



September 22, 2010

TO ALL BIDDERS

TOWN OF NEW CANAAN, CONNECTICUT

**\$16,500,000 GENERAL OBLIGATION BONDS, ISSUE OF 2010, SERIES A
BOOK-ENTRY-ONLY**

DATED: OCTOBER 15, 2010 DUE: OCTOBER 15, 2012 – 2030

Enclosed is the Town of New Canaan, Connecticut's **Notice of Sale** which allows for electronic bidding through **PARITY®**. Per the official Notices of Sale, electronic bids for the Bonds will be received at the office of the Town Administrative Officer, Town Hall, 77 Main Street, New Canaan, Connecticut 06840, until 11:00 o'clock A.M. (E.D.T.), **TUESDAY,**

OCTOBER 5, 2010

If we may be of service in submitting your bid, please note that a representative of *IBIC* will be available prior to the sale at the following telephone numbers:

(New Canaan):

(203) 594-3002

We trust we may be of service.

Independent Bond & Investment Consultants LLC
Member: National Association of Independent Public Finance Advisors

129 Samson Rock Drive, Suite A, Madison, CT 06443 Phone 203.245.8715 Fax 203.245.7763 Email muniibic@aol.com

OFFICIAL STATEMENT

NEW ISSUE

MOODY'S RATING:

(See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Matters" herein).

TOWN OF NEW CANAAN, CONNECTICUT

\$16,500,000

GENERAL OBLIGATION BONDS, ISSUE OF 2010, SERIES A

BOOK-ENTRY-ONLY

Dated: October 15, 2010

Due: October 15, as shown below

The Bonds will be general obligations of the Town of New Canaan, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

The Bonds will bear interest payable on April 15, 2011 and semiannually thereafter on October 15 and April 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the beneficial owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

The Certifying, Registrar, Transfer and Paying Agent for the Bonds will be U.S. Bank, National Association, in Hartford, Connecticut.

The Bonds **ARE** subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein.)

The Bonds are being offered for sale in accordance with an official Notice of Sale dated September 22, 2010. Electronic bids via **PARITY®** for the Bonds will be received until 11:00 A.M. (E.D.T.) on October 5, 2010, at the office of the Town Administrative Officer, Town Hall, 77 Main Street, New Canaan, Connecticut 06840, as described in the Notice of Sale. (See Appendix D herein.)

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2012	\$ 675,000	%	%	643136***	2022	\$ 925,000	%	%	643136***
2013	675,000			643136***	2023	925,000			643136***
2014	725,000			643136***	2024	975,000			643136***
2015	725,000			643136***	2025	975,000			643136***
2016	775,000			643136***	2026	975,000			643136***
2017	775,000			643136***	2027	975,000			643136***
2018	825,000			643136***	2028	1,000,000			643136***
2019	825,000			643136***	2029	1,000,000			643136***
2020	875,000			643136***	2030	1,000,000			643136***
2021	875,000			643136***					

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, of Hartford, Connecticut, Bond Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about October 19, 2010.

Dated: September 22, 2010

No dealer, broker, salesman or other person has been authorized by the Town of New Canaan, Connecticut (the "Town") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this official statement.

Other than as to matters expressly set forth in Appendix B - "Form of Legal Opinion of Bond Counsel" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Town considers this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C - "Form of Continuing Disclosure Agreement" to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12b(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5).

BOND COUNSEL

ROBINSON & COLE LLP

Hartford, Connecticut
(860) 275-8200

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
(203) 245-8715

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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, October 5, 2010, at 11:00 A.M. (E.D.T).
Location of Sale:	The office of the Town Administrative Officer, Town Hall, 77 Main Street, New Canaan, Connecticut, 06840.
Issuer:	Town of New Canaan, Connecticut (the "Town")
Issue:	\$16,500,000 General Obligation Bonds, Issue of 2010, Series A.
Dated Date:	October 15, 2010.
Interest Due:	April 15 and October 15 in each year of maturity, commencing April 15, 2011.
Principal Due:	Serially October 15, 2012 - 2030.
Purpose and Authority:	The Bonds are being issued to finance various town and school improvement projects authorized by various bond resolutions recommended by the Board of Finance, and adopted by the Town Council. (See "Authorization and Purpose" herein.)
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	The Bonds will be general obligations of the Town of New Canaan, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)
Credit Rating:	The Town has made an application to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. The rating on the Town's outstanding bonds is currently "Aaa" by Moody's. (See "Ratings" herein.)
Basis of Award:	Lowest True Interest Cost (TIC) as of the dated date.
Tax Exemption:	See Appendix B, "Form of Legal Opinion of Bond Counsel" herein.
Continuing Disclosure:	See Appendix C, "Form of Continuing Disclosure Agreement" herein.
Bank Qualification:	The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying, Registrar, Transfer and Paying Agent:	U.S. Bank, National Association, of Hartford, Connecticut.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company on or about October 19, 2010. Delivery of the Bonds will be made against payment in Federal Funds.
Issuer Official:	Questions regarding this Official Statement should be directed to Gary G. Conrad, Chief Financial Officer, Town of New Canaan, 77 Main Street, New Canaan, Connecticut 06840, telephone (203) 594-3024.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices, has been prepared by the Town of New Canaan, Connecticut (the "Town") in connection with the issuance and sale of \$16,500,000 General Obligation Bonds, Issue of 2010, Series A (the "Bonds") of the Town.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Description of the Bonds

The Bonds will be dated October 15, 2010 and will mature in annual installments on October 15 in each of the years and in the principal amounts as set forth on the cover page hereof. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on April 15, 2010 and semiannually thereafter on October 15 and April 15 in each year until maturity. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Certifying, Registrar, Transfer and Paying Agent will be U.S. Bank, National Association, in Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Robinson & Cole LLP, of Hartford, Connecticut, in substantially the form set forth in Appendix B to this Official Statement. The Bonds ARE subject to redemption prior to maturity. (See "Optional Redemption" herein.)

Optional Redemption

The Bonds maturing on or before October 15, 2015 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2016 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2015, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the redemption prices (expressed as a percentage of principal amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
October 15, 2015 and thereafter	100%

Notice of Redemption

Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the registered owner of such Bonds at the address of such registered owner as it appears on the registration books for the Bonds kept for such purpose. So long as a book-entry system is used for the Bonds, the Town will send any notice of redemption only to DTC (or a successor securities depository) or its nominee.

Authorization and Purpose

Authorization. The Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, and bond resolutions adopted by the Town Council.

Purpose. The Bonds are being issued to finance school and general purpose public improvements of the Town as follows:

<u>Project</u>	<u>Total Authorization</u>	<u>Prior Bonds Issued</u>	<u>The Bonds (This Issue)</u>
Police Department Renovation & Garage	\$ 2,201,000	\$ -	\$ 1,666,000
Pavement Management Plan	20,000,000	7,500,000	12,304,000
BOE Energy Management	1,800,000	-	1,110,000
Emergency Medical Services Bldg.	3,400,000	-	1,420,000
Total	<u>\$27,401,000</u>	<u>\$7,500,000</u>	<u>\$16,500,000</u>

School Construction Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs.

Debt service reimbursement will continue under the old reimbursement program for all projects approved prior to July 1, 1996. Under the old program, a municipality issued bonds for the entire amount of the school construction project and the State of Connecticut reimbursed the municipality for principal and interest costs for eligible school construction expenses over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the project.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction. The following projects will be reimbursed under this method:

<u>Project</u>	<u>Total Appropriation</u>	<u>Reimbursement Rate</u>	<u>Estimated Grant</u> (1)
New Canaan High School Renovations & Asbestos Abatement Project	\$74,785,670	18.00%	\$13,695,089

- (1) The Town expects to receive a total of \$13,695,089 in progress payment grants for the project. This amount is based upon the reimbursement of eligible costs at the above reimbursement rate. The final eligible costs will be determined at completion of the project. To date, the Town has received progress payments in the amount of \$13,010,318.

Ratings

The Town has made an application to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. The ratings on the Town's outstanding bonds is currently "Aaa" by Moody's. Moody's rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody's if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an adverse effect on the market price of the Town's outstanding bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds remains excluded from gross income for federal income tax purposes. Non-compliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing

the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. There was, however, no such classified property on the last completed Grand List of the Town and, under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received but for the limitation on its power to tax such dwelling houses.

Payment of principal and interest on the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds. There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Connecticut General Statutes Section 7-566 provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

THE TOWN OF NEW CANAAN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

Qualifications for Financial Institutions

The Bonds shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need

for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating of: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC if less than all of the Bonds within an issue are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

Replacement Bonds

The Town will provide for the issuance of fully registered bond certificates directly to the Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

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SECTION II - THE ISSUER

Description of the Town

The Town was incorporated in May 1801 as Connecticut's 108th town. Originally known as Canaan Parish, the Town split from Norwalk and Stamford when incorporated. Located in lower Fairfield County, the Town encompasses 22.6 square miles. It is located between Stamford and Wilton, with New York State to the north and Norwalk and Darien located to the south. The Town is primarily a suburban residential community with high quality single-family homes. Most residents are in the executive, professional, financial, technical, and managerial categories employed in New York City and Westchester and Fairfield Counties. The U.S. Bureau of the Census, 2000 Census listed the Town's population as 19,395. In July 2008, the State of Connecticut's Department of Public Health estimated the Town's population as 19,912. The Town is served by bus, air and rail service from the New York City Metropolitan Tri-State area.

Population growth in the Town has been relatively moderate over the past thirty years. However, the Town is one of the highest per capita income areas in the United States. According to the 2000 U. S. Census, New Canaan's median family income was \$175,331 versus the state median of \$65,521.

The community has direct access to the Merritt Parkway, Route 15, which passes through the southern section of Town. State Routes 106, 123, and 124 also traverse New Canaan. MetroNorth provides convenient commuter service to New York City, Stamford and other locations either north or south. The Town maintains the railroad station located near the central business district.

The Town utilizes an adopted Plan of Development to maintain the rural character of the Town. The Plan of Development was recently updated in June 2003. Zoning regulations were first adopted in 1953 and modified most recently in 2007. Approximately 70% of the Town is zoned for two and four acre residential use, 18% of the Town is zoned for one acre or less residential use and 1% of the Town is zoned for business purposes. The area zoned for one acre or less includes the apartment zone and condominiums. As part of the Town Plan of Development, open space and preservation of the rural character of the Town are major goals. To that end, the Town has nine parks and two natural areas with walking trails and pathways. Currently, there are nearly 2,000 acres of open space land in the Town, or approximately 11 % of all land in Town.

For the first half of calendar year 2010, the values of most new homes currently range from \$2,000,000 to \$8,000,000, with some priced in excess of \$10,000,000. The average selling price for a single-family house was \$1,481,748. The average selling price for a residential property including condominiums is \$1,275,000. The average sale price of a building lot is \$1,000,000; the price range is \$650,000 to \$4,000,000, with lot sizes between .22 acres and 4.00 acres. Besides single family homes, two family and condominium units, the Town has within walking distance to the central downtown district, 60 Section 8 HUD housing units which were completed in 1981. A private non-profit corporation, New Canaan Neighborhoods Inc., was established to develop the housing.

The New Canaan downtown business district has a very active shopping and commercial area located in the center of the community. In addition to many shops and restaurants, there are numerous banking institutions in Town, including Wachovia Bank, Bank of America, Bank of New Canaan, JP Morgan Chase Bank, People's United Bank, First County Bank, Citibank, Webster Bank and TD Bank.

The New Canaan public school system includes three elementary schools, a middle school and a high school. It provides facilities for an estimated 4,060 students. The New Canaan Country School, grades K-9, the Saint Aloysius School, grades K-8, and Saint Luke's School, grades 7-12, are private schools located in New Canaan.

The Town provides an active recreation program and an active YMCA. The Country Club of New Canaan, the New Canaan Field Club and the Lake Club are located in Town.

Form of Government

New Canaan operates under a Charter adopted in 1935 and most recently amended on November 8, 2005. Municipal elections are held biennially on the first Tuesday following the first Monday of November in odd-numbered years. Minority representation is required on all boards, commissions, committees or similar bodies, whether elected or appointed, as provided in the General Statutes and the Town Charter.

The three-member Board of Selectmen is elected. It is responsible for carrying out its duties as provided in the Charter and any other duties that may be prescribed by the General Statutes and municipal ordinances. The Board of Selectmen appoints the members of all boards, commissions or committees whose members are not elected. The First Selectman is the chief executive officer of the Town.

The Town Council consists of the First Selectman, ex officio, and twelve elected members. It is the legislative body of the Town and carries out the legislative powers provided by the Charter and the General Statutes. At each biennial Town election, six members are elected for a term of four years. The Town Council is required to meet at least once every two months, but it has become the custom to meet monthly.

The Board of Finance is made up of eight members and three alternate members. The Board of Selectmen, in November of each year, appoints two members to hold office for a term of four years. In addition to the eight members, the First Selectman is an ex officio member and its chairman. The First Selectman has no vote except in the case of a tie vote. The Board of Finance oversees the finances of the Town. It makes budget recommendations for the Town and Sewer District to the Selectmen for Town Council action. It also makes recommendations on the authorization of bonds.

Municipal Officials

The current Town officials are:

	Term Expires
<u>Board of Selectmen</u>	<u>November</u>
Jeb Walker, First Selectman	2011
Robert E. Mallozzi III	2011
Sally T. Hines	2011
<u>Town Council</u>	
Jeb Walker (First Selectman) ex-officio	2011
Dr. Mark DeWaele (Chairman)	2013
Christine M. Hussey (Vice Chairman)	2013
Tomas O'Dea (Secretary)	2013
Kenneth D. Campbell	2011
Paul M. Foley	2011
Penelope L. Young	2013
Kit Devereaux	2013
Stephen Karl	2011
Tucker Murphy	2011
Elizabeth Jones	2011
Johnny Potts	2011
Robert Hamill	2013
<u>Board of Finance</u>	
Jeb Walker, Chairman	2011
C. Daniel Ward	2010
Paul Giusti	2013
Kathleen Corbet	2012
Susan LaPerla	2011
Neil Budnick	2012
Mary Davis Cody	2011
Robert Spangler	2012
John Emert (Alternate)	2011
Todd Lavieri	2013
Christine Wagner (Alternate)	2011
John Silvestri (Alternate)	2011
<u>Other Officials</u>	
V. Donald Hersam, Jr., Treasurer	2011
Claudia A. Weber, Town Clerk	2012
Thomas R. Stadler, Administrative Officer	Appointed
Gary G. Conrad, Chief Financial Officer	Appointed
Sebastian Caldarella, Assessor	Appointed
Louise J. Andronaco, Tax Collector	Appointed
Dr. David Abbey, Superintendent of Schools	Appointed
Lovejoy & Rimer, Town Attorney	Appointed

Summary of Municipal Services

Police. The Town provides full-time police protection with a Chief of Police, one Captain, and 43 full-time officers. The Town has 911 service interconnected with the statewide system.

Fire. Fire protection is furnished by 35 volunteer fire fighters and 25 full-time, paid driver-engineers. The fire department is supported by Town and fire company funds. The fire company has one central station and 8 fire fighting vehicles.

Emergency Medical Services. Emergency medical service is supplied by the 40 member volunteer New Canaan Emergency Medical Technicians Service established in 1976, which has 5 emergency vehicles. The EMS Corps is supported by Town and EMS Corps funds in addition to private contributions.

Planning. The Town has a full-time Planner, a Planning and Zoning Commission, an Inland Wetlands Commission, a Conservation Commission and a Historic District Commission. The most recent Town Plan of Conservation and Development was revised and adopted in 2003. Zoning districts range from multi-family density to single-family residential on one-quarter acre to four-acre lot requirements. The four-acre zones are located in watershed collection areas of Town for three different public water reservoirs.

Human Services. The Human Services Department administers and coordinates social, elderly and youth services. These services include transportation for the elderly and handicapped, counseling, financial aid to the elderly or financially deprived, and senior citizen activities, in addition to counseling and support of youths.

Recreation. The Recreation Department administers and coordinates a comprehensive recreation program designed for year-round activities for all ages. Programs consist of tennis, basketball, softball, baseball, football, paddle tennis, soccer, dance, aerobics, computer labs and swimming. The department operates a summer day camp. The Lapham Community Center, located near the center of Town, provides the community with art exhibits, movies, lectures and theatrical productions.

Public Works. The Department of Public Works is responsible for the maintenance of all Town roads, bridges, sidewalks, parks and disposal facilities as well as Town-owned buildings. The Town maintains 123 miles of roads through a pavement management program supported with 43 vehicles.

Solid Waste. The Town of New Canaan formerly operated its own waste reduction incinerator and landfill. Both the landfill and incinerator have been closed. Garbage and other solid waste are transported to out-of-town commercial landfill locations. Currently the Town does not have a long-term contract for its solid waste.

Water. The Aquarion Water Company, which has extensive water reserves in Connecticut, supplies water to residents and the Town of New Canaan. Approximately 65% of the residents have private wells.

Sewer. The Town operates a primary and secondary treatment plant. The Town has 22 miles of sewer lines that cover approximately 15% of the land area of Town and serve approximately 50% of the households and businesses in the central business district. The Town recently upgraded the sewer plant at a cost of \$16,100,000 which was financed through the State of Connecticut Clean Water Fund Program. Under this program, the Town was eligible for a combination of grants and loans bearing interest at a rate of 2% per annum. The Town received a grant of 20% and a loan of 80% of total eligible costs.

Housing Authority. The New Canaan Housing Authority operates a state housing program, called Mill and Millport Apartments, for low income residents. The Authority manages a total of 34 units located within walking distance of the central business district. Renovations for the 16 units at the Mill Apartments began in 2009. The 16 units will be torn down and replaced with 40 new units.

Electric. The Connecticut Light and Power Company provides electric power for the Town of New Canaan.

Educational System

The Town's school system consists of five schools located strategically in Town. The schools consist of three schools for pupils in grades K through 4, one middle school for pupils in grades 5-8, and one high school for pupils in grades 9-12. The schools are governed by a nine member Board of Education.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Additions/ Renovations</u>	<u>Enrollment 10/01/09</u>	<u>Capacity</u> (1)
<u>Elementary</u>					
East School	K-4	1964	1996	538	600
South School	K-4	1950	1954/1996	551	600
West School	K-4	1960	1996	446	600
<u>Middle School</u>					
Saxe Middle School	5-8	1957	1961/1997/1999	1,217	1,200
<u>High School</u>					
New Canaan High School	9-12	1971	1995/2007	<u>1,287</u>	<u>1,350</u>
				<u>4,039</u>	<u>4,350</u>

(1) Internal changes have altered this figure from original design changes.

Source: Office of the Superintendent of Schools.

School Enrollments

The following table presents school enrollment history:

<u>As of October 1</u>	<u>K-4</u>	<u>5-8</u>	<u>9-12</u>	<u>Total</u>
2001	1,649	1,241	967	3,857
2002	1,636	1,273	1,007	3,916
2003	1,641	1,303	1,003	3,947
2004	1,642	1,280	1,119	4,041
2005	1,597	1,315	1,179	4,091
2006	1,523	1,335	1,212	4,070
2007	1,551	1,268	1,237	4,056
2008	1,549	1,266	1,222	4,037
2009	1,535	1,217	1,287	4,039

The following table presents projected school enrollment:

<u>As of October 1</u>	<u>K-4</u>	<u>5-8</u>	<u>9-12</u>	<u>Total</u>
2010	1,503	1,160	1,292	3,955
2011	1,422	1,188	1,235	3,845

Source: Office of the Superintendent of Schools.

Municipal Employment

<u>Fiscal Year Ending</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Board of Education	720	722	730	723	701	662	629	615	600	598
General Government	<u>180</u>	<u>179</u>	<u>182</u>	<u>186</u>	<u>187</u>	<u>180</u>	<u>175</u>	<u>172</u>	<u>172</u>	<u>174</u>
Totals	<u>900</u>	<u>901</u>	<u>912</u>	<u>909</u>	<u>888</u>	<u>842</u>	<u>804</u>	<u>787</u>	<u>772</u>	<u>772</u>

Source: Town Officials

Municipal Employees by Category

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
Selectmen	3
Assessor's Office	3
Town Clerk	3
Tax Office	3
Human Resources	1
Building Department	3
Planning and Zoning	3
Fire Department	25
Fire Marshal	1
Human Services	5
Police Department	50
Parking	4
Public Works	55
Health Department	3
Inland Wetlands	1
Parks and Recreation Department	7
Finance and Technology Office	9
Dog Warden	<u>1</u>
Subtotal	<u>180</u>
<u>Board of Education</u>	
Administration	24
Teachers and Special Services	385
Other	<u>311</u>
Subtotal	<u>720</u>
Total Town Employees	<u>900</u>

Source: Town Officials

Municipal Employee Collective Bargaining Representation

<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
<u>GENERAL GOVERNMENT</u>		
AFSCME, Council # 4, Local 1575 Police Officers	44	6/30/10 (1)
AFSCME, Council # 15, Local 1081 International Association of Fire Fighters	24	6/30/10 (1)
AFSCME, Council #4, Local 1303 Public Works	45	6/30/10 (2)
Non-Bargaining Town Employees	<u>67</u>	
Sub-total Town Employees	<u>180</u>	
<u>BOARD OF EDUCATION</u>		
New Canaan Education Secretaries Association, Council #4, Local 1303	44	6/30/11
New Canaan Education Association	385	6/30/13
AFSCME, Council #4, Local 1303 Custodial Workers	46	6/30/12
AFSCME, Council #4, Local 1303 Cafeteria Workers	32	6/30/12
New Canaan Administrators Association	24	6/30/12
Non-Bargaining Board of Education Employees	<u>189</u>	
Sub-total Board of Education Employees	<u>720</u>	
Total Town and Board of Education Employees	<u>900</u>	

(1) In negotiations.

(2) Tentative agreement has been reached as is expected to be ratified by the union membership by the end of September.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employees organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capabilities of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of New Canaan</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1960	13,466	653,589	2,535,234
1970	17,451	792,814	3,032,217
1980	17,931	807,143	3,107,576
1990	17,864	857,270	3,287,116
2000	19,395	882,567	3,405,565
2008	19,912	895,030	3,501,252

Source: U.S. Department of Commerce, Bureau of the Census.

Age Characteristics of Population

	<u>Town of New Canaan</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years of age	1,552	8.0	223,344	6.6
5-19 years of age	4,749	24.5	702,358	20.6
20-24 years of age	388	2.0	187,571	5.5
25-44 years of age	4,922	25.4	1,032,689	30.3
45-54 years of age	3,124	16.1	480,807	14.1
55-59 years of age	1,216	6.3	176,961	5.2
60-64 years of age	824	4.2	131,652	3.9
65 years and older	2,620	13.5	470,183	13.8
Total	<u>19,395</u>	<u>100.0</u>	<u>3,405,565</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census.

Educational Attainment

	<u>Town of New Canaan</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9 th grade	178	1.4	132,917	5.8
9 th to 12 th grade	250	2.0	234,739	10.2
High School graduate	1,197	9.4	653,300	28.4
Some college - no degree	1,522	11.9	402,741	17.5
Associate degree	485	3.8	150,926	6.6
Bachelor's degree	4,873	38.1	416,751	18.2
Graduate or professional degree	<u>4,284</u>	<u>33.4</u>	<u>304,243</u>	<u>13.3</u>
Totals	<u>12,789</u>	<u>100.0</u>	<u>2,295,617</u>	<u>100.0</u>
Total high school graduate or higher		96.7%		84.0%
Total bachelor's degree or higher		71.6%		31.4%

Source: U. S. Department of Commerce, Bureau of Census, 2000.

Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(1990)	(2000)	(1990)	(2000)
Town of New Canaan	\$109,512	\$175,331	\$52,692	\$82,049
Fairfield County	57,990	77,690	26,161	38,350
Connecticut	49,199	65,521	20,189	28,766
United States	35,353	49,600	14,617	21,690

Source: U.S. Department of Commerce, Bureau of the Census, Census 2000.

Income Distribution

	Town of New Canaan		State of Connecticut	
	Families	Percent	Families	Percent
\$ -0- to 9,999	31	0.6	33,423	3.8
10,000 to 14,999	51	1.0	23,593	2.7
15,000 to 24,999	103	2.0	63,262	7.1
25,000 to 34,999	108	2.0	75,413	8.5
35,000 to 49,999	291	5.5	120,134	13.6
50,000 to 74,999	575	11.0	198,924	22.5
75,000 to 99,999	404	7.7	141,981	16.0
100,000 to 149,999	726	13.9	132,177	14.9
150,000 to 199,999	589	11.3	42,472	4.8
200,000 or more	<u>2,350</u>	<u>45.0</u>	<u>54,368</u>	<u>6.1</u>
	<u>5,228</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, Census 2000

Per Capita Personal Income - by Metropolitan Area, 2006-2008

Metro-Area Name	2006	2007	2008	Rank in 2008
Bridgeport-Stamford-Norwalk, CT	\$76,511	\$79,576	\$79,108	1
San Francisco-Oakland-Fremont, CA	59,440	62,634	62,598	2
Naples-Marco Island, FL	61,381	64,251	62,559	3
San Jose-Sunnyvale-Santa Clara, CA	55,827	59,365	58,531	4
Sebastian-Vero Beach, FL	56,323	58,074	57,107	5
Washington-Arlington-Alexandria, DC-VA-MD-WV	53,401	55,737	56,824	6
Boston-Cambridge-Quincy, MA-NH	51,493	54,117	55,187	7
Trenton-Ewing, NJ	50,471	53,156	55,170	8
New York-Northern New Jersey-Long Island, NY-NJ-PA	50,084	53,864	54,914	9
Midland, TX	49,173	49,590	53,968	10
State of Connecticut	52,744	55,629	56,245	
United States	37,698	39,392	40,166	

Source: "Survey of Current Business," U.S. Bureau of Economic Analysis, May 2010.

Employment by Industry

	Town of New Canaan		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	19	0.2	1,024	0.2	7,445	0.5
Construction	304	3.7	27,627	6.5	99,913	6.0
Manufacturing:	593	7.3	56,520	13.3	246,607	14.8
Wholesale	314	3.8	14,052	3.3	53,231	3.2
Retail trade	682	8.3	46,957	11.0	185,633	11.2
Transportation, warehousing, utilities	92	1.1	13,636	3.2	64,662	3.9
Information	453	5.5	19,367	4.5	55,202	3.3
Finance, insurance, real estate	2,150	26.2	50,701	11.9	163,568	9.8
Professional, scientific, management	1,615	19.7	61,695	14.5	168,334	10.1
Educational, health, social services	1,216	14.9	78,620	18.4	366,568	22.0
Arts, entertainment, recreation, food	257	3.2	24,357	5.7	111,424	6.7
Other professional services	360	4.4	21,097	4.9	74,499	4.5
Public Administration	141	1.7	10,985	2.6	67,354	4.0
Total	<u>8,196</u>	<u>100.0</u>	<u>426,638</u>	<u>100.0</u>	<u>1,664,440</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

Unemployment Rate Statistics

Yearly Average	Town of New Canaan	Bridgeport/Stamford Labor Market	State of Connecticut	United States
2000	0.8%	1.4%	2.3%	4.0%
2001	1.5	2.4	4.8	3.3
2002	2.1	3.2	4.3	5.8
2003	2.1	3.6	5.5	5.8
2004	2.9	2.9	4.9	5.5
2005 (1)	3.3	4.7	5.1	5.1
2006	2.7	3.9	4.3	4.6
2007	2.9	4.1	4.6	4.6
2008	3.9	5.3	5.8	5.8
2009	5.5	7.6	8.0	9.3
<u>2010 Monthly</u>				
January	6.3	9.0	9.8	10.6
February	6.2	9.0	9.8	10.4
March	5.8	8.5	9.3	10.2
April	5.4	7.9	8.5	9.5
May	6.2	8.1	8.8	9.3
June	6.1	8.2	8.9	9.6
July	6.2	8.7	9.4	9.7
August	6.2	8.6	9.3	9.5

(1) Beginning in January 2005, the State of Connecticut Department of Labor combined the Bridgeport and Stamford Labor Market Areas.

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of New Canaan	Municipality	900
Silver Hill Foundation	Rehabilitation Hospital	271
Waveny Care Center / New Canaan Inn	Short-Term-Intermediate Medical Care Facilities	250
New Canaan Country School	Education	175
St. Luke's School	Education	108
Unimin Corporation	Corporate Headquarters	99
Food Emporium	Retail	77
Karl Chevrolet	Automotive dealership	39
St. Aloysius School	Education	25
Total		<u>1,944</u>

Source: Town Officials

Number and Value of Building Permits

Fiscal Year Ending	Residential		Industrial/Commercial		Other Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2011 (1)	27	\$ 7,423,750	8	\$ 100,000	334	\$ 11,129,184	369	\$ 18,652,934
2010 (2)	89	24,769,750	130	3,741,600	1,383	56,911,919	1,602	85,423,269
2009	285	64,058,865	137	15,939,801	1,070	51,934,452	1,492	131,933,118
2008	216	113,269,611	46	19,615,266	809	70,922,662	1,071	203,807,539
2007	167	116,865,977	61	31,021,911	955	72,845,635	1,183	220,733,523
2006	118	85,183,100	34	4,610,580	959	51,825,019	1,111	141,618,699
2005	115	66,911,000	51	5,084,500	962	53,660,800	1,128	125,656,300
2004	80	58,590,000	38	15,759,600	998	109,593,700 (3)	1,116	183,943,300
2003	67	44,567,500	34	8,051,800	336	39,091,200	437	91,710,500
2002	61	34,402,000	41	12,729,961	493	51,395,414	595	98,527,375

(1) As of August 12, 2010.

(2) Unaudited.

(3) Includes \$51,000,000 for New Canaan High School Renovation project.

Source: Town Officials; Building Inspector's Office.

Number of Dwelling Units

<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>	% Increase <u>1970-2000</u>	% Increase <u>1980-2000</u>	% Increase <u>1990-2000</u>
7,141	6,852	6,076	4,593	55.5%	17.5%	4.2%

Source: U. S. Department of Commerce, Bureau of Census

Characteristics of Housing Units

Value of Owner Occupied Units	Town of New Canaan		Fairfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	17	0.4	1,435	0.8	5,996	0.8
50,000 to 99,999	0	0.0	6,193	3.4	85,221	11.7
100,000 to 149,999	5	0.1	17,969	9.7	212,010	29.1
150,000 to 199,999	15	0.3	26,310	14.3	156,397	21.5
200,000 to 299,999	72	1.4	44,679	24.3	137,499	18.9
300,000 to 499,999	684	13.7	44,583	24.2	79,047	10.9
500,000 to 999,999	2,501	50.0	30,388	16.5	38,168	5.2
1,000,000 and over	<u>1,708</u>	<u>34.1</u>	<u>12,635</u>	<u>6.8</u>	<u>13,906</u>	<u>1.9</u>
Total	<u>5,002</u>	<u>100.0</u>	<u>184,192</u>	<u>100.0</u>	<u>728,244</u>	<u>100.0</u>
Median Value	831,000	-	288,900	-	166,900	-

Source: U. S. Department of Commerce, Bureau of the Census, 2000.

Age Distribution of Housing

Year Structure Built	Town of New Canaan		State of Connecticut	
	Number	Percent	Number	Percent
1939 or earlier	136	1.9	15,993	1.2
1940 to 1959	281	3.9	47,028	3.4
1960 to 1969	218	3.1	56,058	4.0
1970 to 1979	692	9.7	183,405	13.2
1980 to 1989	979	13.7	203,377	14.7
1990 to 1994	1,321	18.5	212,176	15.3
1995 to 1998	1,918	26.9	359,042	25.9
1999 to March 2000	<u>1,596</u>	<u>22.3</u>	<u>308,896</u>	<u>22.3</u>
Total housing units, 2000	<u>7,141</u>	<u>100.0</u>	<u>1,385,975</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of Census, Census 2000.

Breakdown of Land Use

<u>Land Use Category</u>	<u>Total Acres</u>	<u>% Acres</u>
Developed:		
Residential	11,097	76.9
Commercial	87	0.6
Religious/Education	260	1.8
Municipal	1,146	7.9
Total Developed:	12,590	87.2
Undeveloped – Open Space	1,670	11.6
Underdeveloped – Vacant (1)	<u>179</u>	<u>1.2</u>
Total Area	<u>14,439</u>	<u>100.0%</u>

(1) Does not include vacant, approved building lots.

Source: Town Officials.

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of October 19, 2010 (Pro Forma)

Total Tax Receipts for fiscal year ended June 30, 2010 (Unaudited estimate)	\$108,432,659
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	<u>-</u>
Base for Establishing Debt Limit	<u>\$108,432,659</u>

Debt Limit ⁽¹⁾

	General <u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	Urban <u>Renewal</u>	Unfunded Past <u>Pension</u>	Total <u>Debt</u>
(2.25 times base)	\$243,973,483					
(4.50 times base)		\$487,946,966				
(3.75 times base)			\$406,622,471			
(3.25 times base)				\$352,406,142		
(3.00 times base)					\$325,297,977	
(7.00 times base)						\$759,028,613

Indebtedness (Including this issue)

Bonds Payable	\$ 36,020,000	\$ 77,317,000	\$ 598,000	\$ -	\$ -	\$113,935,000
The Bonds (<i>This Issue</i>)	15,390,000	1,110,000		-	-	16,500,000
State of Connecticut						-
Clean Water Fund Project						
Loan Obligation (PLO)	-	-	5,979,338	-	-	5,979,338
Authorized but						-
Unissued Debt	<u>13,311,000</u>	<u>1,985,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,296,352</u>
Total Indebtedness	64,721,000	80,412,352	6,577,338	-	-	151,710,690
Less: School construction						
grants receivable (2)	<u>-</u>	<u>(2,632,873)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,632,873)</u>
Total Net Indebtedness	<u>64,721,000</u>	<u>77,779,479</u>	<u>6,577,338</u>	<u>-</u>	<u>-</u>	<u>149,077,817</u>
Excess of Limit Over						
Outstanding and						
Authorized Debt	<u>\$179,252,483</u>	<u>\$410,167,487</u>	<u>\$400,045,133</u>	<u>\$352,406,142</u>	<u>\$325,297,977</u>	<u>\$609,950,796</u>

(1) Under Connecticut General Statutes, total indebtedness for all classes cannot exceed seven times the base, or \$759,028,613.

(2) Includes school building construction grants receivable as of June 30, 2010 in the amount of \$1,948,102 to be paid over the life of outstanding bonds approved prior to July 1, 1996 and progress payments for projects approved after July 1, 1996 in the amount of \$684,771. See "School Construction Projects" herein.

Calculation of Net Direct Debt

As of October 19, 2010 (Pro Forma)

Bonded Debt

The Bonds (<i>This Issue</i>)	\$ 16,500,000
General Purpose	36,020,000
Schools	77,317,000
Sewers	598,000
State of Connecticut Clean Water Fund PLO	<u>5,979,338</u>
Total Bonded Debt	136,414,338

Short Term Debt

-

Total Direct Debt

136,414,338

Exclusions (Less: State School Construction Grants Reimbursement) (1)

1,948,102

Net Direct Debt (2)

\$134,466,236

(1) School building construction grants receivable of \$1,948,102 to be paid over the life of outstanding bonds approved prior to July 1, 1996. (See "School Construction Projects" herein.)

(2) Does not include authorized and unissued debt of \$15,296,352.

Current Debt Ratios

As of October 19, 2010 (Pro Forma)

Total Direct Debt	\$136,414,338
Net Direct Debt	\$134,466,236

Population (1)	19,912
Net Taxable Grand List (10/1/08)	\$ 8,159,582,750
Estimated Full Value	\$11,656,546,786
Equalized Net Taxable Grand List (2008) (2)	\$11,631,288,943
Per Capita Income (1999) (3)	\$82,049

Total Direct Debt:

Per Capita	\$6,858.44
To Net Taxable Grand List	1.67%
To Estimated Full Value	1.17%
To Equalized Net Taxable Grand List	1.17%
Per Capita to Per Capita Income	8.36%

Net Direct Debt:

Per Capita	\$6,760.49
To Net Taxable Grand List	1.65%
To Estimated Full Value	1.15%
To Equalized Net Taxable Grand List	1.16%
Per Capita to Per Capita Income	8.24%

(1) State of Connecticut, Department of Public Health estimate.

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Statement

	<u>2009-10</u> (1)	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Population (2)	19,912	19,912	19,890	19,690	19,984
Net taxable grand list	\$ 8,141,691,460	\$ 7,048,694,152	\$ 6,958,849,714	\$ 6,814,008,125	\$ 6,709,164,100
Estimated full value	\$11,630,987,800	\$10,069,563,074	\$ 9,941,213,877	\$ 9,734,297,321	\$ 6,711,676,470
Equalized net taxable grand list (3)	\$11,631,288,943	\$12,598,242,853	\$13,048,972,888	\$12,506,007,057	\$11,966,184,457
Per capita income (4)	\$82,049	\$82,049	\$82,049	\$82,049	\$82,049
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	<u>\$121,213,715</u>	<u>\$129,973,025</u>	<u>\$140,640,178</u>	<u>\$148,055,121</u>	<u>\$130,343,095</u>
Total Direct debt	\$121,213,715	\$129,973,025	\$140,640,178	\$148,055,121	\$130,343,095
Net Direct debt	\$118,983,715	\$127,743,025	\$138,212,335	\$145,249,869	\$127,158,507

(1) Unaudited estimate

(2) State of Connecticut, Department of Public Health estimates.

(3) Office of Policy and Management, State of Connecticut

(4) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Ratios

	<u>2009-10</u> (1)	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Total Direct debt:					
Per capita	\$6,087.46	\$6,527.37	\$7,070.90	\$7,519.31	\$6,522.37
To net taxable grand list	1.49%	1.84%	2.02%	2.17%	1.94%
To estimated full value	1.04%	1.29%	1.41%	1.52%	1.94%
To equalized net taxable grand list	1.04%	1.03%	1.08%	1.18%	1.09%
Debt per capita to per capita income	7.42%	7.96%	8.62%	9.16%	7.95%
Net direct debt:					
Per capita	\$5,975.46	\$6,415.38	\$6,948.84	\$7,376.83	\$6,363.02
To net taxable grand list	1.46%	1.81%	1.99%	2.13%	1.90%
To estimated full value	1.02%	1.27%	1.39%	1.49%	1.89%
To equalized net taxable grand list	1.02%	1.01%	1.06%	1.16%	1.06%
Debt per capita to per capita income	7.28%	7.82%	8.47%	8.99%	7.76%

(1) Unaudited estimate.

Outstanding Short-Term Indebtedness

The Town has no outstanding short-term debt.

Capital Leases

The Town has entered into a capital lease agreement for the purchase of various computer equipment. The present value of future minimum lease payments as of July 1, 2010 was estimated to be \$756,542. These payments are not included in outstanding bonded debt.

Overlapping and Underlying Indebtedness

The New Canaan Sewer District has the power to issue debt and cause taxes to be levied on taxable property in the Town. The District does not have any outstanding indebtedness. Funds from the Town budget are annually paid to the District for the Town's share of operating expenses.

Clean Water Fund Program

The Town of New Canaan is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (except for combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and de-nitrification projects which are financed with a 30% grant and a 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligations). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town of New Canaan has the following Clean Water loans outstanding as of October 19, 2010:

<u>Project</u>	<u>Original 2% Loan Amount</u>	<u>Principal Amount Outstanding</u>
CWF PLO 185-P	\$ 185,063	\$ 30,347
CWF PLO 185-D/C	<u>12,440,686</u>	<u>5,948,991</u>
	<u>\$12,625,749</u>	<u>\$5,979,338</u>

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Charter, the Town Council, upon recommendation by the Board of Finance, authorizes borrowings. Such action by the Town Council becomes effective eight days after publication of notice of such action unless notice of intent to file a petition for referendum is filed with the Town Clerk within seven days after such publication. If a notice of intent to petition for referendum is filed on a timely basis, the petitioners have thirty days from the publication date to file a petition signed by at least 5% of the electors seeking repeal of the legislative action of the Town Council. Such action shall not be repealed unless the number of referendum votes in favor of repeal shall be (i) a majority of those voting; and (ii) equal to at least 15% of the number of electors of the Town as determined by the last completed registry list.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be funded beyond ten years from their initial borrowing if written commitment exists for state and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the

notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Capital Improvement Program

The Town annually approves a Five Year Capital Improvement Plan (the "Plan"). The Plan for the five year period beginning fiscal year 2010-11 includes total spending of approximately \$26,651,811 for public works, public safety, education, recreation and other Town improvement projects. Funding is proposed from a variety of sources including state and federal grants, and general fund appropriations. For fiscal year 2010-11 the Town has budgeted \$942,750 for pay-as-you-go capital improvements. A copy of the Plan is available from the Chief Financial Officer.

Authorized but Unissued Debt

The following is a list of all of the projects for which the Town has outstanding bond authorizations:

<u>Project</u>	<u>Amount of Total Authorization</u>	<u>Prior Bonds Issued</u>	<u>Grants Received</u>	<u>The Bonds (This Issue)</u>	<u>Authorized But Unissued Debt</u>
New Canaan High School Renovations & Asbestos Abatement Project	\$74,785,670	\$60,480,000	\$13,010,318	\$ -	\$ 1,295,352
Pavement Management Plan	20,000,000	7,500,000	-	12,304,000	196,000
Town Hall Renovations - Design	600,000	500,000	-	-	100,000
Police Department Renovation & Garage	2,201,000	-	-	1,666,000	535,000
Emergency Medical Services Building	3,400,000	-	-	1,420,000	1,980,000
Bridge Replacement Program	10,500,000	-	-	-	10,500,000
BOE Energy Management	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>\$ 1,110,000</u>	<u>690,000</u>
Total All Projects	<u>\$113,286,670</u>	<u>\$68,480,000</u>	<u>\$13,010,318</u>	<u>\$16,500,000</u>	<u>\$15,296,352</u>

- (1) Does not include \$806,195 in authorized but unissued debt for projects that have been completed and for which the Town does not expect to issue any additional bonds.
- (2) The Town expects to receive an additional \$684,771 in progress payments which will reduce the authorized but unissued debt by a similar amount. (See "School Construction Projects" herein for more information.)

Combined Schedule of Long Term Debt through Maturity

As of October 19, 2010 (Pro Forma)

Existing Indebtedness					
Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service	<i>The Bonds</i> Principal	ALL ISSUES Total Principal (1)
2010-11	\$ 8,047,319	\$ 4,736,186	\$ 12,783,505	\$ -	\$ 8,047,319
2011-12	8,140,283	4,502,056	12,642,339	-	8,140,283
2012-13	8,248,509	4,224,179	12,472,688	675,000	8,923,509
2013-14	8,511,811	3,971,221	12,483,032	675,000	9,186,811
2014-15	9,009,435	3,640,278	12,649,713	725,000	9,734,435
2015-16	9,298,250	3,293,813	12,592,063	725,000	10,023,250
2016-17	9,587,344	2,937,519	12,524,863	775,000	10,362,344
2017-18	9,776,722	2,531,491	12,308,213	775,000	10,551,722
2018-19	8,484,042	2,090,771	10,574,813	825,000	9,309,042
2019-20	6,745,000	1,693,713	8,438,713	825,000	7,570,000
2020-21	6,940,000	1,356,463	8,296,463	875,000	7,815,000
2021-22	7,040,000	1,089,963	8,129,963	875,000	7,915,000
2022-23	6,105,000	813,363	6,918,363	925,000	7,030,000
2023-24	6,265,000	569,163	6,834,163	925,000	7,190,000
2024-25	5,025,000	318,563	5,343,563	975,000	6,000,000
2025-26	1,425,000	117,563	1,542,563	975,000	2,400,000
2026-27	1,425,000	58,781	1,483,781	975,000	2,400,000
2027-28	-	-	-	975,000	975,000
2028-29	-	-	-	1,000,000	1,000,000
2029-30	-	-	-	1,000,000	1,000,000
2030-31	-	-	-	1,000,000	1,000,000
Total	<u>\$120,073,715</u>	<u>\$37,945,079</u>	<u>\$158,018,794</u>	<u>\$16,500,000</u>	<u>\$132,598,715</u>

(1) Includes \$159,378 in principal payments made as of October 19, 2010.

Source: Annual audited financial statements; Town Chief Financial Officer.

SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the Notes to Financial Statements (Appendix A).

Basis of Accounting

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town of New Canaan Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The current auditors, McGladrey & Pullen, LLP, were appointed by the Town Council and are required to conduct their examination under the guidelines issued by the State of Connecticut Office of Policy & Management, who receive a copy of said Audit Report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2009, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by McGladrey & Pullen, LLP, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Chief Financial Officer of the Town of New Canaan, Connecticut.

Budgetary Procedures

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 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. 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 day 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 un-collectable taxes; provided, however, that if the Town Council shall reduce the proposed appropriations so recommended and published by an amount exceeding five percent (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.

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 (2) 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 eleven (11) weeks after the first Tuesday of February in each year.

Employee Pension Systems

There are two pension plans for Town employees. General government employees, including police and firemen, participate in a contributory defined benefit retirement plan. The plan, established in 1962, covers substantially all employees, including library employees, except certified faculty and administrative personnel of the Board of Education. Employee eligibility, normal retirement dates, benefits, funding status, contributions, trend information and vesting are detailed in Appendix A, "Notes to General Purpose Financial Statements". As of July 1, 2008, assets exceeded pension benefit obligations by \$26,772,416. However, the Town estimates that as of July 31, 2010 the value of its pension fund holdings has decreased approximately 9.4% due to the recent global financial downturn.

TOWN CONTRIBUTION TRENDS

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2002	\$ -0-	2007	\$ -0-
2003	-0-	2008	-0-
2004	-0-	2009	-0-
2005	-0-	2010	-0-
2006	-0-	2011	-0-

Teachers, who are covered by the State of Connecticut Teachers' Retirement System, are ineligible to participate in the Town's pension plans. Town of New Canaan teachers participate in a contributory retirement plan administered by the State Teachers Retirement Board. Neither the Board of Education nor the Town has a legal obligation to contribute to the retirement fund. The State makes contributions to the system based on an actuarial study performed utilizing the total payroll of covered teachers in the State. For further details regarding the two plans, see Appendix A, "Notes to General Purpose Financial Statements".

Other Post Employment Benefits

The Town provides health insurance, life insurance, and lump sum benefits in accordance with union contracts for members and non-union employees. If comparable insurance is available to these retirees at no cost to them, then these benefits will not be available until this comparable insurance is terminated.

Police and Fire Union members have 100% of the premium of the Town's life and health insurance benefits paid for by the Town until the retiree reaches age 65. For members retired after July 1, 2000, there is an additional annual stipend for spousal medical benefits of \$2,500 to offset the cost of the Town's plan until his/her Medicare entitlement date.

Department of Public Works Union retirees that retired July 1, 2000 and before receive an annual stipend of \$1,000 toward the cost of their medical plan through the Town until age 65. Members of the Department of Public Works Union that retired after July 1, 2000, will receive payment of 100% of the cost of the Town's Open Access Point of Service medical plan for the retiree until the age of 65.

Non-Union employees that retire after July 1, 2001 will receive an annual stipend of \$2,400 to offset the cost of the Town's medical plan. Currently, the Town provides non-union employees and Police, Fire and Department of Public Works union employees who retire under the provisions of the Town's Pension Plan on or after June 30, 2007 with Medigap coverage at no cost to the retiree.

For members of certain Board of Education bargaining units, the Town pays for a portion of retirees' health care insurance coverage. The percentage paid by the Town ranges from the state minimum to 75% depending on years of service. In addition, members of certain Board of Education bargaining units receive between \$2,500 and \$10,500, depending on the bargaining unit, at retirement.

The Town is in compliance with the requirements of Governmental Accounting Standard's Board (GASB's) Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements.

The Town has retained Mercer of Richmond, Virginia as its OPEB actuarial consultant and Mercer has completed a valuation report dated as of July 1, 2009. According to the valuation, the Town's Total Accrued Liability at July 1, 2009

was \$14,302,505 and the Annual Required Contribution (ARC) for fiscal year ended June 30, 2009 was \$1,872,624. The ARC for fiscal year ending June 30, 2010 is estimated at \$1,693,308 assuming a level percent of pay, a 30 year amortization of the unfunded liability and a 8.0% rate of return, which is the rate of the expected long-term investment returns of plan assets based on the funding policy of the plan as of the valuation date. The Town Council voted to establish an OPEB Trust effective April 29, 2010 and as of June 30, 2010 the balance in the OPEB Trust was \$3,452,023. For fiscal year 2010-11 the Town has budgeted a \$500,000 contribution to the OPEB trust.

During the year ended June 30, 2010, a total of 156 retired employees received post-employment benefits. The total expended for these benefits was \$1,134,982 for the year ended June 30, 2010. Please see "Appendix A – Financial Statements" herein for more information regarding the Town's OPEB liabilities.

Investment Policies and Procedures

Under the Town Charter and under Connecticut General Statutes Sections 7-400 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, (b) certain mutual funds and money market mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest only in the following investments: (1) certificates of deposit; (2) overnight repurchase agreements collateralized by U.S. government agency obligations which are priced daily; (3) the State of Connecticut Short-Term Investment Fund (STIF); and (4) MBIA Class (an investment fund managed by MBIA Municipal Investors Service Corporation, which, according to MBIA Class, invests only in (i) high grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Programs' custodial bank to be held for the benefit of the Pool's participants).

All Town pension funds are invested by pension fund administrators in mutual funds and securities. Board of Education pension funds are invested in a cost sharing, multiple employer public employees retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities.

Assessment Practices

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town on October 1, in accordance with Section 12-62a of the Connecticut General Statutes. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at 70 percent of the estimated market value at the time of the last general revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Office of Policy and Management.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually with manufacturers and businesses completing and returning to the Assessor's Office standard worksheets for computing value. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70 percent of present market value.

The Town of New Canaan last had a general property revaluation in 2008 which was effective for the 2009-10 fiscal year. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on

generally accepted mass appraisal methods and a revaluation by physical inspection no later than 10 years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent and interest will accrue at the rate of 1.5% per month (18% per annum). Outstanding real estate tax accounts are automatically lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

Real Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List (\$ in thousands)	Tax Rate (In Mills)	Total Adjusted Tax Levy	Collected End of Each FY	Uncollected Taxes	
					End of Each FY In Process	As of 6/30/10 (3) In Process
2011 (1)	\$8,159,582.75	13.58	\$110,874,299	N/A	In Process	In Process
2010 (1,2)	8,141,691.46	13.35	108,656,494 (3)	99.2% (3)	\$860,248 (3)	\$860,248
2009	7,048,694.20	15.12	107,953,536	99.2	832,467	310,966
2008	6,958,849.7	14.54	101,561,528	99.3	731,468	101,160
2007	6,814,008.1	14.04	96,101,161	99.3	644,122	48,207
2006	6,709,164.1	13.39	89,734,015	99.6	402,682	48,386
2005 (2)	6,557,171.5	12.66	83,050,471	99.6	341,763	48,260
2004	5,541,165.3	13.99	77,659,891	99.4	501,158	56,725
2003	5,501,655.0	13.20	72,782,177	99.3	654,814	51,968
2002	3,190,066.4	20.88	67,001,709	98.8	795,541	86,650

- (1) Adopted budget.
- (2) Year of revaluation.
- (3) Unaudited estimate.

Source: Annual Financial Statements, Fiscal Year 2009-10 and 2010-11 Adopted Budgets.

The following table sets forth the amount of annual net adjusted Sewer Taxing District property tax levy and the tax collection record for the fiscal years 2002 through 2011:

FY Ending 6/30	Adjusted Taxes Collectable	Net Taxes Collected End of Each Fiscal Year	Uncollected Taxes As of 06/30/10 (2) In Process
2011 (1)	\$1,156,932	In Process	
2010 (2)	1,161,276	1,151,876	\$9,400
2009	1,139,843	1,134,950	2,274
2008	1,086,590	1,083,415	1
2007	998,608	996,395	-
2006	936,029	933,496	-
2005	860,202	859,657	-
2004	758,803	756,296	-
2003	652,299	652,120	-
2002	643,784	639,338	-

- (1) Adopted Budget.
- (2) Unaudited estimates

Source: Annual Financial Statements, Fiscal Year 2009-10 and 2010-11 Adopted Budgets.

Taxable Grand List

Grand List <u>Dated</u>	Real Estate <u>Property</u>	Personal <u>Property</u>	Motor Vehicle <u>Property</u>	Gross Taxable <u>Grand List</u>	Less <u>Exemptions</u>	Net Taxable <u>Grand List</u>
10/01/09	\$7,874,901,410	\$59,933,500	\$226,891,590	\$8,161,726,500	\$2,143,750	\$8,159,582,750
10/01/08 (1)	7,853,099,730	58,249,930	232,403,450	8,143,753,110	2,061,650	8,141,691,460
10/01/07	6,749,049,250	56,314,002	245,559,830	7,050,923,082	2,228,930	7,048,694,152
10/01/06	6,673,999,600	54,667,484	232,453,870	6,961,120,954	2,271,240	6,958,849,714
10/01/05	6,533,845,400	49,320,675	233,210,020	6,816,376,095	2,367,970	6,814,008,125
10/01/04	6,434,670,800	46,319,740	230,685,930	6,711,676,470	2,512,460	6,709,164,100
10/01/03 (1)	6,303,679,200	43,242,200	213,097,370	6,560,018,770	2,847,230	6,557,171,540
10/01/02	5,288,961,490	39,823,080	215,083,170	5,543,867,740	2,702,430	5,541,165,310
10/01/01	5,258,461,110	36,468,150	209,578,160	5,504,507,420	2,852,470	5,501,654,950
10/01/00	2,958,117,350	32,950,760	200,544,460	3,191,612,570	1,546,210	3,190,066,360

(1) Year of revaluation.

Source: Town Officials.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town according to the Grand List dated October 1, 2009:

<u>Name of Taxpayer</u>	<u>Nature of Taxes</u>	Grand List <u>Amount</u>	Estimated <u>Taxes</u>
Country Club of New Canaan	Real Estate/Property	\$ 25,274,410	\$ 343,352
Town Close Assoc. LTD Partners	Real Estate/ Property	22,097,280	313,663
Grace Property Holdings LLC	Non-exempt Religious	20,124,400	273,390
Connecticut Light & Power	Property (Utility)	19,510,490	265,050
Tropin, Katherine and Kenneth	Real Estate	17,131,300	232,728
New Canaan Lumber Company	Real Estate/Lumber	16,673,780	236,701
Aquarion Water Company	Real Estate/Property	15,270,820	210,879
Simon Edward, Trustee	Real Estate	13,195,000	179,254
North Wilton Rd LLC	Real Estate	10,412,900	141,459
Hatfield Mews THO Corp.	Real Estate	<u>9,184,000</u>	<u>124,764</u>
Total		<u>\$168,874,380</u> (1)	<u>\$2,321,240</u> (2)

(1) Represents 2.07% of the net taxable Grand List of \$8,159,582,750 dated October 1, 2009.

(2) Represents 2.09% of the total adjusted tax levy of \$110,874,299 for fiscal year 2010-11.

Source: Town Officials.

Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and other miscellaneous sources. Town revenues are summarized for fiscal years ended 2005-2009 in "Statements of General Fund Revenues, Expenditures and Changes in Fund Balance-General Fund" herein.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax Revenues as a Percentage of General Fund Revenues</u>
2010-11 (1)	\$118,925,442	\$108,472,581	91.2%
2009-10 (2)	115,157,935	107,582,084	94.2
2008-09	119,235,356	106,922,056	89.7
2007-08	116,169,511	102,071,289	87.9
2006-07	109,274,913	96,004,593	87.9
2005-06	103,087,388	90,145,112	87.5
2004-05	93,177,025	83,753,940	89.9
2003-04	87,034,807	77,950,265	89.6
2002-03	81,550,119	73,232,770	89.8
2001-02	74,710,412	67,270,293	90.0

(1) Adopted Budget.

(2) Unaudited estimates

Source: Annual audited financial statements; Fiscal Year 2009-10 unaudited estimate; Fiscal Year 2010-11 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal & State Aid</u>	<u>Aid As a Percentage Of General Fund Revenue</u>
2010-11 (1)	\$118,925,442	\$2,060,427	1.7%
2009-10 (2)	115,157,935	5,912,124	1.8
2008-09	119,235,356	6,362,124	6.1
2007-08	116,169,511	6,897,458	5.9
2006-07	109,274,913	5,597,597	5.1
2005-06	103,087,388	5,555,853	5.3
2004-05	93,177,025	3,539,461	3.8
2003-04	87,034,807	3,259,912	3.7
2002-03	81,550,119	3,703,490	4.5
2001-02	74,710,412	3,419,201	4.6

(1) Adopted Budget.

(2) Unaudited estimates.

Source: Annual audited financial statements; Fiscal Year 2009-10 unaudited estimate; Fiscal Year 2010-11 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>General Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Debt Service</u>
2011 (1)	59.7%	9.5%	7.7%	7.8%	11.4%
2010 (2)	61.1	8.8	7.8	6.2	11.0
2009	61.6	7.2	7.2	6.2	10.5
2008	58.8	7.0	7.3	6.4	11.0
2007	61.4	7.1	7.6	6.8	8.6
2006	61.0	7.2	7.3	7.2	9.9
2005	61.3	7.8	7.1	7.1	9.2
2004	61.0	7.7	7.3	6.7	8.0
2003	57.5	8.4	7.7	6.7	8.6
2002	57.8	8.2	8.0	7.1	9.3
2001	58.4	7.8	8.4	7.6	9.0

(1) Adopted Budget.

(2) Unaudited estimate.

Source: Annual audited financial statements; Fiscal Year 2009-10 unaudited estimate; Fiscal Year 2010-11 adopted budget.

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Comparative General Fund Operating Statement
(Budget and Actual (Budgetary Basis))

	Fiscal Year 2008-09			2009-10	2010-11
	Revised <u>Budget</u>	Actual <u>Operations</u>	Variance Favorable (Unfavorable)	Unaudited <u>Estimate</u>	Adopted <u>Budget</u>
REVENUES					
Property taxes, liens & interest	\$104,736,122	\$106,922,056	\$2,185,934	\$108,946,722	\$111,050,442
Intergovernmental	2,365,442	2,317,442	(48,000)	2,091,009	2,060,427
Licenses and permits	1,258,000	659,572	(598,428)	733,748	759,250
Income from investments	1,200,000	704,827	(495,173)	296,569	910,000
Fines and forfeitures	272,000	311,434	39,434	207,640	319,500
Use of money and property	1,061,000	1,053,018	(7,982)	1,095,226	1,516,000
Charges for services	2,743,021	2,125,237	(617,784)	2,121,533	2,091,709
Reimbursements and refunds	<u>140,540</u>	<u>135,770</u>	<u>(4,770)</u>	<u>230,935</u>	<u>218,114</u>
TOTAL REVENUES	<u>113,776,125</u>	<u>114,229,356</u>	<u>453,231</u>	<u>115,723,382</u>	<u>\$118,925,442</u>
EXPENDITURES					
General government	9,718,147	9,144,817	573,330	9,983,668	\$ 11,260,284
Public safety	8,948,539	8,631,268	317,271	8,841,441	9,149,528
Public works	7,692,032	6,977,157	714,875	7,114,790	7,297,702
Human services	447,333	422,947	24,386	424,758	472,863
Parks and Recreation	1,479,621	1,293,279	186,342	1,342,368	1,424,423
Education	68,153,650	68,113,303	40,347	69,652,339	71,016,250
Payments to others	2,394,894	2,392,409	2,485	2,463,414	2,642,531
Capital outlays	5,788,104	2,855,739	2,932,365	1,559,523	2,115,811
Debt service	<u>13,447,917</u>	<u>12,413,107</u>	<u>1,034,810</u>	<u>12,515,634</u>	<u>13,546,050</u>
TOTAL EXPENDITURES	<u>118,070,237</u>	<u>112,244,026</u>	<u>5,826,211</u>	<u>113,897,935</u>	<u>\$118,925,442</u>
Excess (deficiency) of Revenues over Expenditures	<u>(4,294,112)</u>	<u>1,985,330</u>	<u>6,279,442</u>	<u>1,825,447</u>	
Other financial sources (uses):					
Operating transfers in	2,700,000	2,700,000	-	-	
Operating transfers out	<u>(76,125)</u>	<u>(76,125)</u>	<u>-</u>	<u>-</u>	
Total other financing sources (uses)	<u>2,623,875</u>	<u>2,623,875</u>	<u>-</u>	<u>-</u>	
Excess of Revenues and other financing sources over expenditures and other financing (uses)	<u>\$(1,670,237)</u>	<u>\$ 4,609,205</u>	<u>\$ 6,279,442</u>	<u>\$ 1,825,447</u>	

Source: Fiscal Year 2008-09 Audited Financial Statements; FY 2009-10 Unaudited estimate, FY 2010-11 Adopted Budget.

Comparative Balance Sheets - General Fund

Fiscal Years Ended:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ASSETS					
Cash and cash equivalents	\$ 7,928,674	\$17,722,337	\$20,093,557	\$19,091,186	\$14,154,763
Receivables, net:					
Property taxes	806,866	1,010,319	1,412,446	1,613,813	1,869,638
Intergovernmental	627,004	3,958,215	3,603,656	3,203,046	3,792,502
Inventories and prepaids	7,097	125,481	3,527	13,355	18,423
Due from other funds	<u>14,641,228</u>	<u>4,980,538</u>	<u>821,606</u>	<u>3,464,587</u>	<u>11,586,775</u>
TOTAL ASSETS	<u>\$24,010,869</u>	<u>\$27,796,890</u>	<u>\$25,934,792</u>	<u>\$27,385,987</u>	<u>\$31,422,101</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accruals	\$ 7,962,753	\$ 7,134,924	\$ 6,354,877	\$ 7,197,652	\$ 7,874,782
Due to other funds	3,318,424	2,191,144	130,596	337,903	673,962
Deferred revenue	-	4,416,294	4,233,454	3,826,830	3,926,781
Unearned revenue	<u>1,282,585</u>	<u>612,413</u>	<u>508,694</u>	<u>633,590</u>	<u>638,657</u>
TOTAL LIABILITIES	<u>12,563,762</u>	<u>14,106,775</u>	<u>11,227,621</u>	<u>11,995,975</u>	<u>13,114,182</u>
FUND BALANCES					
Reserved for:					
Encumbrances	1,335,990	2,372,897	1,845,103	3,060,711	1,369,413
Inventory and prepaids	7,097	125,481	3,527	13,355	18,423
Unreserved:					
Designated for continued appropriations	628,930	626,930	1,262,218	554,586	1,292,564
Designated for subsequent years expenditures	342,000	550,000	1,046,000	1,678,000	1,846,172
Designated for Dunning Field	272,323	80,365	84,156	-	-
Undesignated	<u>8,860,767</u>	<u>9,934,442</u>	<u>10,466,167</u>	<u>10,083,360</u>	<u>13,781,347</u>
TOTAL FUND BALANCES	<u>11,447,107</u>	<u>13,690,115</u>	<u>14,707,171</u>	<u>15,390,012</u>	<u>18,307,919</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$24,010,869</u>	<u>\$27,796,890</u>	<u>\$25,934,792</u>	<u>\$27,385,987</u>	<u>\$31,422,101</u>

Source: Town annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Years Ended:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES					
Property taxes	\$ 83,753,940	\$ 90,145,112	\$ 96,004,593	\$102,071,289	\$106,922,056
Intergovernmental revenue	3,539,461	5,445,853	5,597,597	6,897,458	7,323,442
Licenses and permits	1,290,870	1,498,921	1,387,818	1,309,305	659,572
Interest on investments	560,593	1,293,158	1,666,542	1,511,045	704,827
Fines and forfeits	290,614	277,561	267,391	314,826	311,434
Use of money and property	1,028,588	937,460	1,037,178	1,071,771	1,069,040
Charges for services	2,706,282	3,350,264	3,192,060	2,871,807	2,123,267
Reimbursements and refunds	<u>6,677</u>	<u>139,059</u>	<u>121,734</u>	<u>122,010</u>	<u>121,718</u>
TOTAL REVENUES	<u>93,177,025</u>	<u>103,087,388</u>	<u>109,274,913</u>	<u>116,169,511</u>	<u>119,235,356</u>
EXPENDITURES					
Current:					
General government	7,585,100	7,072,833	7,522,798	8,112,553	8,572,073
Public safety	6,865,958	7,242,614	8,060,965	8,428,016	8,632,833
Public works	6,232,109	7,157,865	7,206,164	7,371,266	7,404,964
Social services	302,826	273,340	343,270	397,687	422,947
Health and sanitation	229,934	-	-	-	-
Parks and recreation	1,028,247	1,027,286	1,223,286	1,183,860	1,295,633
Education	55,817,773	60,292,896	65,091,68	67,946,645	73,881,559
Payments to others	1,551,586	2,099,609	2,177,969	2,278,544	2,392,409
Miscellaneous	-	-	-	-	-
Debt service	7,958,601	9,820,819	9,967,669	12,963,547	12,563,107
Capital outlay	<u>3,745,836</u>	<u>3,875,785</u>	<u>4,492,168</u>	<u>6,953,427</u>	<u>4,675,799</u>
TOTAL EXPENDITURES	<u>91,317,970</u>	<u>98,863,047</u>	<u>106,085,357</u>	<u>115,635,545</u>	<u>119,841,324</u>
Excess (deficiency) of revenues over expenditures	<u>1,859,055</u>	<u>4,224,341</u>	<u>3,189,556</u>	<u>533,966</u>	<u>(605,968)</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	-	2,700,000
Operating transfers (out)	(1,213,463)	(2,121,333)	(2,572,500)	(351,125)	(76,125)
Proceeds from bonds	18,470,000	-	-	-	-
Payment to escrow agent	(18,242,500)	-	-	-	(71,479,436)
Discount on bonds issued	(62,740)	-	-	-	71,629,436
Proceeds on capital lease	<u>485,000</u>	<u>140,000</u>	<u>400,000</u>	<u>500,000</u>	<u>750,000</u>
Total other financing sources	<u>(563,703)</u>	<u>(1,981,333)</u>	<u>(2,172,500)</u>	<u>148,875</u>	<u>3,523,875</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other (uses)	<u>1,295,352</u>	<u>2,243,008</u>	<u>1,017,056</u>	<u>682,841</u>	<u>2,917,907</u>
Extraordinary Item					
State teachers on-behalf payments	-	-	-	(18,006,000)	-
State teachers on-behalf revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,006,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Fund Balance, July 1	<u>10,151,755</u>	<u>11,447,107</u>	<u>13,690,115</u>	<u>14,707,171</u>	<u>15,390,012</u>
Fund Balance, June 30	<u>\$ 11,447,107</u>	<u>\$ 13,690,115</u>	<u>\$ 14,707,171</u>	<u>\$ 15,390,012</u>	<u>\$ 18,307,919</u>

Source: Town annual audited financial statements.

Comparative Balance Sheets - Capital Project Fund

Fiscal Years Ended:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> (1,2)	<u>2009</u> (2)
ASSETS					
Cash and cash equivalent	\$28,939,603	\$ 5,360,681	\$ 6,288,648	\$ 9,968,576	\$ 4,224,481
Receivables:				-	-
Other receivables	24,882	24,552	-	1,214,715	1,305,648
Due from other funds	<u>4,198,266</u>	<u>3,693,104</u>	<u>-</u>	<u>117,553</u>	<u>374,286</u>
				-	-
TOTAL ASSETS	<u>\$33,162,751</u>	<u>\$ 9,078,337</u>	<u>\$ 6,288,648</u>	<u>\$11,300,844</u>	<u>\$ 5,904,415</u>
				-	-
LIABILITIES AND FUND BALANCES				-	-
				-	-
LIABILITIES				-	-
Accounts payable and accruals	\$ 6,499,528	\$ 6,985,804	\$ 4,243,590	2,099,214	\$ 466,713
Deferred revenue	-	-	-	-	49,920
Due to other funds	<u>16,098,104</u>	<u>6,488,444</u>	<u>134,393</u>	<u>1,518,751</u>	<u>4,614,682</u>
				-	-
TOTAL LIABILITIES	<u>22,597,632</u>	<u>13,474,248</u>	<u>4,377,983</u>	<u>3,617,965</u>	<u>5,131,315</u>
				-	-
FUND BALANCES				-	-
Reserved for encumbrances	10,909	-	-	-	-
Unreserved:				-	-
Undesignated	<u>10,554,240</u>	<u>(4,395,911)</u>	<u>1,910,665</u>	<u>7,682,879</u>	<u>773,100</u>
				-	-
TOTAL FUND BALANCES	<u>10,565,149</u>	<u>(4,395,911)</u>	<u>1,910,665</u>	<u>7,682,879</u>	<u>773,100</u>
				-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$33,162,751</u>	<u>\$ 9,078,337</u>	<u>\$ 6,288,648</u>	<u>\$11,300,844</u>	<u>\$ 5,904,415</u>

(1) For fiscal year ending June 30, 2008, Capital and Nonrecurring Fund has been reclassified from a Special Revenue Fund to a Capital Project Fund.

(2) Excludes Road Paving fund which has been reclassified as a Major Fund.

Source: Town annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Fund

Fiscal Year Ended:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> (1,2)	<u>2009</u> (2)
REVENUES					
Intergovernmental	\$ 364,302	\$ 9,386,793	\$ 2,326,286	\$ 2,163,964	\$ 86,028
Income from investments	420,124	595,453	379,209	247,095	81,753
Contributions	1,160,000	351,701	-	-	-
Reimbursement and refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,265,380</u>	<u>-</u>
TOTAL REVENUES	<u>1,944,426</u>	<u>10,333,947</u>	<u>2,705,495</u>	<u>4,676,439</u>	<u>167,781</u>
EXPENDITURES					
General government	156,246	64,821	73,837	581,559	24,723
Operation of plant	-	-	5,916	-	-
Capital outlay	<u>51,741,040</u>	<u>26,079,019</u>	<u>19,321,952</u>	<u>3,866,625</u>	<u>4,352,837</u>
TOTAL EXPENDITURES	<u>51,897,286</u>	<u>26,143,840</u>	<u>19,401,705</u>	<u>4,448,184</u>	<u>4,377,560</u>
Excess (deficiency) of revenues over expenditures	<u>(49,952,860)</u>	<u>(15,809,893)</u>	<u>(16,696,210)</u>	<u>228,255</u>	<u>(4,209,779)</u>
Other financing sources (uses):					
Operating transfers in	1,140,962	848,833	1,676,010	2,819,714	-
Operating transfers (out)	-	-	(1,676,010)	(2,544,714)	(2,700,000)
Bond proceeds	45,700,000	-	23,000,000	-	-
Premium on bonds	<u>335,513</u>	<u>-</u>	<u>2,786</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>47,176,475</u>	<u>848,833</u>	<u>23,002,786</u>	<u>275,000</u>	<u>(2,700,000)</u>
Excess (deficiency) of revenues and other financial sources over expenditures and other uses	<u>(,776,385)</u>	<u>(14,961,060)</u>	<u>6,306,576</u>	<u>503,255</u>	<u>(6,909,779)</u>
FUND BALANCES					
Fund Balance, July 1	<u>13,341,533</u>	<u>10,565,149</u>	<u>(4,395,911)</u>	<u>7,179,624</u> (1)	<u>7,682,879</u>
Fund Balance, June 30	<u>\$ 10,565,149</u>	<u>\$(4,395,911)</u>	<u>\$ 1,910,665</u>	<u>\$ 7,682,879</u>	<u>\$ 773,100</u>

(1) For fiscal year ending June 30, 2008, Capital and Nonrecurring Fund has been reclassified from a Special Revenue Fund to a Capital Project Fund.

(2) Excludes Road Paving fund which has been reclassified as a Major Fund.

Source: Town annual audited financial statements.

Comparative Balance Sheets - Special Revenue Funds

Fiscal Year Ended:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> (1)	<u>2009</u>
ASSETS					
Cash and cash equivalents	\$3,540,249	\$6,289,829	\$10,429,277	\$ 6,329,523	\$5,226,669
Other receivables	15,172	21,648	216,784	163,072	217,545
Inventories	12,600	21,523	13,147	45,922	27,309
Prepays	32,995	46,352	-	-	-
Due from other funds	<u>859,330</u>	<u>607,182</u>	<u>38,321</u>	<u>-</u>	<u>550,000</u>
TOTAL ASSETS	<u>\$4,460,346</u>	<u>\$6,986,534</u>	<u>\$10,697,529</u>	<u>\$ 6,538,517</u>	<u>\$6,021,523</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accruals	\$1,099,341	\$ 371,557	\$ 510,133	\$ 582,741	\$ 641,341
Due to the State of Connecticut	-	-	-	-	-
Deferred revenue	1,016,344	1,507,263	2,487	2,846	144,267
Unearned revenue	-	-	2,549,138	2,861,300	164,837
Due to other funds	<u>-</u>	<u>-</u>	<u>1,127</u>	<u>-</u>	<u>21,310</u>
TOTAL LIABILITIES	<u>2,115,685</u>	<u>1,878,820</u>	<u>3,062,885</u>	<u>3,446,887</u>	<u>971,755</u>
FUND BALANCES					
Reserved for:					
Encumbrances	11,520	-	10,812	16,828	-
Inventories	45,595	67,875	51,468	45,922	27,309
Unreserved:					
Designated for subsequent years expenditures	-	-	50,000	5,379	-
Undesignated	<u>2,287,546</u>	<u>5,039,839</u>	<u>7,522,364</u>	<u>3,023,501</u>	<u>5,022,459</u>
TOTAL FUND BALANCES	<u>2,344,661</u>	<u>5,107,714</u>	<u>7,634,644</u>	<u>3,091,630</u>	<u>5,049,768</u>
TOTAL LIABILITY AND FUND BALANCES	<u>\$4,460,346</u>	<u>\$6,986,534</u>	<u>\$10,697,529</u>	<u>\$ 6,538,517</u>	<u>\$6,021,523</u>

(1) For fiscal year ending June 30, 2008, Capital and Nonrecurring Fund has been reclassified from a Special Revenue Fund to a Capital Project Fund.

Source: Town annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds

Fiscal Year Ended:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u> ⁽¹⁾	<u>2009</u>
REVENUES					
Sewer assessments and usage	\$867,613	\$ 947,478	\$ 1,002,393	\$ 1,089,514	\$1,142,413
Intergovernmental	2,139,373	1,734,887	1,847,913	2,692,467	919,072
Licenses and permits	188,358	180,627	192,401	666,387	259,678
Income from investments	5,498	85,538	185,562	137,610	29,083
School lunch sales	1,192,030	1,288,384	1,389,695	1,400,118	1,449,340
Contributions	-	<u>1,423,450</u>	-	-	<u>550,000</u>
TOTAL REVENUES	<u>4,392,872</u>	<u>5,660,364</u>	<u>4,617,964</u>	<u>5,986,096</u>	<u>4,349,586</u>
EXPENDITURES					
General government	309,067	259,483	378,362	466,592	469,418
Operation of plant	847,057	919,047	937,097	1,102,646	1,036,309
Parks and recreation	134,248	202,555	181,620	213,382	197,103
Education	2,622,335	2,436,758	2,588,993	3,739,541	1,905,331
Capital outlay	102,472	26,160	207,211	-	11,543
Debt Service	<u>314,106</u>	<u>325,808</u>	<u>370,251</u>	<u>214,193</u>	<u>247,869</u>
TOTAL EXPENDITURES	<u>4,329,285</u>	<u>4,169,811</u>	<u>4,663,534</u>	<u>5,736,354</u>	<u>3,867,573</u>
Excess (deficiency) of revenues over expenditures	<u>63,587</u>	<u>1,490,553</u>	<u>(45,571)</u>	<u>249,742</u>	<u>482,013</u>
Other financing sources (uses):					
Transfers in	72,500	1,272,500	2,572,500	76,125	1,476,125
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>72,500</u>	<u>1,272,500</u>	<u>2,572,500</u>	<u>76,125</u>	<u>1,476,125</u>
Excess (deficiency) of revenues and other financial sources over expenditures and other uses	<u>136,087</u>	<u>2,763,053</u>	<u>2,526,930</u>	<u>325,867</u>	<u>1,958,138</u>
FUND BALANCES					
Fund Balance, July 1	<u>2,208,574</u>	<u>2,344,661</u>	<u>5,107,714</u>	<u>2,765,763</u> ⁽¹⁾	<u>3,091,630</u>
Fund Balance, June 30	<u>\$2,344,661</u>	<u>\$5,107,714</u>	<u>\$7,634,644</u>	<u>\$3,091,630</u>	<u>\$5,049,768</u>

(1) For fiscal year ending June 30, 2008, Capital and Nonrecurring Fund has been reclassified from a Special Revenue Fund to a Capital Project Fund.

Source: Town annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

In the opinion of the Town Attorney, there are no claims or litigation pending, or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the Town which would have a material adverse effect on the finances of the Town or which would impact the validity of the Bonds or the power of the Town to levy and collect taxes to pay the principal of and interest on the Bonds.

Availability of Continuing Disclosure Information

The Town of New Canaan prepares, in accordance with State law, annual independent audited financial statements and files such annual reports with the State of Connecticut, Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, Moody's Investors Service ongoing disclosure information in the form of annual financial reports, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements, except for a failure to make timely filings of certain annual financial information and operating data for fiscal years ending June 30, 2005 through June 30, 2006. As a Tier II community the Town was required to implement GASB Statement 34 beginning with the fiscal year ending June 30, 2003. The completion of that and subsequent year's audited financial statements were delayed due to compliance with requirements under GASB Statement 34 with respect to the recording of fixed assets. The Town filed its audited financial statements with the NRMSIRs for the fiscal years ending June 30, 2005 and June 30, 2006, on March 13, 2007.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC, of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor do they assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Transcript and Closing Documents

Upon the delivery of the Bonds, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the First Selectman and Town Treasurer, dated the date of delivery and attached to a signed copy of the Official Statement, certifying that to the best of said officials' knowledge and belief, as of the date the Official Statement and the date of the closing, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. A receipt for the purchase price of the Bonds;

4. The approving opinion of Robinson & Cole LLP, Bond Counsel, in substantially the form attached hereto as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. The Town will provide the winning bidder with 100 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies of the Official Statement may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidder by 12:00 o'clock noon on the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

The Town of New Canaan has prepared an Official Statement for the Bonds which is dated September 22, 2010. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, of Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

Additional information may be obtained upon request from the Office of the First Selectman, Attention: Mr. Thomas R. Stadler, Town Administrative Officer at (203) 594-3002 or from Independent Bond and Investment Consultants LLC at (203) 245-9603.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

TOWN OF NEW CANAAN, CONNECTICUT

By: _____
JEB WALKER
First Selectman

By: _____
V. DONALD HERSAM, JR.
Treasurer

Dated : September 22, 2010

APPENDIX A - AUDITED FINANCIAL STATEMENTS

TOWN OF NEW CANAAN, CONNECTICUT

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June 30, 2009

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of New Canaan for the Fiscal Year ended June 30, 2009, and does not include all the schedules or management letter in such report. A copy of the complete report is available upon request to the Town Administrative Officer, Town of New Canaan, Connecticut.

INDEPENDENT AUDITOR'S REPORT

To the Honorable First Selectman
and Members of the Town Council
Town of New Canaan, Connecticut

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 (the "Town"), as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of New Canaan's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of New Canaan, Connecticut, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 11 to the basic financial statements, the Town adopted GASB Statement No. 45 as of July 1, 2008.

In accordance with "Government Auditing Standards," we have also issued our report dated January 27, 2010 on our consideration of the Town of New Canaan, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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" and should be considered in assessing the results of our audit.

The management discussion and analysis and the schedule of funding progress for pensions are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary detail and combining and individual nonmajor fund statements, capital asset schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail and combining and individual nonmajor fund statements, capital asset schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 27, 2010

**Town of New Canaan, Connecticut
Management's Discussion and Analysis
June 30, 2009**

As management of the Town of New Canaan, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements that follow this section.

Financial Highlights – Primary Government

The assets of the Town of New Canaan exceeded its liabilities on June 30, 2009 by \$110,578,690 (net assets). Of this amount, \$17,306,275 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net assets increased by \$3,700,917. The Town received \$2,156,479 in capital grant contributions and better than expected revenues in taxes. The Town's governmental funds reported combined ending fund balances of \$16,347,235.

At June 30, 2009 the unreserved fund balance of the general fund, excluding unreserved, designated appropriations of \$3,138,736, was \$13,781,347 or approximately 12.3% of general fund budgetary expenditures.

The Town's total bonded debt decreased by \$10,667,153 (or 7.6%) during the year. The decrease resulted from principal payments.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of improvement or deterioration of the Town's financial position.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, education, public safety, public works, human services and parks and recreation activities. Business-type activities consist of the Railroad and the Property Rental Fund. The Board of Education's Employee Health Insurance Fund is an internal service fund which adheres to the accounting principles of a business-type activity. However, because its purpose is to account for employee medical insurance, its assets, liabilities, revenues and expenses are included in the "Governmental Activities" sections in the statement of net assets and statement of activities.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A fund is a group of related, self-balancing accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of New Canaan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of New Canaan maintains twenty-four (24) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal and State Grants and Road Paving Funds, which are considered to be a major funds. Ten (10) Special Revenue Funds, ten (10) 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 elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Proprietary funds. Unlike governmental funds, the measurement focus of propriety funds is on total economic resources. Accordingly, the individual fund statements will reflect transactions and events that increase or decrease net assets. The Town maintains two enterprise funds to account for the activities of

the Railroad Fund and the Property Rental Fund. Additionally, one internal service fund is used to account for the Board of Education's medical insurance. Internal service funds are 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Railroad Fund, Property Rental Fund, and Board of Education Medical Insurance Fund.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town of New Canaan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town's fiduciary funds are the New Canaan Employees' Retirement Fund, a Private Purpose Trust Fund and Agency Funds.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements start on page 22 of this report.

The Required Supplementary Information to this report contains certain information concerning the Town's progress in funding its obligation to provide benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of New Canaan, assets exceeded liabilities by \$110,578,690 at the close of the most recent fiscal year.

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF NET ASSETS

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 38,606,109	\$ 187,620	\$ 38,793,729	\$ 46,521,453	\$ 169,147	\$ 46,690,600
Non-current	2,232,057	-	2,232,057	2,432,430	-	2,432,430
Capital assets	224,182,353	103,030	224,285,383	216,888,480	103,030	216,991,510
Total Assets	265,020,519	290,650	265,311,169	265,842,363	272,177	266,114,540
Current liabilities	17,364,716	33,237	17,397,953	17,449,884	29,677	17,479,561
Long-term liabilities outstanding	137,334,526	-	137,334,526	141,757,206	-	141,757,206
Total Liabilities	154,699,242	33,237	154,732,479	159,207,090	29,677	159,236,767
Net assets:						
Invested in capital assets, net						
of related debt	93,169,385	103,030	93,272,415	75,570,092	103,030	75,673,122
Unrestricted	17,151,892	154,383	17,306,275	31,065,181	139,470	31,204,651
Total Net Assets	\$ 110,321,277	\$ 257,413	\$ 110,578,690	\$ 106,635,273	\$ 242,500	\$ 106,877,773

A large portion of the Town's net assets (84%) is its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of governmental unrestricted net assets, \$17,151,892, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation holds true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net assets by \$3,686,004, thereby accounting for a 3.5% growth.

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF ACTIVITIES

	Year Ended					
	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,330,396	\$ 133,393	\$ 8,463,789	\$ 9,130,309	\$ 133,909	\$ 9,264,218
Operating Grants and contributions	9,249,352	-	9,249,352	11,266,054	-	11,266,054
Capital Grants and contributions	2,156,479	-	2,156,479	2,173,946	-	2,173,946
General Revenues:						
Property Taxes	107,222,380	-	107,222,380	102,244,351	-	102,244,351
Grants and contributions not restricted to specific programs	351,262	-	351,262	383,383	-	383,383
Other	815,663	6,117	821,780	1,997,227	9,628	2,006,855
Total Revenues	128,125,532	139,510	128,265,042	127,195,270	143,537	127,338,807
Expenses:						
General Government	6,503,798	-	6,503,798	8,748,215	-	8,748,215
Public Safety	11,233,628	-	11,233,628	10,938,719	-	10,938,719
Public Works	10,886,378	-	10,886,378	10,125,577	-	10,125,577
Public Health	293,709	-	293,709	429,631	-	429,631
Education	84,916,141	-	84,916,141	72,258,537	-	72,258,537
Parks and Recreation	1,840,386	-	1,840,386	1,666,472	-	1,666,472
Payments to Others	2,392,409	-	2,392,409	2,278,544	-	2,278,544
Operation of Plant	1,036,309	-	1,036,309	1,007,615	-	1,007,615
Human Services	422,947	-	422,947	397,687	-	397,687
Interest on Long-term Debt	4,913,823	-	4,913,823	5,762,797	-	5,762,797
Railroad	-	116,930	116,930	-	119,142	119,142
Property Rental	-	7,667	7,667	-	12,196	12,196
Total Expenses	124,439,528	124,597	124,564,125	113,613,794	131,338	113,745,132
Change in net assets	3,686,004	14,913	3,700,917	13,581,476	12,199	13,593,675
Net assets – beginning	106,635,273	242,500	106,877,773	93,053,797	230,301	93,284,098
Net assets - ending	\$ 110,321,277	\$ 257,413	\$ 110,578,690	\$ 106,635,273	\$ 242,500	\$ 106,877,773

Major revenue factors include:

For governmental activities, more than \$107 million or 84% of the revenues were derived from property taxes (up from \$102 million in the prior year), followed by \$20 million from program revenues, (down from \$23 million in the prior year). The remaining revenue is consistent with the prior year. The Town received approximately \$2 million in capital grants from the State for various building projects.

Major expense factors include:

For governmental activities, more than \$84 million of the Town's expenditures relate to education, \$11 million relates to public safety, \$7 million for general government, \$11 million for public works, \$2 million for parks and recreation, \$5 million for interest on long-term debt.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,347,235. Approximately \$11,735,332 (72%) is unreserved or undesignated. The remainder of fund balance, \$4,611,903, is reserved or otherwise designated.

General fund. At the end of the current fiscal year, the fund balance of the General Fund is \$18,307,919 of which \$13,781,347 is unreserved/undesignated, \$1,387,836 is reserved and \$3,138,736 is designated for fiscal 2010. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The undesignated and unreserved fund balance of \$13,781,347 is approximately 11.5% of expenditures, while the total fund balance is 15.3% of expenditures.

The fund balance increased by \$2,917,907 as a result of better than expected revenues from property taxes.

Federal and State Grants Fund. This fund accounts for revenues from federal and state grants for education. Revenues and expenses were \$4,041,517 which compares to \$2,034,259 from the prior year.

Road Paving Fund. This fund accounts for expenditures for various road paving projects throughout the Town. The total expenditures for this fund were \$4,842,109, which compares to \$2,639,387 from the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget (budgetary basis) was \$1,120,757. The following table summarizes the operating result.

	Amended Budget	Actual	Positive (Negative) Variance
Revenues	\$ 113,776,125	\$ 114,229,356	\$ 453,231
Expenditures	(118,070,237)	(112,244,026)	(5,826,211)
Other Financing Sources	2,700,000	2,700,000	-
Other Financing Uses	(76,125)	(76,125)	-
Result	\$ (1,670,237)	\$ 4,609,205	\$ 6,279,442

- ◆ Property tax revenues recorded for the fiscal year 2009 reflect a higher than budgeted collection rate and increase in supplemental tax billing due to construction and renovations.
- ◆ Capital outlay expenditures were favorable when compared to budget primarily due to lower than anticipated construction costs and the timing of projects.
- ◆ Debt service costs were lower than budget due to lower interest costs from a refunding.

Details of budget variances are shown on pages 57 through 61 of this report.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2009, is \$224,285,383 (net of accumulated depreciation). This investment includes land, buildings and other improvements to land, machinery and equipment, roads, highways, bridges, and other infrastructure. Major capital asset additions during the current fiscal year were principally attributable to road paving and the acquisition of the movie theater.

TOWN OF NEW CANAAN, CONNECTICUT CAPITAL ASSETS (Net of Depreciation)

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 71,304,044	\$ 103,030	\$ 71,407,074	\$ 71,304,044	\$ 103,030	\$ 71,407,074
Land improvements	4,440,859	-	4,440,859	2,778,306	-	2,778,306
Buildings and other improvements	95,905,675	-	95,905,675	95,908,821	-	95,908,821
Machinery and equipment	6,157,740	-	6,157,740	6,019,159	-	6,019,159
Infrastructure	18,721,189	-	18,721,189	13,853,122	-	13,853,122
Construction in Progress	24,815,134	-	24,815,134	24,155,212	-	24,155,212
Vehicles	2,837,712	-	2,837,712	2,869,816	-	2,869,816
Total	\$ 224,182,353	\$ 103,030	\$ 224,285,383	\$ 216,888,480	\$ 103,030	\$ 216,991,510

Additional information on the Town's capital assets can be found in Note 7.

Long-term debt. At the end of the fiscal year, the Town had total bonded debt outstanding of \$129,973,025 all of which is backed by the full faith and credit of the government.

**Town of New Canaan, Connecticut
Changes in Bonded Debt During Fiscal 2009**

	Bonds
Outstanding at June 30, 2008	\$ 140,640,178
Issuance of bonds	66,510,000
Bond principal payments	(77,177,153)
Outstanding at June 30, 2009	\$ 129,973,025

The Town maintains an "AAA" rating from Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. At June 30, 2009 debt limitation for the Town is \$757,084,958, which is significantly in excess of the Town's outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- ♦ The Net Taxable Grand List of October 1, 2007 on which the fiscal 2009 mill rate was based was \$7,086,804,924, an increase of 1.2% over the October, 2006 Grand List.
- ♦ Inflationary trends in the region compare favorably to national indices.
- ♦ 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 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 2000 census figures, median family income and per capita income for the Town are approximately twice that of the same categories for Fairfield County as a whole.
- ♦ For fiscal 2009, collection of current property taxes, on the modified accrual basis, was 99.8% of the adjusted tax levy. Back tax collections were 37.2% of the adjusted receivable outstanding on July 1, 2008.

All of these factors were considered in preparing the Town of New Canaan's fiscal 2009 General Fund budget.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Town of New Canaan, 77 Main Street, New Canaan, CT 06840, (203)-594-3024.

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 24,737,618	\$ 186,546	\$ 24,924,164
Investments	8,626,790	-	8,626,790
Receivables, net of allowances for collection losses:			
Property taxes	1,869,638	1,074	1,870,712
Other	3,326,330	-	3,326,330
Inventories	24,001	-	24,001
Prepays	21,732	-	21,732
Federal and state governmental receivables	2,232,057	-	2,232,057
Capital assets, non-depreciable	96,119,178	103,030	96,222,208
Capital assets, net of accumulated depreciation	128,063,175	-	128,063,175
Total assets	265,020,519	290,650	265,311,169
Liabilities			
Accounts payable and accrued liabilities	11,495,201	33,237	11,528,438
Accrued interest payable	1,467,571	-	1,467,571
Unearned revenues	4,401,944	-	4,401,944
Noncurrent liabilities:			
Due within one year	8,525,972	-	8,525,972
Due in more than one year	128,808,554	-	128,808,554
Total liabilities	154,699,242	33,237	154,732,479
Net Assets			
Investment in capital assets, net of related debt	93,169,385	103,030	93,272,415
Unrestricted	17,151,892	154,383	17,306,275
Total net assets	\$ 110,321,277	\$ 257,413	\$ 110,578,690

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (6,503,798)	\$ 1,883,941	\$ 176,835	\$ 79,841	\$ (4,363,181)	\$ -	\$ (4,363,181)
Public safety and protection	(11,233,628)	1,129,563	-	-	(10,104,065)	-	(10,104,065)
Operation of plant	(1,036,309)	-	-	-	(1,036,309)	-	(1,036,309)
Public works	(10,886,378)	2,408,889	25,000	166,121	(8,286,368)	-	(8,286,368)
Public health	(293,709)	21,140	-	-	(272,569)	-	(272,569)
Human services	(422,947)	107,692	-	-	(315,255)	-	(315,255)
Education	(84,916,141)	1,904,958	9,047,517	1,910,517	(72,053,149)	-	(72,053,149)
Payments to others	(2,392,409)	-	-	-	(2,392,409)	-	(2,392,409)
Parks and recreation	(1,840,386)	874,213	-	-	(966,173)	-	(966,173)
Interest on long-term debt	(4,913,823)	-	-	-	(4,913,823)	-	(4,913,823)
Total governmental activities	(124,439,528)	8,330,396	9,249,352	2,156,479	(104,703,301)	-	(104,703,301)
Business-type activities:							
Railroad	(116,930)	109,893	-	-	-	(7,037)	(7,037)
Property rental	(7,667)	23,500	-	-	-	15,833	15,833
Total business-type activities	(124,597)	133,393	-	-	-	8,796	8,796
Total primary government	\$ (124,564,125)	\$ 8,463,789	\$ 9,249,352	\$ 2,156,479	(104,703,301)	8,796	(104,694,505)
General revenues:							
Property taxes					107,222,380	-	107,222,380
Grants and contributions not restricted to specific programs					351,262	-	351,262
Unrestricted investment earnings					815,663	6,117	821,780
Total general revenues					108,389,305	6,117	108,395,422
Change in net assets					3,686,004	14,913	3,700,917
Net assets - beginning					106,635,273	242,500	106,877,773
Net assets - ending					\$ 110,321,277	\$ 257,413	\$ 110,578,690

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

TOWN OF NEW CANAAN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Federal and State Grants	Road Paving		
Assets					
Cash and cash equivalents	\$ 5,527,973	\$ 3,799,282	\$ -	\$ 9,509,172	\$ 18,836,427
Investments	8,626,790	-	-	-	8,626,790
Receivables, net of allowances for collection losses:					
Property taxes	1,869,638	-	-	-	1,869,638
Intergovernmental and other	3,792,502	-	-	1,523,193	5,315,695
Inventories and Prepaids	18,423	-	-	27,309	45,732
Due from other funds	11,586,775	-	-	924,286	12,511,061
Total assets	\$ 31,422,101	\$ 3,799,282	\$ -	\$ 11,983,960	\$ 47,205,343
Liabilities					
Accounts payable and accruals	\$ 7,874,782	\$ 200,832	\$ 599,013	\$ 1,108,054	\$ 9,782,681
Due to other funds	673,962	-	7,242,561	4,635,992	12,552,515
Deferred revenues	3,926,781	-	-	194,187	4,120,968
Unearned revenues	638,657	3,598,450	-	164,837	4,401,944
Total liabilities	13,114,182	3,799,282	7,841,574	6,103,070	30,858,108
Fund Balances (Deficit)					
Reserved for:					
Encumbrances	1,369,413	-	-	-	1,369,413
Inventory and prepaids	18,423	-	-	27,309	45,732
Endowments	-	-	-	58,022	58,022
Unreserved:					
Designated for continued appropriations	1,292,564	-	-	-	1,292,564
Designated for subsequent years appropriations	1,846,172	-	-	-	1,846,172
Unreserved, undesignated, reported in:					
Special revenue funds	-	-	-	5,022,459	5,022,459
Capital projects funds	-	-	(7,841,574)	773,100	(7,068,474)
General fund	13,781,347	-	-	-	13,781,347
Total fund balances (deficit)	18,307,919	-	(7,841,574)	5,880,890	16,347,235
Total liabilities and fund balances	\$ 31,422,101	\$ 3,799,282	\$ -	\$ 11,983,960	

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the Town as a whole.	224,182,353
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.	4,120,968
Internal service funds are used by management to charge the costs of BOE Health Insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,472,818
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(137,334,526)
Accrued interest payable	(1,467,571)

Net assets of governmental activities

\$ 110,321,277

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Federal and State Grants	Road Paving		
REVENUES					
Property taxes	\$ 106,922,056	\$ -	\$ -	\$ -	\$ 106,922,056
Sewer assessments and usage	-	-	-	1,142,413	1,142,413
Intergovernmental	7,323,442	4,041,517	-	1,005,100	12,370,059
Licenses and permits	659,572	-	-	259,678	919,250
Income from investments	704,827	-	-	110,836	815,663
Fines and forfeitures	311,434	-	-	-	311,434
Use of money and property	1,069,040	-	-	-	1,069,040
Charges for services	2,123,267	-	-	1,449,340	3,572,607
Reimbursements and refunds	121,718	-	40,000	-	161,718
Contribution	-	-	-	550,000	550,000
Total revenues	119,235,356	4,041,517	40,000	4,517,367	127,834,240
EXPENDITURES					
Current:					
General government	8,572,073	-	-	494,141	9,066,214
Public safety and protection	8,632,833	-	-	-	8,632,833
Operation of plant	-	-	-	1,036,309	1,036,309
Public works	7,404,964	-	-	-	7,404,964
Social services	422,947	-	-	-	422,947
Parks and recreation	1,295,633	-	-	197,103	1,492,736
Education	73,881,559	4,041,517	-	1,905,411	79,828,487
Payments to others	2,392,409	-	-	-	2,392,409
Debt service:					
Principal retirements	7,522,673	-	-	-	7,522,673
Interest and other charges	4,890,434	-	-	247,869	5,138,303
Bond issuance cost	150,000	-	-	-	150,000
Capital outlay	4,675,799	-	4,842,109	4,364,380	13,882,288
Total expenditures	119,841,324	4,041,517	4,842,109	8,245,213	136,970,163
Revenues over (under) expenditures	(605,968)	-	(4,802,109)	(3,727,846)	(9,135,923)
OTHER FINANCING					
SOURCES (USES)					
Transfers in	2,700,000	-	-	1,476,125	4,176,125
Transfers out	(76,125)	-	-	(2,700,000)	(2,776,125)
Payments to escrow agent	(71,479,436)	-	-	-	(71,479,436)
Bond premium	5,119,436	-	-	-	5,119,436
Refunding bond proceeds	66,510,000	-	-	-	66,510,000
Capital leases issued	750,000	-	-	-	750,000
Total other financing sources (uses)	3,523,875	-	-	(1,223,875)	2,300,000
Net Change in fund balances (deficits)	2,917,907	-	(4,802,109)	(4,951,721)	(6,835,923)
FUND BALANCES (DEFICITS), beginning	15,390,012	-	(3,039,465)	10,832,611	23,183,158
FUND BALANCES (DEFICITS), ending	\$ 18,307,919	\$ -	\$ (7,841,574)	\$ 5,880,890	\$ 16,347,235

The notes to the 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
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (6,835,923)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,293,873
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	291,292
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,129,600
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,840,433)
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The net revenue of certain activities of internal service funds is reported with governmental activities.	(1,352,405)
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Change in net assets of governmental activities	<u>\$ 3,686,004</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2009

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes, interest and lien fees	\$ 104,736,122	\$ 104,736,122	\$ 106,922,056	\$ 2,185,934
Intergovernmental	2,365,442	2,365,442	2,317,442	(48,000)
Licenses and permits	1,258,000	1,258,000	659,572	(598,428)
Income from investments	1,200,000	1,200,000	704,827	(495,173)
Fines and forfeitures	272,000	272,000	311,434	39,434
Use of money and property	1,061,000	1,061,000	1,053,018	(7,982)
Charges for services	2,743,021	2,743,021	2,125,237	(617,784)
Reimbursements and refunds	140,540	140,540	135,770	(4,770)
Total revenues	113,776,125	113,776,125	114,229,356	453,231
EXPENDITURES				
General government	9,697,926	9,718,147	9,144,817	573,330
Public safety and protection	8,946,139	8,948,539	8,631,268	317,271
Public works	7,570,867	7,692,032	6,977,157	714,875
Social services	447,333	447,333	422,947	24,386
Parks and recreation	1,472,765	1,479,621	1,293,279	186,342
Education	68,153,650	68,153,650	68,113,303	40,347
Payments to others	2,394,894	2,394,894	2,392,409	2,485
Capital outlay	4,817,989	5,788,104	2,855,739	2,932,365
Debt service	13,447,917	13,447,917	12,413,107	1,034,810
Total expenditures	116,949,480	118,070,237	112,244,026	5,826,211
Revenues over (under) expenditures	(3,173,355)	(4,294,112)	1,985,330	6,279,442
OTHER FINANCING SOURCES (USES)				
Transfers in	2,700,000	2,700,000	2,700,000	-
Transfers out	(76,125)	(76,125)	(76,125)	-
Total other financing sources (uses)	2,623,875	2,623,875	2,623,875	-
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ (549,480)	\$ (1,670,237)	\$ 4,609,205	\$ 6,279,442

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2009

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 186,546	\$ 5,901,191
Receivables, net of allowances for collection losses	1,074	243,819
Total current assets	187,620	6,145,010
Noncurrent assets:		
Capital assets, net of accumulated depreciation	103,030	-
Total noncurrent assets	103,030	-
Total assets	290,650	6,145,010
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	33,237	1,672,192
Total current liabilities	33,237	1,672,192
NET ASSETS		
Invested in capital assets, net of related debt	103,030	-
Unrestricted	154,383	4,472,818
Total net assets	\$ 257,413	\$ 4,472,818

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Parking meters and rent	\$ 133,393	\$ -
Charges for services	-	11,395,159
Total operating revenues	133,393	11,395,159
OPERATING EXPENSES		
Costs of services	124,597	-
Claims incurred	-	9,699,255
Administration	-	562,276
Purchased insurance	-	1,093,749
Service fees	-	44,097
Total operating expenses	124,597	11,399,377
Operating income(loss)	8,796	(4,218)
NONOPERATING REVENUES(EXPENSES)		
Interest income	6,117	51,813
Transfer out	-	(1,400,000)
Total nonoperating income(loss)	6,117	(1,348,187)
Change in net assets	14,913	(1,352,405)
FUND NET ASSETS, beginning	242,500	5,825,223
FUND NET ASSETS, ending	\$ 257,413	\$ 4,472,818

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 138,878	\$ 11,655,631
Payments to suppliers and personnel	(121,037)	(11,359,519)
Net cash provided by operating activities	17,841	296,112
Cash Flows From Investing Activities		
Interest received on investments	6,117	51,813
Net cash provided by investing activities	6,117	51,813
Cash Flows From Financing Activities		
Transfer out	-	(1,400,000)
Net cash used in financing activities	-	(1,400,000)
Net increase (decrease) in cash and cash equivalents	23,958	(1,052,075)
Cash and Cash Equivalents		
Beginning	162,588	6,953,266
Ending	<u>\$ 186,546</u>	<u>\$ 5,901,191</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ 8,796	\$ (4,218)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
Decrease in receivables	5,485	55,488
Decrease in due from other funds	-	204,984
Increase in accounts payable	-	39,858
Increase in accrued expenses	3,560	-
Net cash provided by operating activities	\$ 17,841	\$ 296,112

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2009

	Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 323,274	\$ 381,464	\$ 1,194,024
Investments, at fair value			
U.S. government securities	16,516,818	-	-
Mutual funds - equity	69,718,799	-	-
Corporate bond	-	261,765	-
Common stock	-	345,732	-
	86,235,617	607,497	-
Accrued income receivable	26,059	3,395	8,639
Due from other funds	-	44,121	-
Total assets	86,584,950	1,036,477	1,202,663
LIABILITIES			
Due to other funds	2,667	-	-
Amount held as agent	-	-	1,202,663
Accrued expense	62,124	-	-
Total liabilities	64,791	-	1,202,663
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 86,520,159	\$ 1,036,477	\$ -

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

TOWN OF NEW CANAAN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended June 30, 2009

	Pension Trust Fund	Private Purpose Trust Funds
Additions		
Contributions:		
Plan members	\$ 278,593	\$ -
Total contributions	<u>278,593</u>	<u>-</u>
Investment Income:		
Dividend and interest	1,712,950	20,524
Fees	-	269,155
Net depreciation in fair value of investments	(17,634,080)	(132,998)
Total investment income (loss)	<u>(15,921,130)</u>	<u>156,681</u>
Total additions	<u>(15,642,537)</u>	<u>156,681</u>
Deductions		
Benefits	3,553,839	-
Administrative expenses	499,458	25,196
Total deductions	<u>4,053,297</u>	<u>25,196</u>
Change in net assets	(19,695,834)	131,485
Net Assets		
Beginning of year	<u>106,215,993</u>	<u>904,992</u>
End of year	<u><u>\$ 86,520,159</u></u>	<u><u>\$ 1,036,477</u></u>

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

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Reporting entity

The Town of New Canaan, Connecticut (the "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 and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, combined in the financial statements of the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus and follow 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 for. Intergovernmental grants and entitlements 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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting, however, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due.

Property taxes, when levied for intergovernmental revenue when eligibility requirements are met, licenses, charges for services and assessment revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town, or specifically identified.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Federal and State Grants Fund* is used to account for revenues from federal and state grants for education.

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

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Additionally, the Town reports the following fund types:

Proprietary Funds:

The *Enterprise Funds* - are used to account for operations:

- (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *Internal Service Fund* accounts for revenues and related expenses of the health insurance plan for employees of the Board of Education.

Fiduciary Funds:

The *Pension Trust Funds* account for the activities of the Town's defined benefit pension plan, which accumulates resources for pension benefit payments to qualified employees.

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

The *Agency Funds* account for monies held as a custodian for outside groups and agencies and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise fund financial statements, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions,

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for services and other Town funds for premiums. Operating expenses for the funds include the cost of operations and maintenance, administrative expenses, claim expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting estimates

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

Property taxes and sewer assessments

Property taxes are assessed as of October 1, levied on the following July 1, and billed and due in two installments, July 1 and January 1. Taxes less than \$100 are due in full on July 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

Sewer assessments are levied and assessed to the users as projects are completed. Assessments are due and payable following the levy. All properties are liened until the assessment is paid in full.

Cash equivalents

The Town considers all certificates of deposit and highly liquid short-term investment funds with original maturities of three months or less, when purchased, to be cash equivalents.

Investments

Investments are stated at fair value, based on quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The value of the pool shares is reported at amortized cost.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The value of the pool shares is reported at amortized cost.

Allowance for doubtful accounts

Accounts receivable, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$150,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

Inventories

Inventories are stated at lower of cost on FIFO method or market. Governmental fund type inventory consists of expendable foods and supplies and is recorded as an expenditure when consumed.

Long-term obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

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, are reported as debt service expenditures.

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 and the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings and improvements	50
Infrastructure	20-65
Vehicles	8
Machinery and equipment	5-15

In the governmental fund financial statements, capital outlay (assets) is reported as an expenditure and no depreciation expense is recorded.

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 governmental funds only for amounts expected to be paid (matured), for example, as a result of employee resignations and retirements.

Pension accounting

Pension Trust Funds

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Administrative costs are financed through investment earnings.

Governmental Funds

The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Governmental Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. A net pension asset (obligation) would be recorded as a non-current asset (liability) in the government-wide financial statements.

Funding Policy

The Town funds the contributions to its pension plans based on the actuarially required contribution.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Net Other Post-employment Benefit Obligations

In fiscal year 2009, the Town implemented GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions."* This pronouncement required the Town to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2009. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008. The Town makes annual contributions based upon committee decisions using the actuarial valuation.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the budgeted governmental fund types. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute either expenditures or liabilities.

Fund Equity and Net Assets

In the Government-Wide and Proprietary Fund Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Unrestricted Net Assets – This category represents the net assets of the Town, which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in three separate categories. The three categories, and their general meanings, are as follows:

Reserved Fund Balance – indicates that portion of fund equity that is not available for appropriation or is legally segregated for specific future use.

Unreserved/Designated Fund Balance – indicates that portion of fund equity for which the Town has made tentative plans.

Unreserved Fund Balance – indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the difference are as follows:

Bonds payable	\$ (129,973,025)
Deferred charges	(1,136,920)
Capital leases payable	(1,039,943)
Compensated absences	(1,893,807)
Landfill closure	(900,000)
OPEB obligations	(2,390,831)
	<hr/>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<hr/> <hr/> \$ (137,334,526)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 13,878,355
Depreciation expense	(6,551,168)
Loss on disposal of capital asset	(33,314)
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<hr/> <hr/> \$ 7,293,873

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (66,510,000)
Deferred items	(3,175,820)
Financing through capital leases	(750,000)
Principal repayments:	
General obligation debt	7,747,153
Payment of escrow agent for refunding	69,430,000
Payment of capital lease	<u>388,267</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 7,129,600</u></u>

Another element of that reconciliation states that "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." The details of this difference are as follows:

Changes in accrued liabilities for:	
Compensated absences	\$ (361,089)
Landfill closure	45,000
Accrued interest	(133,513)
OPEB obligations	<u>(2,390,831)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (2,840,433)</u></u>

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 3. Budgets and Budgetary Accounting

Budgets for the General Fund and Sewer Taxing District Fund (special revenue fund) are authorized annually by the Town. Budgetary control is exercised at the department level. The Board of Finance is authorized to transfer budget amounts between departments within any fund, however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Reported budgeted amounts are as originally adopted or as amended by Council resolution at various times throughout the year. Unencumbered appropriations lapse at year-end except for capital appropriations. The Town is not required to prepare budgets for special revenue funds, other than the sewer taxing district, capital projects, proprietary and trust funds.

Fund balance of the General Fund may be reserved for continued capital appropriations. Continued appropriations represent unexpended appropriations for capital improvements which, by Town Charter, may be continued with the approval of the Board of Finance for one fiscal year after the expiration of the fiscal year for which such appropriations were originally made.

Except for encumbrances, continued capital appropriations and on-behalf payments, the budget is prepared on a modified accrual basis of accounting. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued. Accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

A reconciliation of General Fund budgetary basis is as follows:

	General Fund	
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Balance, budgetary basis, June 30, 2009	\$ 116,929,356	\$ 112,320,151
On-behalf payments for state teachers retirement	5,006,000	5,006,000
Changes in reserves for encumbrances, continued appropriations and liquidation of encumbrances	-	1,691,298
Bond issuance cost	-	150,000
Purchases of equipment under capital lease obligations not recognized for budgetary purposes	750,000	750,000
Balance, GAAP Basis, June 30, 2009	\$ 122,685,356	\$ 119,917,449

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 4. Cash and Investments

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town follows State statutes. 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 Town and the Pension Trust Fund do not have a custodial credit risk policy for investments. The Town and the Pension Trust Fund do not have a policy for investments or related credit risk for debt securities, however, it is their practice to follow State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (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 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. 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.

Interest rate risk: The Town does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, including its Pension Trust Fund and Private Purpose Trust Fund. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations or pension payments, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town, including its Pension Trust Fund and Private Purpose Trust Fund, does not have a formal policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an out side party. As of June 30, 2009, \$10,607,025 of the entity's bank balance of \$12,435,047 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Cash and investments of the Town consist of the following at June 30, 2009:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 20,863,365
State of Connecticut Short-Term Investment fund	5,654,213
MBIA - Class Account	305,348
Total cash and cash equivalents	<u>26,822,926</u>
Investments	
Pension Trust Fund	
U.S. Government Securities	16,516,818 *
Mutual Funds	69,718,799
	<u>86,235,617</u>
Private Purpose Trust Fund	
Common Stock	345,732 *
Mutual Funds	261,765
	<u>607,497</u>
General Fund	
U.S. Government Securities	8,626,790
	<u>8,626,790</u>
Total Investments	<u>95,469,904</u>
Total cash, cash equivalents and investments	<u><u>\$ 122,292,830</u></u>

* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the Town's name.

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 24,924,164
Investments	8,626,790
Total Statement of Net Assets	<u>33,550,954</u>
Fiduciary Funds:	
Cash and cash equivalents	1,898,762
Investments	86,843,114
	<u>88,741,876</u>
Total cash and investments	<u><u>\$ 122,292,830</u></u>

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Over 10 Years
Pooled Fixed Income	\$ 5,959,561	\$ 5,959,561	\$ -	\$ -	\$ -
U.S. Government Securities	25,143,608	254,220	8,372,570	12,407,940	4,108,878
TOTAL	\$ 31,103,169	\$ 6,213,781	\$ 8,372,570	\$ 12,407,940	\$ 4,108,878

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment.

Average Rating	Pooled Fixed Income	U.S. Gov't. Securities
AAAm	\$ 5,654,213	\$ -
AAA	305,348	25,143,608
	\$ 5,959,561	\$ 25,143,608

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 5. Unearned Revenue/Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue/deferred revenue were as follows:

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 1,694,724	\$ -
Other receivables	-	638,657
School construction receivable	2,232,057	-
Federal and State Grants		
Grants and other receivables	-	3,598,450
Nonmajor Funds:		
Grants and other receivables	194,187	164,837
	<u>\$ 4,120,968</u>	<u>\$ 4,401,944</u>

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 6. Interfund Receivables and Payables

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
Due from:		
General Fund	\$ 11,586,775	\$ 673,962
Road Paving	-	7,242,561
Non-Major Governmental and Other Funds	924,286	4,635,992
Fiduciary Funds	44,121	2,667
Total	\$ 12,555,182	\$ 12,555,182

Balances resulted principally from the funding of capital and other expenditures by the general fund; in addition, the balances resulted from short-term advances from the General Fund to various other funds.

Interfund transfers during the year ended June 30, 2009 were as follows:

	Transfers From Other Funds	Transfers to Other Funds
General Fund	\$ 2,700,000	\$ 76,125
Non-Major Governmental Funds	1,476,125	2,700,000
Proprietary Funds	-	1,400,000
Totals	\$ 4,176,125	\$ 4,176,125

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 71,304,044	\$ -	\$ -	\$ 71,304,044
Construction in progress	24,155,212	4,116,429	(3,456,507)	24,815,134
Total capital assets, not being depreciated	95,459,256	4,116,429	(3,456,507)	96,119,178
Capital assets, being depreciated:				
Land improvements	5,568,359	1,955,009	-	7,523,368
Buildings and improvements	120,599,088	3,262,383	-	123,861,471
Machinery and equipment	11,605,030	1,233,234	-	12,838,264
Vehicles	7,227,991	565,203	(211,921)	7,581,273
Infrastructure	43,560,620	6,202,604	-	49,763,224
Total capital assets being depreciated	188,561,088	13,218,433	(211,921)	201,567,600
Less accumulated depreciation for:				
Land improvements	2,790,053	292,456	-	3,082,509
Buildings and improvements	24,690,267	3,265,529	-	27,955,796
Machinery and equipment	5,585,871	1,094,653	-	6,680,524
Vehicles	4,358,175	563,993	(178,607)	4,743,561
Infrastructure	29,707,498	1,334,537	-	31,042,035
Total accumulated depreciation	67,131,864	6,551,168	(178,607)	73,504,425
Total capital assets, being depreciated, net	121,429,224	6,667,265	(33,314)	128,063,175
Governmental activities capital assets, net	\$ 216,888,480	\$ 10,783,694	\$ (3,489,821)	\$ 224,182,353

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 103,030	\$ -	\$ -	\$ 103,030
Total capital assets, not being depreciated	103,030	-	-	103,030
Capital assets, being depreciated:				
Buildings and improvements	324,102	-	-	324,102
Machinery and equipment	35,385	-	-	35,385
Total capital assets, being depreciated	359,487	-	-	359,487
Less accumulated depreciation for:				
Buildings and improvements	324,102	-	-	324,102
Machinery and equipment	35,385	-	-	35,385
Total accumulated depreciation	359,487	-	-	359,487
Total capital assets, being depreciated, net	-	-	-	-
Business-type activities capital assets, net	\$ 103,030	\$ -	\$ -	\$ 103,030

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

Governmental activities:

General government	\$ 1,023,796
Public safety	381,661
Public works	1,796,794
Parks and recreation	119,210
Education	3,229,706
Total depreciation expense – governmental activities	<u>\$ 6,551,167</u>

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 8. Long-Term Obligations

A summary of changes in outstanding long-term debt during the year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 140,640,178	\$ 66,510,000	\$ (77,177,153)	129,973,025	\$ 7,854,610
Deferred amounts	(2,038,900)	2,920,000	255,820	1,136,920	111,642
Total bonds payable	138,601,278	69,430,000	(76,921,333)	131,109,945	7,966,252
Capital leases	678,210	750,000	(388,267)	1,039,943	413,110
Landfill post-closure care	945,000	-	(45,000)	900,000	45,000
Compensated absences	1,532,718	361,089	-	1,893,807	101,610
OPEB obligations	-	3,461,309	(1,070,478)	2,390,831	-
Governmental activity long-term liabilities	\$ 141,757,206	\$ 74,002,398	\$ (78,425,078)	\$ 137,334,526	\$ 8,525,972

General obligation bonds

As of June 30, 2009, the outstanding general obligation bonded indebtedness of the Town, payable from its governmental activities, was as follows:

	Outstanding Amount
School and Public Improvement Bonds; due 4/1/27; annual principal payments ranging from \$950,000 to \$1,425,000; plus interest, due semi-annually ranging from 3.625% to 4.125%.	\$ 23,000,000
Public Improvement Bond; due 5/1/22; annual principal payments ranging from \$750,000 to \$1,000,000; plus interest, due semi-annually, ranging from 3% to 4.75%	6,350,000

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

	Outstanding Amount
Clean Water Fund bond; issue of \$185,063; due 7/31/13; annual principal payments of \$9,757; plus interest due at 2%	43,199
Clean Water Fund bond; issue of \$12,440,686; due 5/30/19; monthly payments of principal and interest at 2%	6,724,826
School and Public Improvement Bonds; due 4/1/25; annual principal payments ranging from \$1,715,000 to \$3,580,000; plus interest due semi-annually ranging from 4.0% to 5.0%.	8,890,000
School and Public Improvement Bonds; due 6/15/24; annual principal payments ranging from \$15,000 to \$1,405,000; plus interest, due semi-annually ranging from 3.0% to 4.375%.	18,455,000
School and Public Improvement Bond Refunding bond; due 4/1/23; annual principal payments ranging from \$2,600,000 to \$6,480,000; plus interest, due semi-annually ranging from 2.0% to 5.0%.	66,510,000
	<u>\$ 129,973,025</u>

The Town has pledged its full faith and credit as collateral for its bonded indebtedness. General obligation bonds will be paid from taxes levied on taxable property in the Town.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

The following is a summary of general obligation bond debt and Clean Water Fund bond debt maturities:

Year Ending June 30,	Debt Service Requirement		
	Principal	Interest	Total
2010	\$ 7,854,610	\$ 5,227,235	\$ 13,081,845
2011	7,947,319	4,588,356	12,535,675
2012	8,955,283	4,302,442	13,257,725
2013	9,038,509	3,998,445	13,036,954
2014	9,216,811	3,553,549	12,770,360
2015	9,064,435	3,182,406	12,246,841
2016	9,308,250	2,828,966	12,137,216
2017	9,602,344	2,465,850	12,068,194
2018	9,786,422	2,062,784	11,849,206
2019	8,464,042	1,648,864	10,112,906
2020	6,705,000	1,419,763	8,124,763
2021	6,865,000	1,114,925	7,979,925
2022	6,985,000	829,813	7,814,813
2023	9,520,000	539,413	10,059,413
2024	6,385,000	615,688	7,000,688
2025	1,425,000	340,138	1,765,138
2026	1,425,000	117,563	1,542,563
2027	1,425,000	58,781	1,483,781
Total	\$ 129,973,025	\$ 38,894,979	\$ 168,868,004

2009 General Obligation Bond – In-substance Defeasance

On March 19, 2009, the Town issued \$66,510,000 of general obligation bonds with interest rates ranging from 2.0% to 5.0% of which was used to advance refund portions of the outstanding principal amounts of the general obligation bond of the Town dated March 1, 1999, December 5, 2002, May 15, 2003, and April 1, 2005 (the "Refunding Bonds"). Of the net proceeds of \$71,873,638 (after payment of \$394,202 in underwriters fees and other costs), \$71,479,436 was placed in an irrevocable trust fund under an Escrow Agreement dated April 2, 2009 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,617,000, and a savings of \$2,429,000 between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$66,510,000 at June 30, 2009. The balance of the defeased bonds was approximately \$69,430,000 at June 30, 2009. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Subsequent Event

On September 29, 2009, the Town issued \$24,005,000 of general obligation refunding bonds. The general obligation refunding bonds were comprised of \$4,690,000 of general obligation refunding bonds, Series C, which will mature through 2022, with interest from 2.000% to 5.000%, and \$19,315,000 in general obligation refunding bonds, Series D, that will mature in 2025, with interest from 2.000% to 5.000%. General Obligation Refunding bonds were used to refund \$24,725,000 of outstanding bonds. The transaction produced a present value gain of \$1,501,000 and cash gain of \$1,652,000.

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases range from 3.58% to 3.66%. The capital leases are for various computer equipment. The leases are payable in monthly installments through 2013. Original cost of capital assets under such lease agreements are as follows:

Machinery and equipment	\$ 1,790,000
Accumulated depreciation	(346,000)
Net book value	<u>\$ 1,444,000</u>

Future minimum lease payments under capital leases as of June 30, 2009 are as follows:

Year Ending June 30,	
2010	\$ 444,995
2011	364,273
2012	236,634
2013	<u>50,766</u>
Total minimum lease payments	1,096,668
Less amount representing interest	<u>56,724</u>
	<u>\$ 1,039,944</u>

Accrued liabilities, primarily compensated absences

In accordance with GASB No. 16, Accounting for Compensated Absences, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2009 is recorded in the government-wide statements since the benefits are to be funded from future financial resources and will be paid from the General Fund.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

School bond reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2009 was approximately \$420,000. Additional reimbursements of principal and interest aggregating approximately \$2,500,000 are expected to be received through the bonds' maturity dates.

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2009 consists of the following:

Schools	<u>\$ 2,020,445</u>
General Purpose	<u>\$ 6,706,000</u>

Debt limitation

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

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 243,348,737	\$ 38,430,529	\$ 204,918,208
Schools	486,697,473	84,119,616	402,577,857
Sewers	405,581,228	7,422,880	398,158,348
Urban renewal	351,503,731	-	351,503,731
Pension deficit	324,464,982	-	324,464,982

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$757,084,958. All long-term debt obligations are retired through General Fund appropriations.

Indebtedness, in accordance with State Statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes are issued and outstanding. School indebtedness is net of school building grants of approximately \$2,230,000.

Note 9. Contingency

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by Town management and legal counsel would result in a judgment or judgments which would have a material adverse effect on the Town's financial position.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 10. Fund Deficits

The following funds had fund deficits as of June 30, 2009:

Capital Project Funds:

EMS	\$ 1,460,726
Road Paving	7,841,574
Police Station Renovations	1,236,000
Police Related Work	442,740
	<hr/>
	\$ 9,520,314
	<hr/>

The fund deficits are expected to be funded through future transfers or bond proceeds.

Note 11. Employee Retirement Plans

Retirement Plan for the Employees of the Town

Plan Description

The Town has a contributory defined benefit retirement plan (the "Plan") covering substantially all employees. The certified faculty and administrative personnel ("teachers") of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. Separately issued financial statements for the pension trust fund are not issued.

The Town is the administrator of a single employer public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Plan provides retirement, disability, and death benefits through a single employer, contributory defined benefit plan to plan members and beneficiaries.

The authority under which the Plan is established was the action of a special Town meeting held on March 13, 1962. The Town shall have the right by action of the Board of Finance to amend this Plan within guidelines stipulated in the pension plan document.

An employee's eligibility starts after the first month of employment. Prior to January 1, 1988, individuals hired after the maximum eligibility age (45 years of age for police officers and firefighters, and 60 years of age for all other employees) were not eligible to participate.

The normal retirement date for employees other than a police officer, firefighter or Department of Public Works employee (50th birthday and 20 years of service for police officers, 55th birthday and 25 years of service for firefighters, 60th birthday and 25 years of service for Department of Public Works employees) is

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

the first of the month coinciding with or next following the employee's 65th birthday, provided not less than 10 years of service have been completed.

Effective January 1, 2007, the Plan benefit formula for DPW employees and non-bargained Town employees changed to 2% times their highest single year earnings out of the last 10 years of employment times years of service at retirement up to a maximum of 30 years. Certain Town employees who would be projected to experience a decrease in benefits due to this change will receive the greater of the new formula and old formula still in effect for BOE and library employees.

All other employees receive benefits at normal retirement, calculated at 2-1/2% of their highest three years' average earnings out of the last 10 years of employment, except for police officers who attain the age of 55 on or after July 1, 1998, which will be calculated using the highest year times years of service at retirement up to a maximum of 30 years adjusted for 65% of average earnings up to covered compensation (offset applicable only to members covered under the Social Security Act) times years of service at retirement up to a maximum of 30 years.

On January 1, 2007, the monthly retirement benefit payable to each retired member receiving a retirement benefit under the Plan, including those retirees for whom annuities were purchased in 1986, was increased by 2% for each full year of retirement completed since the previous cost of living adjustment in 2004, up to a maximum increase of 6%.

Benefits vest after ten years of service, however all employees are vested as of June 30, 1997 due to a change in the Plan provisions. Employees are required to contribute .25% of base compensation (.75% of base compensation for police officers and firefighters) and 2% for BOE and library employees. The Town is required to contribute the remaining amounts necessary to finance the benefits.

The Town had no annual required contribution, annual pension cost or net pension obligation for the current year.

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the entry age normal - frozen initial liability method. The actuarial assumptions included (a) 7.00% investment rate of return and (b) projected salary increases raising from 4.0%-6.5% per year depending on age and (c) annual inflation rate of 3.00%. The actuarial value of assets was determined using techniques that smooth fluctuations in the market value of investments by spreading unrecognized gains and losses over a four year period.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Membership in the Retirement Plan consisted of the following at July 1, 2008, the date of the last actuarial valuation:

Annuity participants receiving payments	16
Retirees and beneficiaries receiving benefits	182
Terminated plan members entitled to, but not yet receiving benefits	173
Active plan members	<u>448</u>
Total	<u>819</u>

Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ -0-	\$ -0-	\$ -0-
6/30/08	-0-	-0-	-0-
6/30/09	-0-	-0-	-0-

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Annual Required Contribution	Percentage Contributed
2009	\$ -0-	\$ -0-
2008	-0-	-0-
2007	-0-	-0-
2006	-0-	-0-
2005	-0-	-0-
2004	-0-	-0-

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll
* July 1, 2008	\$ 111,383,887	\$ 87,148,036	127.8%	\$ 20,112,605

- * Subsequent to the most recent actuarial valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future contributions.

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The information presented was determined as part of the actuarial valuation. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2008
Actuarial cost method	Entry Age Normal - Frozen Initial Liability
Asset valuation method	Long-Range Yield Method
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	4.0% to 6.5% depending on participant age
Mortality	RP 2000 Mortality Table Projected to 2010.
Inflation rate	3.00%

Other post-retirement benefits

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2008. The post-retirement plan does not issue stand-alone financial reports.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

From an accrual accounting perspective, the cost of post-employment healthcare 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. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, 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. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method. For fiscal year 2009, the Town contributions were \$1,070,478 on a pay as you go basis.

Membership in the plan consisted of the following at July 1, 2008, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	287
Active plan members	603
Total	<u>890</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$3,461,309	\$1,070,478	31%	\$2,390,831

OPEB Obligation

Annual required contribution	\$ 3,461,309
Interest on net pension obligation	-
Annual OPEB cost	<u>3,461,309</u>
Contributions made	<u>1,070,478</u>
Increase in net OPEB liability	<u>2,390,831</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 2,390,831</u></u>

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2008 is \$29,413,011.

SCHEDULE OF FUNDING PROGRESS - OPEB						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	\$ 29,413,011	\$ 29,413,011	0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2008
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Payments
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	4.00%
Inflation rate	N/A
Salary Increases	3%
Medical trend rate	8.5% graded to 4.5% over 20 years
Dental cost trend rate	6% graded to 4.5% over 8 years

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a multiple employer cost sharing contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$5,006,000 for the year ended June 30, 2009.

Note 12. Landfill Closure and Postclosure Care Costs

The Town of New Canaan, Connecticut has entered into a Consent Order with the State of Connecticut Department of Environmental Protection regarding the operation of the Town's landfill located on Route

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

123. The provisions of the Consent Order required the Town to place a final cover on its Route 123 landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site after its closure. In addition, the Town is required to perform investigations into the solid wastes currently at the site, including any potential impact of such wastes on human health and the environment.

In accordance with the provisions of the Consent Order, the Town completed the final cap of the landfill during 2001. In addition, the Town has estimated the costs to monitor the landfill for approximately 25 years after final closure at \$900,000, which is recorded in the government-wide statements.

Note 13. Risk Management

Town

The Town is a member in Connecticut Interlocal Risk Management Agency (CIRMA), (a public entity risk management program established pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes) for liability-automobile property pool coverage and for workers compensation. The Town pays annual premiums for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. The Town also carries \$10 million of umbrella insurance and \$15 million of excess umbrella insurance with commercial insurance for which it pays annual premiums. The Town has retained various self-insured deductibles ranging from \$1,000 to \$25,000. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws. Coverage has not been reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or acts of God. The Town purchases commercial insurance for all risks of loss and for health insurance for non-Board of Education employees.

Board of Education

The Board of Education is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and medical; and natural disasters. The Board of Education purchases commercial insurance for all risks other than employee health and medical.

On July 1, 1989, the Board of Education converted from an insured hospital, major medical, and dental insurance program to a self-insured minimum premium plan. The Board of Education is fully insured after the first \$100,000 in medical claims per covered participant and after approximately the first \$7,561,000 in aggregate medical claims in any single fiscal year.

The self-insurance program is being administered by a third party administrator ("the administrator") and is reported as an internal service fund. The plan is funded monthly by Board of Education budget appropriations and employee contributions as required. The claims liability of \$1,672,192, included in accrued claims payable in the internal service fund at June 30, 2009, is based on the requirements of

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

GASB Statement No. 10, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Claims payable are estimated based on claims paid for the year. Claim transactions for the last two years are as follows:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
Board of Education:				
2008	\$ 1,612,832	\$ 8,269,247	\$ 8,249,745	\$ 1,632,334
2009	\$ 1,632,334	\$ 9,699,255	\$ 9,659,397	\$ 1,672,192

Note 14. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2008 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- ♦ GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ♦ GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ♦ GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

TOWN OF NEW CANAAN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

- ♦ GASB Statement Number 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments.

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Required Supplementary
Information

TOWN OF NEW CANAAN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION – PENSION TRUST FUNDS

June 30, 2009

SCHEDULE OF FUNDING PROGRESS

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll
**	July 1, 2008	\$ 111,383,887	\$ 87,148,036	127.8%	\$ 20,112,605
	December 31, 2006	107,261,695	78,248,812	137.1%	18,937,113
	December 31, 2005	99,764,661	71,111,345	140.3%	18,427,713
*	December 31, 2004	92,905,161	92,905,161	100.0%	16,871,127
*	December 31, 2003	85,493,457	85,493,457	100.0%	15,886,626
*	December 31, 2002	82,244,296	82,244,296	100.0%	14,433,030

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

- * Prior to the adoption of GASB 50, GASB 25 and GASB 27 defined the Actuarial Accrued Liability under the Aggregate method to be equal to the Actuarial Value of Assets. Subsequent to the adoption of GASB 50 for periods beginning after June 25, 2007, funded status information is prepared using the entry age actuarial cost method. The information presented above is intended to serve as a surrogate for the funded status and funding progress of the plan.
- ** Subsequent to the most recent valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future required contributions.

ROBINSON & COLE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

October __, 2010

Town of New Canaan,
New Canaan, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of New Canaan, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town dated October 19, 2010 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$16,500,000 Town of New Canaan, Connecticut General Obligation Bonds, Issue of 2010, Series A, dated October 15, 2010 (the "Bonds"), maturing on October 15 in each of the years, in the principal amounts and bearing interest payable on April 15, 2011 and semiannually thereafter on October 15 and April 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2012	\$ 675,000	%	2022	\$ 925,000	%
2013	675,000		2023	925,000	
2014	725,000		2024	975,000	
2015	725,000		2025	975,000	
2016	775,000		2026	975,000	
2017	775,000		2027	975,000	
2018	825,000		2028	1,000,000	
2019	825,000		2029	1,000,000	
2020	875,000		2030	1,000,000	
2021	875,000				

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of September and March in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of New Canaan, Connecticut
\$16,500,000 General Obligation Bonds, Issue of 2010, Series A
dated October 15, 2010

October 19, 2010

WHEREAS, the Town of New Canaan, Connecticut (the "Town") has heretofore authorized the issuance of \$16,500,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2010, Series A, dated October 15, 2010 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated October 5, 2010 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale dated September 22, 2010 (the "Notice of Sale"), and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;
- (G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF NEW CANAAN, CONNECTICUT

By: _____

Name: Jeb Walker

Title: First Selectman

By: _____

Name: V Donald Hersam, Jr.

Title: Treasurer

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

\$16,500,000

TOWN OF NEW CANAAN, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2010, SERIES A
(BOOK-ENTRY ONLY)

Electronic bids (as described herein) will be received by the **TOWN OF NEW CANAAN, CONNECTICUT** (the “Town”), until 11:00 A.M. (E.D.T.) Tuesday,

OCTOBER 5, 2010

for the purchase of all, but not less than all, of the \$16,500,000 Town of New Canaan, Connecticut General Obligation Bonds, Issue of 2010, Series A (the “Bonds”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”).

The Bonds

The Bonds will be dated October 15, 2010, and will mature \$675,000 on October 15 in each of the years 2012-2013, both inclusive, \$725,000 on October 15 in each of the years 2014-2015, both inclusive, \$775,000 on October 15 in each of the years 2016-2017, both inclusive, \$825,000 on October 15 in each of the years 2018-2019, both inclusive, \$875,000 on October 15 in each of the years 2020-2021, both inclusive, \$925,000 on October 15 in each of the years 2022-2023, both inclusive, \$975,000 on October 15 in each of the years 2024-2027, both inclusive, and \$1,000,000 on October 15 in each of the years 2028-2030, both inclusive, bearing interest payable on April 15, 2011 and semiannually thereafter on October 15 and April 15 in each year until maturity as further described in the Preliminary Official Statement for the Bonds dated September 22, 2010 (the “Preliminary Official Statement”).

The Bonds maturing on October 15, 2016 and thereafter are subject to redemption prior to maturity, at the election of the Town, on or after October 15, 2015 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
From: October 15, 2015 and thereafter	100%

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), or its custodian, registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Bonds will be general obligations of the Town payable unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds SHALL NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of *PARITY®*. Subscription to the i-Deal LLC BiDComp Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of *PARITY®* shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, *PARITY®*, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by *PARITY®* as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about *PARITY®*, including any fee charged, may be obtained from *PARITY®*, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by *PARITY®* shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Town, computed and rounded to six decimal places, as described under “Bid Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Bid Specifications/Basis of Award

Each bid must be for the entire \$16,500,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the bid for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 15, 2010, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to October 19, 2010, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on October 5, 2010. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank, National Association in Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax and is not taken into account in the calculation of adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Bonds, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U. S. Bank National Association, and will be available for examination upon request.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the Town before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be available for delivery on or about October 19, 2010. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the Town for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for the Bonds at the Town's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town's financial advisor. If the Town's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Related Information

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. William N. Lindsay, Independent Bond and Investment Consultants, LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone (203) 245-9603.

JEB WALKER
First Selectman

V. DONALD HERSAM, JR.
Treasurer

September 22, 2010