New Canaan Cares	10,000	-	10,000	10,000	-
Child Guidance Center	5,000	-	5,000	5,000	-
Outback Teen Center	20,000	-	20,000	19,999	1
Domestic Violence Crisis Center	5,000	-	5,000	5,000	-
Meals on Wheels	5,000	-	5,000	5,000	-
Smart Prepare	3,000	-	3,000	3,000	-
	<u>129,000</u>	<u>25,000</u>	<u>154,000</u>	<u>149,076</u>	<u>4,924</u>
<b>Capital Outlay</b>	<u>3,064,952</u>	<u>1,277,006</u>	<u>4,341,958</u>	<u>3,431,557</u>	<u>910,401</u>
<b>Debt Service</b>	<u>14,080,613</u>	<u>-</u>	<u>14,080,613</u>	<u>14,052,769</u>	<u>27,844</u>
<b>Operating Transfers</b>					
Town Utilities Sewer Contribution	76,125	-	76,125	76,125	-
Capital Non-Recurring	-	479,898	479,898	479,898	-
<b>Total Operating Transfers</b>	<u>76,125</u>	<u>479,898</u>	<u>556,023</u>	<u>556,023</u>	<u>-</u>
<b>Total Expenditures</b>	<u>132,067,511</u>	<u>1,787,221</u>	<u>133,854,732</u>	<u>130,964,908</u>	<u>2,889,824</u>
<b>Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis</b>	<u>\$ (2,185,000)</u>	<u>\$ (1,673,327)</u>	<u>\$ (3,858,327)</u>	<u>5,577,160</u>	<u>\$9,435,487</u>
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>					
Payments on Behalf of the Town Not Recorded on a Budgetary Basis:					
Revenues from Teachers' Retirement				9,492,988	
Expenditures for Teachers' Retirement				(9,492,988)	
Education Revenues Netted into the Budget					
Revenues from Teachers' Retirement				75,216	
Expenditures				(75,216)	
Encumbrances recorded on Budget Basis, but not on the Modified Accrual Basis					
Education				1,999,495	
Previous Year Encumbrances recorded on Modified Accrual Basis, but not the Budget Basis					
Education				(1,123,665)	
Transfer to Town Clerk Fund recorded on Modified Accrual Basis, but not the Budget Basis				(85,995)	
Transfer to CNR Fund recorded on Modified Accrual Basis, but not the Budget Basis				(110,207)	
Other Financing Sources - Difference in Treatment of Lease Financing:					
Proceeds from Lease Financing				1,076,256	
Purchase of Equipment and Vehicles with Lease Financing				(1,076,256)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)</b>				<u>6,256,788</u>	

**Notes to Required Supplementary Information:** This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Payroll is budgeted on a cash basis.

**Town of New Canaan, Connecticut**

Required Supplementary Information  
The Funded Retirement Plan of the Town of New Canaan  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last 10 Fiscal Years or Since Inception of GASB 67/68

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	<u>2014</u>
<b>The Funded Retirement Plan of the Town of New Canaan</b>	
<b>Total Pension Liability</b>	
Service cost	\$ 2,868,110
Interest on total pension liability	7,073,402
Benefit payments	<u>(5,291,409)</u>
Net change in total pension liability	4,650,103
Total pension liability, beginning	<u>108,557,509</u>
Total pension liability, ending	<u>113,207,612</u>
 <b>Fiduciary Net Position</b>	
Employer contributions	1,000,000
Member contributions	282,464
Investment income net of investment expenses	18,155,372
Benefit payments	(5,291,409)
Administrative expenses	<u>(104,582)</u>
Net change in plan fiduciary net position	14,041,845
Fiduciary net position, beginning	<u>113,770,900</u>
Fiduciary net position, ending	<u>127,812,745</u>
 Net pension liability (asset), ending	 <u>\$ (14,605,133)</u>
 Fiduciary net position as a % of total pension liability	 112.90%
Covered payroll	\$ 24,137,000
Net pension liability as a % of covered payroll	-60.51%

**Town of New Canaan, Connecticut**

Required Supplementary Information  
The Funded Retirement Plan of the Town of New Canaan  
Schedule of Employer Contributions  
Since Inception of GASB 67/68

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	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 2,515,090	\$ 1,129,305	\$ 1,085,870
Contributions in relation to the actuarially determined contribution	<u>\$1,000,000</u>	<u>\$682,592</u>	<u>\$0</u>
Contribution deficiency (excess)	<u>\$1,515,090</u>	<u>\$446,713</u>	<u>\$1,085,870</u>
Covered employee payroll	\$24,137,000	\$23,208,282	\$22,316,000
Contributions as a percentage of covered employee payroll	4.14%	2.94%	0.00%

**Notes to the Schedule**

Valuation Date Actuarially determined contribution rates are calculated as of July 1, eighteen months prior to the beginning of the fiscal year in which the contributions are reported.

## Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	5-year; 20% per year
Inflation	2.10%
Salary increases	4.00%
Investment rate of return	Blended at 6.5% through 2020 then 7% thereafter
Retirement age	Differing for Public Works, Police & Fire and all other employees
Mortality	RP-2000 fully projected with separate male & female tables

See Independent Auditors' Report

**Town of New Canaan, Connecticut**

Required Supplementary Information  
The Funded Retirement Plan of the Town of New Canaan  
Annual Money-Weighted Rate of Return  
Last 10 Fiscal Years or Since Inception of GASB 67/68

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<b>Fiscal Year Ending June 30</b>	<b>Net Money-Weighted Rate of Return</b>
2014	16.16%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA
2006	NA
2005	NA

**Town of New Canaan, Connecticut**

Required Supplementary Information - Schedule of Funding Progress  
 Other Post Employment Benefits Trust Fund  
 Last Three Valuations

Valuation Date	Actuarial		Unfunded AAL	Funded Ratio	Covered Payroll	AAL/UAAL as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability (AAL)				
7/1/2012	\$ 5,406,066	\$ 26,026,821	\$ 20,620,755	20.77%	\$ 51,918,000	39.72%
7/1/2010 *	\$ 3,452,023	\$ 15,369,964	\$ 11,917,941	22.46%	\$ 49,491,000	24.08%
7/1/2008	\$ -	\$ 29,413,011	\$ 29,413,011	0.00%	N/A	N/A

\*Based on the revised actuarial assumptions and methods

**Town of New Canaan, Connecticut**

Required Supplementary Information - Schedule of Employer Contributions  
 Other Post Employment Benefit Trust Fund  
 Last Six Fiscal Years

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Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2014	\$ 2,666,479	\$ 1,766,512	66.25%
6/30/2013	\$ 1,922,475	\$ 1,598,090	83.13%
6/30/2012	\$ 1,869,692	\$ 2,219,634	118.72%
6/30/2011	\$ 1,772,704	\$ 1,723,899	97.25%
6/30/2010	\$ 2,003,080	\$ 4,603,081	229.80%
6/30/2009	\$ 3,461,309	\$ 1,070,478	30.93%

See Independent Auditors' Report

**Town of New Canaan, Connecticut**

Combining Fund Financial Statements  
June 30, 2014

## Town of New Canaan, Connecticut

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Sydney Weisner	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 6,929,142	\$ 4,758,912	\$ 57,368	\$ 11,745,422
Taxes and assessments receivable, net of allowances for uncollectible amounts	2,869	-	-	2,869
Other receivables				
Accounts	153,072	-	-	153,072
Intergovernmental	144,624	437,812	-	582,436
Usage	39,592	-	-	39,592
Due from other funds	15,705	2,788,861	-	2,804,566
Inventories	29,357	-	-	29,357
Total Assets	<u>\$ 7,314,361</u>	<u>\$ 7,985,585</u>	<u>\$ 57,368</u>	<u>\$ 15,357,314</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 276,208	\$ 1,176,118	\$ -	\$ 1,452,326
Accrued payroll and related	22,764	-	-	22,764
Due to other funds	3,254,496	2,176,388	-	5,430,884
Total Liabilities	<u>3,553,468</u>	<u>3,352,506</u>	<u>-</u>	<u>6,905,974</u>
Deferred inflows of resources				
Deferred revenues	<u>159,679</u>	<u>437,812</u>	<u>-</u>	<u>597,491</u>
Fund balances (deficits)				
Nonspendable	29,357	-	56,500	85,857
Restricted	1,037,674	-	868	1,038,542
Committed	-	5,538,277	-	5,538,277
Assigned	2,647,623	20,106	-	2,667,729
Unassigned	(113,440)	(1,363,116)	-	(1,476,556)
Total Fund Balances	<u>3,601,214</u>	<u>4,195,267</u>	<u>57,368</u>	<u>7,853,849</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,314,361</u>	<u>\$ 7,985,585</u>	<u>\$ 57,368</u>	<u>\$ 15,357,314</u>

## Town of New Canaan, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Other Governmental Funds  
 Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Sydney Weisner	Total Other Governmental Funds
<b>REVENUES</b>				
Taxes and assessments	\$ 1,247,643	\$ -	\$ -	\$ 1,247,643
Intergovernmental	1,453,093	609,407	-	2,062,500
Charges for services	3,643,707	36,240	-	3,679,947
Reimbursements of funds	625	-	-	625
Income from investments	1,111	7,943	6	9,060
Total Revenues	<u>6,346,179</u>	<u>653,590</u>	<u>6</u>	<u>6,999,775</u>
<b>EXPENDITURES</b>				
Current				
General government	422,469	-	-	422,469
Public safety and protection	717,198	-	-	717,198
Operation of plant	1,166,829	-	-	1,166,829
Education	3,531,103	-	150	3,531,253
Debt service	55,871	-	-	55,871
Capital outlay	147,001	4,223,276	-	4,370,277
Total Expenditures	<u>6,040,471</u>	<u>4,223,276</u>	<u>150</u>	<u>10,263,897</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>305,708</u>	<u>(3,569,686)</u>	<u>(144)</u>	<u>(3,264,122)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	162,120	1,498,056	-	1,660,176
Transfers out	(10,000)	(907,951)	-	(917,951)
Premium on financing	-	202,876	-	202,876
Issuance of long term deb	-	5,130,000	-	5,130,000
Total Other Financing Sources	<u>152,120</u>	<u>5,922,981</u>	<u>-</u>	<u>6,075,101</u>
Net Change in Fund Balances	457,828	2,353,295	(144)	2,810,979
Fund Balances - Beginning of Yea	<u>3,143,386</u>	<u>1,841,972</u>	<u>57,512</u>	<u>5,042,870</u>
Fund Balances - End of Year	<u>\$ 3,601,214</u>	<u>\$ 4,195,267</u>	<u>\$ 57,368</u>	<u>\$ 7,853,849</u>

## Town of New Canaan, Connecticut

Combining Balance Sheet  
Special Revenue Funds  
June 30, 2014

	Sewer Taxing District	School Lunch	Summer Learning	Town Grants Fund	Facilities Rental	Special Projects Fund	Extra Duty Fund	Town Clerk Fund	State and Federal Educational Grants Fund	Total Special Revenue Funds
<b>ASSETS</b>										
Cash and equivalents	\$ 2,078,537	\$ 1,880,889	\$ 777,122	\$ 19,253	\$ 239,943	\$ 803,935	\$ (117,708)	\$ 96,063	\$ 1,151,108	\$ 6,929,142
Taxes and assessments receivable, net of uncollectible amounts	2,869	-	-	-	-	-	-	-	-	2,869
Other receivables										
Accounts	-	10,484	-	-	25,708	-	116,880	-	-	153,072
Usage	39,592	-	-	-	-	-	-	-	-	39,592
Intergovernmental	-	-	-	-	-	-	-	-	144,624	144,624
Due from other funds	-	-	-	-	-	-	15,705	-	-	15,705
Inventories	-	29,357	-	-	-	-	-	-	-	29,357
Total Assets	<u>\$ 2,120,998</u>	<u>\$ 1,920,730</u>	<u>\$ 777,122</u>	<u>\$ 19,253</u>	<u>\$ 265,651</u>	<u>\$ 803,935</u>	<u>\$ 14,877</u>	<u>\$ 96,063</u>	<u>\$ 1,295,732</u>	<u>\$ 7,314,361</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>										
Liabilities										
Accounts payable	\$ 45,854	\$ 3,831	\$ -	\$ 2,141	\$ 2,600	\$ 75,462	\$ -	\$ -	\$ 146,320	\$ 276,208
Accrued payroll and related	11,327	-	-	-	-	-	11,437	-	-	22,764
Due to other funds	1,493	1,814,342	324,288	28	160,987	39,638	-	-	913,720	3,254,496
Total Liabilities	<u>58,674</u>	<u>1,818,173</u>	<u>324,288</u>	<u>2,169</u>	<u>163,587</u>	<u>115,100</u>	<u>11,437</u>	<u>-</u>	<u>1,060,040</u>	<u>3,553,468</u>
Deferred inflows of resources										
Deferred revenues	42,290	-	-	-	509	-	116,880	-	-	159,679
Fund balances (deficits)										
Nonspendable	-	29,357	-	-	-	-	-	-	-	29,357
Restricted	-	-	-	17,084	-	688,835	-	96,063	235,692	1,037,674
Assigned	2,020,034	73,200	452,834	-	101,555	-	-	-	-	2,647,623
Unassigned	-	-	-	-	-	-	(113,440)	-	-	(113,440)
Total Fund Balances (Deficits)	<u>2,020,034</u>	<u>102,557</u>	<u>452,834</u>	<u>17,084</u>	<u>101,555</u>	<u>688,835</u>	<u>(113,440)</u>	<u>96,063</u>	<u>235,692</u>	<u>3,601,214</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 2,120,998</u>	<u>\$ 1,920,730</u>	<u>\$ 777,122</u>	<u>\$ 19,253</u>	<u>\$ 265,651</u>	<u>\$ 803,935</u>	<u>\$ 14,877</u>	<u>\$ 96,063</u>	<u>\$ 1,295,732</u>	<u>\$ 7,314,361</u>

## Town of New Canaan, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Special Revenue Funds  
 Year Ended June 30, 2014

	Sewer Taxing District	School Lunch	Sub- recipient Grant	Summer Learning	Town Grants Fund	Facilities Rental	Special Projects Fund	Extra Duty Fund	Town Clerk Fund	State and Federal Educational Grants Fund	Total Special Revenue Funds
<b>REVENUES</b>											
Taxes and assessments	\$ 1,247,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,247,643
Intergovernmental	84,118	-	254,991	-	109,494	-	-	-	-	1,004,490	1,453,093
Charges for services	278,607	1,880,582	-	326,319	-	181,405	324,732	641,994	10,068	-	3,643,707
Reimbursements of funds	-	-	625	-	-	-	-	-	-	-	625
Income from investments	1,105	-	-	6	-	-	-	-	-	-	1,111
Total Revenues	<u>1,611,473</u>	<u>1,880,582</u>	<u>255,616</u>	<u>326,325</u>	<u>109,494</u>	<u>181,405</u>	<u>324,732</u>	<u>641,994</u>	<u>10,068</u>	<u>1,004,490</u>	<u>6,346,179</u>
<b>EXPENDITURES</b>											
Current											
General government	-	-	26,024	-	20,554	-	375,891	-	-	-	422,469
Public safety and protection	-	-	-	-	83,404	-	-	633,794	-	-	717,198
Operation of plant	1,166,829	-	-	-	-	-	-	-	-	-	1,166,829
Education	-	1,809,602	229,592	329,339	-	164,743	-	-	-	997,827	3,531,103
Debt service	55,871	-	-	-	-	-	-	-	-	-	55,871
Capital outlay	145,938	-	-	-	1,063	-	-	-	-	-	147,001
Total Expenditures	<u>1,368,638</u>	<u>1,809,602</u>	<u>255,616</u>	<u>329,339</u>	<u>105,021</u>	<u>164,743</u>	<u>375,891</u>	<u>633,794</u>	<u>-</u>	<u>997,827</u>	<u>6,040,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>242,835</u>	<u>70,980</u>	<u>-</u>	<u>(3,014)</u>	<u>4,473</u>	<u>16,662</u>	<u>(51,159)</u>	<u>8,200</u>	<u>10,068</u>	<u>6,663</u>	<u>305,708</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	76,125	-	-	-	-	-	-	-	85,995	-	162,120
Transfers out	-	-	-	-	-	(10,000)	-	-	-	-	(10,000)
Total Other Financing Sources (Uses)	<u>76,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>85,995</u>	<u>-</u>	<u>152,120</u>
Net Change in Fund Balances	318,960	70,980	-	(3,014)	4,473	6,662	(51,159)	8,200	96,063	6,663	457,828
Fund Balances (Deficits) - Beginning of Year	<u>1,701,074</u>	<u>31,577</u>	<u>-</u>	<u>455,848</u>	<u>12,611</u>	<u>94,893</u>	<u>739,994</u>	<u>(121,640)</u>	<u>-</u>	<u>229,029</u>	<u>3,143,386</u>
Fund Balances (Deficits) - End of Year	<u>\$ 2,020,034</u>	<u>\$ 102,557</u>	<u>\$ -</u>	<u>\$ 452,834</u>	<u>\$ 17,084</u>	<u>\$ 101,555</u>	<u>\$ 688,835</u>	<u>\$ (113,440)</u>	<u>\$ 96,063</u>	<u>\$ 235,692</u>	<u>\$ 3,601,214</u>

## Town of New Canaan, Connecticut

Combining Balance Sheet  
 Capital Projects Funds  
 June 30, 2014

	School Energy Efficiency	Bridge Replace- ment	Special Bonding	Police Station Renovations	Capital and Nonrecurring	Road Paving	Small Bonded Capital Projects	Total Capital Projects Funds
<b>ASSETS</b>								
Cash and equivalents	\$ 468,982	\$ -	\$ 1,017,083	\$ 442,740	\$ 1,402,813	\$ 1,427,294	\$ -	\$ 4,758,912
Other receivables								
Intergovernmental	-	-	-	-	437,812	-	-	437,812
Due from other funds	-	-	-	-	-	2,788,861	-	2,788,861
Total Assets	<u>\$ 468,982</u>	<u>\$ -</u>	<u>\$ 1,017,083</u>	<u>\$ 442,740</u>	<u>\$ 1,840,625</u>	<u>\$ 4,216,155</u>	<u>\$ -</u>	<u>\$ 7,985,585</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	\$ -	\$ 71,511	\$ -	\$ -	\$ 35,375	\$ 1,018,457	\$ 50,775	\$ 1,176,118
Due to other funds	<u>721,079</u>	<u>818,050</u>	<u>8,131</u>	<u>442,740</u>	<u>-</u>	<u>15,705</u>	<u>170,683</u>	<u>2,176,388</u>
Total Liabilities	<u>721,079</u>	<u>889,561</u>	<u>8,131</u>	<u>442,740</u>	<u>35,375</u>	<u>1,034,162</u>	<u>221,458</u>	<u>3,352,506</u>
Deferred inflows of resources								
Deferred revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,812</u>	<u>-</u>	<u>-</u>	<u>437,812</u>
Fund balances (deficits)								
Committed	-	-	1,008,952	-	1,347,332	3,181,993	-	5,538,277
Assigned	-	-	-	-	20,106	-	-	20,106
Unassigned	<u>(252,097)</u>	<u>(889,561)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,458)</u>	<u>(1,363,116)</u>
Total Fund Balances (Deficits)	<u>(252,097)</u>	<u>(889,561)</u>	<u>1,008,952</u>	<u>-</u>	<u>1,367,438</u>	<u>3,181,993</u>	<u>(221,458)</u>	<u>4,195,267</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)								
	<u>\$ 468,982</u>	<u>\$ -</u>	<u>\$ 1,017,083</u>	<u>\$ 442,740</u>	<u>\$ 1,840,625</u>	<u>\$ 4,216,155</u>	<u>\$ -</u>	<u>\$ 7,985,585</u>

Town of New Canaan, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Capital Projects Funds  
 Year Ended June 30, 2014

	School Energy Efficiency	Bridge Replacement	Special Bonding	EMS	NCHS Phase I Renovation	Police Station Renovations	Capital and Nonrecurring	Road Paving	Small Bonded Capital Projects	Total Capital Projects Funds
<b>REVENUES</b>										
Intergovernmental	\$ -	\$ 42,624	\$ -	\$ -	\$ -	\$ -	\$ 566,783	\$ -	\$ -	\$ 609,407
Charges for services	-	-	-	-	-	-	10,296	25,944	-	36,240
Income from investments	-	-	7,494	-	-	-	449	-	-	7,943
Total Revenues	-	42,624	7,494	-	-	-	577,528	25,944	-	653,590
<b>EXPENDITURES</b>										
Capital outlay	-	1,168,429	121,965	-	-	-	66,358	2,104,326	762,198	4,223,276
Excess (Deficiency) of Revenues Over Expenditures	-	(1,125,805)	(114,471)	-	-	-	511,170	(2,078,382)	(762,198)	(3,569,686)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	895,211	-	-	12,740	590,105	-	-	1,498,056
Transfers out	-	-	(12,740)	(3,809)	(891,402)	-	-	-	-	(907,951)
Premium on financing	-	-	202,876	-	-	-	-	-	-	202,876
Issuance of long term debt	80,000	-	-	-	-	-	-	4,550,000	500,000	5,130,000
Total Other Financing Sources (Uses)	80,000	-	1,085,347	(3,809)	(891,402)	12,740	590,105	4,550,000	500,000	5,922,981
Net Change in Fund Balances	80,000	(1,125,805)	970,876	(3,809)	(891,402)	12,740	1,101,275	2,471,618	(262,198)	2,353,295
Fund Balances (Deficits) - Beginning of Year	(332,097)	236,244	38,076	3,809	891,402	(12,740)	266,163	710,375	40,740	1,841,972
Fund Balances (Deficits) - End of Year	<u>\$(252,097)</u>	<u>\$(889,561)</u>	<u>\$1,008,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,367,438</u>	<u>\$ 3,181,993</u>	<u>\$(221,458)</u>	<u>\$ 4,195,267</u>

## Town of New Canaan, Connecticut

Combining Statement of Net Position  
Enterprise Funds  
June 30, 2014

	Business-Type Activities-Enterprise Funds				
	Railroad Fund	Property Rental	Movie Theatre	Parking Fund	Totals Current Year
<b>ASSETS</b>					
Current assets					
Cash and equivalents	\$ 210,565	\$ 22,164	\$ 370,327	\$ 393,143	\$ 996,199
Receivables					
Accounts, net	-	-	1,599	-	1,599
Due from other funds	39	-	-	-	39
Total Current Assets	<u>210,604</u>	<u>22,164</u>	<u>371,926</u>	<u>393,143</u>	<u>997,837</u>
Noncurrent assets					
Capital assets					
Machinery and equipment	45,681	-	88,778	-	134,459
Infrastructure	-	-	-	-	-
	<u>45,681</u>	<u>-</u>	<u>88,778</u>	<u>-</u>	<u>134,459</u>
Less accumulated depreciation	(19,528)	-	(11,262)	-	(30,790)
Total Noncurrent Assets	<u>26,153</u>	<u>-</u>	<u>77,516</u>	<u>-</u>	<u>103,669</u>
Total Assets	<u>236,757</u>	<u>22,164</u>	<u>449,442</u>	<u>393,143</u>	<u>1,101,506</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	15,735	1,222	17,250	-	34,207
Intergovernmental payable	30,744	-	-	-	30,744
Due to other funds	72,741	-	-	-	72,741
Total Current Liabilities	<u>119,220</u>	<u>1,222</u>	<u>17,250</u>	<u>-</u>	<u>137,692</u>
<b>NET POSITION</b>					
Net investment in capital assets	26,153	-	77,516	-	103,669
Unrestricted	91,384	20,942	354,676	393,143	860,145
Total Net Position	<u>\$ 117,537</u>	<u>\$ 20,942</u>	<u>\$ 432,192</u>	<u>\$ 393,143</u>	<u>\$ 963,814</u>

## Town of New Canaan, Connecticut

Combining Statement of Revenues, Expenses and Changes in Net Position  
 Enterprise Funds  
 Year Ended June 30, 2014

	Business-Type Activities-Enterprise Funds				
	Railroad Fund	Property Rental	Movie Theatre	Parking Fund	Totals Current Year
Operating Revenues					
Parking meters and rent	\$ 163,080	\$ 9,600	\$ -	\$ 24,636	\$ 197,316
Charges for services	-	-	114,072	-	114,072
Total Operating Revenues	163,080	9,600	114,072	24,636	311,388
Operating Expenses					
Costs of services	170,928	5,747	31,317	98,653	306,645
Income (Loss) from Operations	(7,848)	3,853	82,755	(74,017)	4,743
Non-Operating Revenues and Expenses					
Interest income	-	204	-	-	204
Income (Loss) Before Capital Contributions	(7,848)	4,057	82,755	(74,017)	4,947
Capital contributions	45,677	-	-	-	45,677
Change in Net Position	37,829	4,057	82,755	(74,017)	50,624
Net Position - Beginning of Year	79,708	16,885	349,437	467,160	913,190
Net Position - End of Year	\$ 117,537	\$ 20,942	\$ 432,192	\$ 393,143	\$ 963,814

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Combining Statement of Cash Flows  
Enterprise Funds  
Year Ended June 30, 2014

	Business-Type Activities-Enterprise Funds				Totals Current Year
	Railroad Fund	Property Rental	Movie Theatre	Parking Fund	
<b>Cash Flows From Operating Activities</b>					
Cash received from customers and users	\$ 165,731	\$ 9,600	\$ 118,834	\$ 24,636	\$ 318,801
Cash payments to suppliers and employees	<u>(202,365)</u>	<u>(5,585)</u>	<u>(23,179)</u>	<u>(98,653)</u>	<u>(329,782)</u>
Net Cash from Operating Activities	<u>(36,634)</u>	<u>4,015</u>	<u>95,655</u>	<u>(74,017)</u>	<u>(10,981)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Other non-operating revenue	<u>45,677</u>	-	-	-	<u>45,677</u>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Advances from other funds	<u>3,204</u>	-	-	-	<u>3,204</u>
<b>Cash Flows From Investing Activities</b>					
Interest income	<u>-</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>204</u>
Net Increase (Decrease) in Cash and Equivalents	12,247	4,219	95,655	(74,017)	38,104
Cash and Equivalents - Beginning of Year	<u>198,318</u>	<u>17,945</u>	<u>274,672</u>	<u>467,160</u>	<u>958,095</u>
Cash and Equivalents - End of Year	<u>\$210,565</u>	<u>\$22,164</u>	<u>\$370,327</u>	<u>\$393,143</u>	<u>\$996,199</u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash from Operating Activities</b>					
Income (loss) from operations	\$ (7,848)	\$ 3,853	\$ 82,755	\$ (74,017)	\$ 4,743
Adjustments to reconcile income (loss) from operations to net cash from operating activities					
Depreciation	4,340	-	3,374	-	7,714
Changes in operating assets and liabilities					
Accounts receivable	2,651	-	4,762	-	7,413
Accounts payable	9,900	162	4,764	-	14,826
Intergovernmental payable	<u>(45,677)</u>	-	-	-	<u>(45,677)</u>
Net Cash from Operating Activities	<u>\$ (36,634)</u>	<u>\$ 4,015</u>	<u>\$ 95,655</u>	<u>\$ (74,017)</u>	<u>\$ (10,981)</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Combining Statement of Net Position  
 Pension Trust Funds  
 June 30, 2014

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	Defined Benefit Pension Trust Fund	Other Post Employment Benefits Trust Fund	Total Pension and OPEB Trust Funds
<b>ASSETS</b>			
Investments, at fair value	<u>\$ 127,848,370</u>	<u>\$ 8,215,274</u>	<u>\$ 136,063,644</u>
<b>LIABILITIES</b>			
Due to other funds	<u>35,625</u>	<u>1,125</u>	<u>36,750</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 127,812,745</u>	<u>\$ 8,214,149</u>	<u>\$ 136,026,894</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
Year Ended June 30, 2014

	Defined Benefit Pension Trust Fund	Other Post Employment Benefits Trust Fund	Total Pension and OPEB Trust Funds
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,000,000	\$ 500,000	\$ 1,500,000
Plan members	<u>282,464</u>	<u>6,296</u>	<u>288,760</u>
Total Contributions	<u>1,282,464</u>	<u>506,296</u>	<u>1,788,760</u>
Investment income			
Net change in fair value of investments	15,392,540	966,526	16,359,066
Interest and dividends	<u>2,876,960</u>	<u>183,476</u>	<u>3,060,436</u>
Total Investment Income	18,269,500	1,150,002	19,419,502
Less investment management fees	<u>(114,128)</u>	<u>-</u>	<u>(114,128)</u>
Net Investment Income	<u>18,155,372</u>	<u>1,150,002</u>	<u>19,305,374</u>
Total Additions	<u>19,437,836</u>	<u>1,656,298</u>	<u>21,094,134</u>
<b>DEDUCTIONS</b>			
Pension benefits	5,291,409	-	5,291,409
Administrative fees	<u>104,582</u>	<u>5,820</u>	<u>110,402</u>
Total Deductions	<u>5,395,991</u>	<u>5,820</u>	<u>5,401,811</u>
Change in Net Position	14,041,845	1,650,478	15,692,323
Net Position - Beginning of Year	<u>113,770,900</u>	<u>6,563,671</u>	<u>120,334,571</u>
Net Position - End of Year	<u>\$ 127,812,745</u>	<u>\$ 8,214,149</u>	<u>\$ 136,026,894</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Combining Statement of Net Position  
Private Purpose Trust Funds  
June 30, 2014

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	Marcely Scholarship Fund	Various Scholarships Fund	Affordable Housing Trust	Total Private Purpose Trust Funds
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 87,917	\$ 87,917
Investments, at fair value	1,015,102	-	-	1,015,102
Due from other funds	-	36,330	1,065,693	1,102,023
	<u>-</u>	<u>36,330</u>	<u>1,065,693</u>	<u>1,102,023</u>
Total Assets	<u>\$1,015,102</u>	<u>\$ 36,330</u>	<u>\$1,153,610</u>	<u>\$2,205,042</u>
<b>NET POSITION</b>				
Held in trust	<u>\$1,015,102</u>	<u>\$ 36,330</u>	<u>\$1,153,610</u>	<u>\$2,205,042</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Combining Statement of Changes in Fiduciary Net Position  
 Private Purpose Trust Funds  
 Year Ended June 30, 2014

	Marcelly Scholarship Fund	Various Scholarships Fund	Affordable Housing Trust	Total Private Purpose Trust Funds
<b>ADDITIONS</b>				
Contributions	\$ -	\$ 49,715	\$ -	\$ 49,715
Fees	-	-	644,264	644,264
Total	-	49,715	644,264	693,979
Investment income				
Net change in fair value of investments	132,020	-	-	132,020
Interest and dividends	22,588	-	307	22,895
Total Investment Income	154,608	-	307	154,915
Total Additions	154,608	49,715	644,571	848,894
<b>DEDUCTIONS</b>				
Scholarships awarded	23,310	35,096	-	58,406
Change in Net Position	131,298	14,619	644,571	790,488
Net Position - Beginning of Year	883,804	21,711	509,039	1,414,554
Net Position - End of Year	<u>\$ 1,015,102</u>	<u>\$ 36,330</u>	<u>\$ 1,153,610</u>	<u>\$ 2,205,042</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Combining Statement of Net Position  
 Agency Funds  
 Year Ended June 30, 2014

	Balance Beginning	Additions	Deductions	Balance Ending
<b>Student Activity Fund</b>				
<b>Assets</b>				
Cash	\$ 303,432	\$1,298,690	\$(1,193,146)	\$408,976
<b>Liabilities</b>				
Amount held as agent	\$ 281,721	\$1,248,976	\$(1,158,051)	\$372,646
Due to other funds	21,711	49,714	(35,095)	36,330
<b>Total liabilities</b>	<b>\$ 303,432</b>	<b>\$1,298,690</b>	<b>\$(1,193,146)</b>	<b>\$408,976</b>
<b>Flex Spending Fund</b>				
<b>Assets</b>				
Cash	\$ 54,037	\$ -	\$ (44,920)	\$ 9,117
<b>Liabilities</b>				
Amount held as agent	\$ 54,037	\$ -	\$ (44,920)	\$ 9,117
<b>BOE COBRA Fund</b>				
<b>Assets</b>				
Cash	\$ 79,598	\$ 8,424	\$ (88,022)	\$ -
<b>Liabilities</b>				
Amount held as agent	\$ 79,598	\$ 8,424	\$ (88,022)	\$ -
<b>Total</b>				
<b>Assets</b>				
Cash	\$ 437,067	\$1,307,114	\$(1,326,088)	\$418,093
<b>Liabilities</b>				
Amount held as agent	\$ 415,356	\$1,257,400	\$(1,290,993)	\$381,763
Due to other funds	21,711	49,714	(35,095)	36,330
<b>Total Liabilities</b>	<b>\$ 437,067</b>	<b>\$1,307,114</b>	<b>\$(1,326,088)</b>	<b>\$418,093</b>

See Independent Auditors' Report

**Town of New Canaan, Connecticut**

Supplementary Schedules  
June 30, 2014

## Town of New Canaan, Connecticut

Report of the Property Tax Collector  
Year Ended June 30, 2014

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year				Transfer to Suspense	Net Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Liens	Total		
2012	\$ -	\$ 121,376,053	\$ 94,435	\$(154,055)	\$ 121,316,433	\$ 120,824,077	\$ 265,380	\$ 4,728	\$ 121,094,185	\$ -	\$ 492,356
2011	593,095	-	36,950	(73,708)	556,337	311,374	77,951	4,475	393,800	-	244,963
2010	314,896	-	14,028	(41,443)	287,481	143,139	70,839	1,378	215,356	-	144,342
2009	196,637	-	51	(26,664)	170,024	65,578	52,341	1,194	119,113	-	104,446
2008	103,614	-	4	(1,706)	101,912	14,593	5,574	558	20,725	-	87,319
2007	54,930	-	-	(505)	54,425	1,734	11,641	107	13,482	-	52,691
2006	32,099	-	212	(432)	31,879	1,449	1,985	223	3,657	-	30,430
2005	27,873	-	-	(577)	27,296	2,465	3,445	95	6,005	-	24,831
2004	29,083	-	-	(352)	28,731	3,594	5,712	182	9,488	-	25,137
2003	31,247	-	-	(1,388)	29,859	5,713	9,914	210	15,837	-	24,146
2002	39,760	-	4	(1,369)	38,395	6,664	13,093	374	20,131	-	31,731
2001	41,453	-	5	(1,108)	40,350	4,894	10,293	316	15,503	-	35,456
2000	77,098	-	-	(348)	76,750	1,969	4,312	96	6,377	65,634	9,147
1999	483	-	-	-	483	-	-	-	-	488	(5)
1998	2,466	-	-	-	2,466	1,237	3,069	253	4,559	-	1,229
1997	141	-	-	-	141	141	87	-	228	-	-
	<u>\$1,544,875</u>	<u>\$ 121,376,053</u>	<u>\$ 145,689</u>	<u>\$(303,655)</u>	<u>\$ 122,762,962</u>	<u>\$ 121,388,621</u>	<u>\$ 535,636</u>	<u>\$ 14,189</u>	<u>\$ 121,938,446</u>	<u>\$ 66,122</u>	<u>\$ 1,308,219</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Schedule of Changes in Fund Balance  
 Capital and Nonrecurring  
 Year Ended June 30, 2014

	Beginning Fund Balance	Appropriations Transfers In	Revenues	Current Year Expenditures	Transfers and Close-Outs	Ending Fund Balance
<b>Committed Fund Balance</b>						
General Government						
Town Clerk - Recodification	\$ 1,904	\$ -	\$ -	\$ -	\$ (1,904)	\$ -
Public Works						
Loust Ave Lot Engineering	-	199,898	-	-	-	199,898
DPW Communication System Replacement	-	215,000	-	-	-	215,000
Cell Phone Study	-	29,000	-	-	-	29,000
Drainage	-	-	-	-	50,000	50,000
Sidewalks	-	-	-	-	30,000	30,000
2WD Dump Truck/Sander	-	-	-	-	190,000	190,000
Loader Tire Replacement	-	16,000	-	-	-	16,000
Irrigation Upgrades	-	20,000	-	-	-	20,000
Workman Utility Vehicle	-	-	-	-	29,000	29,000
Lakeview Bridge Construction	-	-	14,037	-	(6,490)	7,547
Town Building - Fire House	3,830	-	-	(3,206)	(624)	-
Town Building - Waveny Properties	32,940	-	-	(29,650)	-	3,290
Town Building - Police Department	51,809	-	-	(10,168)	-	41,641
Nature Center - Renovate Ventilation System	25,000	-	-	-	-	25,000
Public Safety						
Police Scheduling Software	-	-	-	(17,500)	20,000	2,500
Ambulance	-	-	-	-	190,000	190,000
Fire - Regional Mobile Data System	74,400	-	-	(5,835)	(109)	68,456
Education:						
West School Roof Repair	-	-	-	-	155,000	155,000
East School Rood Repair	-	-	-	-	75,000	75,000
	189,883	479,898	14,037	(66,359)	729,873	1,347,332
<b>Assigned Fund Balance</b>						
For future capital projects	76,280	116,858	556,841	-	(729,873)	20,106
<b>Total Fund Balance</b>	<u>\$ 266,163</u>	<u>\$ 596,756</u>	<u>\$ 570,878</u>	<u>\$ (66,359)</u>	<u>\$ -</u>	<u>\$ 1,367,438</u>

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Schedule of Changes in Fund Balance  
 Special Projects Fund  
 Year Ended June 30, 2014

Project Number	Project Name	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
100	Police communication	\$ 2,556	\$ 2	\$ -	\$ 2,558
101	Police defibrillator	439	-	-	439
102	Green links	12,257	9	(12,260)	6
103	Human services	49,921	8,413	(4)	58,330
104	Parks and recreation	35,192	8,732	(10,559)	33,365
105	Waveny house	61,713	4,565	(3,143)	63,135
106	WPA Art	357	-	-	357
108	Police well being	7,270	10,733	(2,048)	15,955
109	Mather Smith cemetery fund	3,539	3	-	3,542
110	Police Sheinberg Fund	20,662	10,020	(5,070)	25,612
111	Police AG Nason Foundation	743	-	-	743
112	Lamp post project	(1,998)	3,430	-	1,432
113	Police bulletproof vests	1,650	1	-	1,651
114	Police September 11, 2001 victims	925	-	-	925
115	Commission on aging	179	-	-	179
117	Fields baseball/softball	1,583	1	-	1,584
118	Police SRT equipment	2,700	6,189	(244)	8,645
119	Waveny garden	17,208	2,015	(5,051)	14,172
120	Gold star walk	11,099	10	(1)	11,108
121	Family fourth	54,643	52,904	(46,361)	61,186
122	Waveny swim team	2,182	1	-	2,183
123	Human services - triad	380	-	-	380
124	Human services - underage drinking	12,726	12	(1)	12,737
125	Human services - chores	8,758	8	-	8,766
126	Fire department- smoke alarms	2,074	251	(1,921)	404
127	Police child safety seats	601	180	-	781
128	Tree program - Elm Street	510	-	-	510
130	Police half moon donation	3,142	1,003	-	4,145
134	Irwin park trails	44,682	36	(28,041)	16,677
136	New Canaan rink	10,278	9	(1)	10,286
137	New Canaan rink and field house fund	212	-	-	212
138	Police Silver Hill	34	-	-	34
140	Animal response team	105	2,185	(2,185)	105
141	Police computer crime investigation	3	-	-	3
142	Police family violence	498	-	-	498
143	Police traffic safety initiatives	2,019	71	-	2,090
144	Irwin park flexi-pave	18,043	13	(18,049)	7
146	G.M. Filming	22,523	20	(917)	21,626
147	Irwin park baseball fields	8,106	7	-	8,113
148	New Canaan playhouse	1,010	-	-	1,010
149	Tree fund/tree warden	3,150	2	-	3,152

(Continued)

See Independent Auditors' Report

## Town of New Canaan, Connecticut

Schedule of Changes in Fund Balance  
 Special Projects Fund  
 Year Ended June 30, 2014

Project Number	Project Name	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
152	Mead memorial tennis fund	\$ (10,246)	\$ -	\$ -	\$ (10,246)
153	CERT team - New Canaan	3,251	2,603	(2,433)	3,421
154	Police K9 program	74,166	3,810	(705)	77,271
156	HS-NC food pantry	97,823	55,944	(35,722)	118,045
272	HS-Senior health technology	3,229	40,716	(12,676)	31,269
273	HS-Senior benches	(1,885)	1,364	(1,364)	(1,885)
275	Waveny fitness trail	7,066	27,405	-	34,471
291	Paddle tennis	5,699	3,005	(2,525)	6,179
292	New Canaan fish management	2,911	1,752	(1,366)	3,297
294	Crissy Seeley cemetery	1,751	1	-	1,752
295	Fields maintenance	95,758	15,156	(75,579)	35,335
309	East school trail	-	-	(27,394)	(27,394)
314	Police - Lifesaver program fund	-	250	(247)	3
315	Spencer's run	-	1,000	-	1,000
318	Ram spirit fund	-	50,000	(49,827)	173
320	Police - honor guard	-	1,100	(238)	862
323	Fire Department - Epoxy Flooring	-	4,725	-	4,725
	Asset Forfeiture	36,797	5,076	(29,959)	11,914
<b>Total Fund Balance</b>		<b>\$ 739,994</b>	<b>\$ 324,732</b>	<b>\$ (375,891)</b>	<b>\$ 688,835</b>

See Independent Auditors' Report