

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**FINANCIAL REPORT**  
**June 30, 2023**

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**TOWN OF MIDDLEFIELD, CONNECTICUT  
FINANCIAL REPORT**

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FINANCIAL REPORT**

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# SEWARD AND MONDE

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Members  
of the Board of Finance  
Town of Middlefield, Connecticut

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Middlefield, Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Middlefield, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Middlefield, Connecticut, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 46 to 53, and the retirement system schedules on pages 54 to 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of the Town of Middlefield, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Middlefield, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Middlefield, Connecticut's internal control over financial reporting and compliance.

*Seward and Monde*

North Haven, Connecticut  
February 6, 2024

**TOWN OF MIDDLEFIELD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

This discussion and analysis of the Town of Middlefield, Connecticut's (the "Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2023. This management discussion and analysis should be read in conjunction with the Town's financial statements.

**Financial Highlights**

- The net position of the Town's governmental activities increased by \$404,478 or approximately 2.2%.
- The total cost of all of the Town's governmental activities was \$17,860,170.
- The General Fund reported a fund balance of \$4,036,370 at June 30, 2023.
- For the year ended June 30, 2023, the resources available for appropriation were \$412,375 more than budgeted for the general fund. Expenditures were \$269,736 less than budgeted for the general fund.

**Overview of the Financial Statements**

This discussion and analysis provided here is intended to serve as an introduction to the Town of Middlefield's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information intended to furnish additional details to support 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 position presents financial information on all of the Town's assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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).

In the statement of net position and the statement of activities, the Town reports its activities:

- *Governmental activities* - Most of the Town's basic services are reported here, including general government, highway, public safety, health and welfare, library, recreation, environmental services and education. Property taxes, charges for services and state and federal grants finance most of these activities.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter or State law. However, the First Selectman establishes many other funds to help the Town control and manage financial activities for particular purposes (like the Old Indian Trail Water System Fund, Route 66 Sewer Project Fund and Miscellaneous Grant Funds) or to show that the Town is meeting legal responsibilities for using certain grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into two categories; governmental and fiduciary.

*Governmental funds* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation following each of the fund financial statements.

The Town maintains sixteen 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, Reserve Fund for Capital and Nonrecurring Expenditures, Lake Beseck, Housing Rehabilitation Programs and the ARPA Fund which are considered to be major funds. Data from eleven other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining fund statements.

The Town adopts an annual appropriated budget for its General Fund. The schedule of revenues and other financing sources and the schedule of expenditures and other financing uses are presented as required supplementary information and have been provided for the general fund to demonstrate compliance with this budget.

*Fiduciary funds* - All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and statement of changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use the assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.



**Government-wide Financial Analysis**

The Town's combined net position increased from a year ago. The analysis below focuses on the net position and changes in net position of the Town's governmental activities.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current and other assets	\$ 11,403,300	\$ 10,844,107
Capital assets, net	10,077,869	9,815,212
Total assets	<u>21,481,169</u>	<u>20,659,319</u>
<b>Deferred Outflows of Resources</b>		
Charges related to pensions	379,191	290,575
<b>Liabilities</b>		
Current liabilities	1,718,025	1,265,489
Long-term liabilities:		
Due within one year	87,594	85,712
Due in more than one year	1,128,777	750,856
Total liabilities	<u>2,934,396</u>	<u>2,102,057</u>
<b>Deferred Inflows of Resources</b>		
Credits related to leases	199,830	254,963
Credits related to pensions	81,352	352,570
	<u>281,182</u>	<u>607,533</u>
<b>Net Position</b>		
Net investment in capital assets	9,887,558	9,199,700
Unrestricted	8,757,224	9,040,604
Total net position	<u>\$ 18,644,782</u>	<u>\$ 18,240,304</u>

The net position of the Town's governmental activities increased by \$404,478 or 2.2%. Unrestricted net position - the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$283,380 to \$8,757,224 at June 30, 2023.

	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Revenues			
Program revenues:			
Charges for services	\$ 743,647	\$ 669,607	\$ 74,040
Operating grants and contributions	2,253,630	2,147,914	105,716
Capital grants and contributions	158,882	32,007	126,875
General revenues:			
Property taxes	14,479,604	13,915,278	564,326
Grants and contributions not restricted to specific purposes	397,896	356,291	41,605
Unrestricted investment earnings	240,682	12,454	228,228
Miscellaneous	( 9,693)	1,873	( 11,566)
Total revenues	<u>18,264,648</u>	<u>17,135,424</u>	<u>1,129,224</u>
Program expenses:			
General government	2,642,340	2,394,858	247,482
Public safety	634,899	659,137	( 24,238)
Public works	1,346,462	1,485,045	( 138,583)
Health and welfare	73,947	78,332	( 4,385)
Parks and recreation	221,829	187,395	34,434
Education	12,934,536	11,797,537	1,136,999
Interest expenses	6,157	8,430	( 2,273)
Total program expenses	<u>17,860,170</u>	<u>16,610,734</u>	<u>1,249,436</u>
Change in net position	<u>\$ 404,478</u>	<u>\$ 524,690</u>	<u>(\$ 120,212)</u>

The Town's total revenue was \$18,264,648. The total cost of all programs and services was \$17,865,170. Our analysis above separately considers the operations of governmental activities.

### **Governmental activities**

Governmental activities increased the Town's net position by \$404,478. Property tax revenue, operating and capital grants as well as investment income were the main contributors to this year's results.

The table below presents the cost of each of the Town's five largest programs - general government, public works, public safety, parks and recreation and education - as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the burden that was placed on the Town's taxpayers by each of the functions.

## Government Activities

	Year Ended June 30, 2023		Year Ended June 20, 2022	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General government	\$ 2,642,340	\$ 2,171,266	\$ 2,394,858	\$ 1,996,474
Public works	1,346,462	702,687	1,485,045	967,404
Public safety	634,899	634,798	659,137	657,639
Parks and recreation	221,829	80,654	187,395	116,783
Education	12,934,536	11,046,371	11,797,537	9,951,334

### Town Fund Financial Analysis

#### Governmental funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$8,436,117 which is an increase of \$101,971 from last year's total of \$8,334,146. Included in this year's total change in fund balance is a decrease in the Town's General Fund balance of \$117,889, and an increase in the Town's Reserve Fund for Capital and Nonrecurring Expenditures Fund balance of \$162,305. The General Fund's deficit was lower than anticipated due to property tax collections, additional grant funding and investment income. The increase in the Town's Reserve Fund is attributable primarily to revenues and the General Fund appropriation exceeding current year capital needs.

#### General Fund budgetary highlights

General property taxes revenue was \$119,303 more than budgeted due primarily to current and prior year tax collections and related interest being greater than anticipated. Intergovernmental revenue exceeded budgetary amounts primary due to receipt of additional Pilot-tiered grants. Local revenues were greater than budgeted amounts due primarily to greater than anticipated Land Use and Health Department fees and less than anticipated Conveyance Tax fees as well as lower than anticipated property and equipment sales. Interest income was significantly over budget due to rising interest rates. The Town saw expenditures savings for Town Clerk assistant, various Boards and Commissions, reserve for contingencies, and the police department.

#### Capital asset and debt administration

At June 30, 2023 the Town had a net balance of \$10,077,869 invested in a broad range of capital assets, including land, buildings, vehicles and equipment, and infrastructure. This represents a net increase (including additions and deductions) of \$262,657, or 2.7% from the prior year.

The Town's 2022-2023 budget called for major capital expenditures relating to the acquisition of certain pieces of Public Works and Fire Department equipment all made through the Reserve Fund for Capital and Nonrecurring Expenditures.

Capital assets at year-end (net of depreciation)

	Governmental Activities	
	2023	2022
Land	\$ 4,348,689	\$ 4,348,689
Powder Ridge development rights	1,893,919	1,893,919
Buildings and improvements	691,706	727,040
Machinery, equipment and vehicles	2,103,943	1,771,055
Infrastructure	1,039,612	1,074,509
Totals	<u>\$ 10,077,869</u>	<u>\$ 9,815,212</u>

**Long-term obligations**

At June 30, 2023, the Town had outstanding debt obligations, including compensated absences and net pension liability, as shown below:

Long-term obligations at year-end

	Governmental Activities	
	2023	2022
Note payable - direct borrowing	\$ 190,311	\$ 234,890
Compensated absences	102,232	121,731
Net pension liability	923,828	479,947
Totals	<u>\$ 1,216,371</u>	<u>\$ 836,568</u>

The State limits the amount of general obligation debt that cities and towns can issue based on a formula determined under State statutes based on the type of debt and the tax base. The Town's outstanding general obligation debt is significantly below the state-imposed limit.

Other obligations include accrued vacation and sick leave. More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

**Economic factors and next year's budgets and rates**

The Town's elected and appointed officials consider many factors when establishing the annual budget and setting the mill rate. The budget for fiscal year 2023-2024 passed on the first vote with a mill rate increase of .68 or approximately 2.5%. The most significant factors for the fiscal year 2023-2024 budget were continued uncertainty with regards to State funding to the Town as well as the shift in Regional School District #13 enrollment.

In order to minimize the tax impact of the enrollment shift for fiscal year 2023-2024 the Town appropriated \$850,000 of its Unassigned General Fund Balance to offset the \$553,509 increase in the Town's share of the Regional School District #13 expenditures.

These factors were taken into account when adopting the General Fund budget.

### **Contacting the Town's financial management**

This report has been designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director at the Town of Middlefield, 393 Jackson Hill Road, Middlefield, Connecticut.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,089,987
Receivables:	
Property taxes, interest and liens	422,999
Loans and assessments	600,077
Leases	205,702
Other	279,026
Prepaid items	805,509
Capital assets, not being depreciated	6,242,608
Capital assets, being depreciated, net of accumulated depreciation	<u>3,835,261</u>
Total assets	<u>21,481,169</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges related to pensions	<u>379,191</u>
Total deferred outflows of resources	<u>379,191</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	635,613
Due to fiduciary funds	2,228
Unearned revenue	1,080,184
Noncurrent liabilities:	
Due within one year	87,594
Due in more than one year	<u>1,128,777</u>
Total liabilities	<u>2,934,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred credits related to leases	199,830
Deferred credits related to pensions	<u>81,352</u>
Total deferred inflows of resources	<u>281,182</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,887,558
Unrestricted	<u>8,757,224</u>
Total net position	<u><u>\$ 18,644,782</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities
<b>Primary Government</b>						
Governmental activities:						
General government	\$ 2,642,340	\$ 306,593	\$ 164,481	\$ -	\$ 471,074	(\$ 2,171,266)
Public safety	634,899	3,101	-	-	3,101	( 631,798)
Public works	1,346,462	283,909	200,984	158,882	643,775	( 702,687)
Health and welfare	73,947	8,869	-	-	8,869	( 65,078)
Parks and recreation	221,829	141,175	-	-	141,175	( 80,654)
Education	12,934,536	-	1,888,165	-	1,888,165	( 11,046,371)
Interest expense	6,157	-	-	-	-	( 6,157)
Total governmental activities	<u>\$ 17,860,170</u>	<u>\$ 743,647</u>	<u>\$ 2,253,630</u>	<u>\$ 158,882</u>	<u>\$ 3,156,159</u>	<u>( 14,704,011)</u>
General revenues:						
Property taxes, interest & lien fee						14,479,604
Grants and contributions not restricted to specific programs						397,896
Unrestricted investment earnings						240,682
Other						( 9,693)
Total general revenues						<u>15,108,489</u>
Change in net position						404,478
Net position - July 1, 2022						<u>18,240,304</u>
Net position - June 30, 2023						<u>\$ 18,644,782</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	Lake Beseck	Housing Rehabilitation Programs	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,451,115	\$ -	\$ 339,166	\$ 151,959	\$ -	\$ 147,747	\$ 9,089,987
Receivables, net:							
Property taxes, interest and liens	422,999	-	-	-	-	-	422,999
Loans	-	-	-	600,077	-	-	600,077
Leases	205,702	-	-	-	-	-	205,702
Other	42,244	30,677	64,085	-	-	142,020	279,026
Prepaid items	805,509	-	-	-	-	-	805,509
Due from other funds	80,076	3,760,790	4,952	-	1,082,111	241,102	5,169,031
<b>Total assets</b>	<b>\$10,007,645</b>	<b>\$ 3,791,467</b>	<b>\$ 408,203</b>	<b>\$ 752,036</b>	<b>\$ 1,082,111</b>	<b>\$ 530,869</b>	<b>\$ 16,572,331</b>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 535,895	\$ 23,671	\$ 17,565	\$ 1,296	\$ 28,019	\$ 29,167	\$ 635,613
Unearned revenue	-	-	-	-	1,054,092	26,092	1,080,184
Due to other funds	4,857,693	-	119,726	31,329	-	162,511	5,171,259
<b>Total liabilities</b>	<b>5,393,588</b>	<b>23,671</b>	<b>137,291</b>	<b>32,625</b>	<b>1,082,111</b>	<b>217,770</b>	<b>6,887,056</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	377,857	-	-	-	-	-	377,857
Unavailable revenue - leases	199,830	-	-	-	-	-	199,830
Unavailable revenue - loans and other receivables	-	-	64,085	600,077	-	7,309	671,471
<b>Total deferred inflows of resources</b>	<b>577,687</b>	<b>-</b>	<b>64,085</b>	<b>600,077</b>	<b>-</b>	<b>7,309</b>	<b>1,249,158</b>
<b>FUND BALANCES</b>							
Nonspendable	805,509	-	-	-	-	-	805,509
Restricted	-	-	-	119,334	-	184,618	303,952
Committed	850,000	3,767,796	206,827	-	-	153,614	4,978,237
Unassigned	2,380,861	-	-	-	-	( 32,442)	2,348,419
<b>Total fund balances</b>	<b>4,036,370</b>	<b>3,767,796</b>	<b>206,827</b>	<b>119,334</b>	<b>-</b>	<b>305,790</b>	<b>8,436,117</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$10,007,645</b>	<b>\$ 3,791,467</b>	<b>\$ 408,203</b>	<b>\$ 752,036</b>	<b>\$ 1,082,111</b>	<b>\$ 530,869</b>	<b>\$ 16,572,331</b>

The accompanying notes are an integral part of the financial statements.



**TOWN OF MIDDLEFIELD, CONNECTICUT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2023**

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Total fund balances - total governmental funds	\$ 8,436,117
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Amounts reported for governmental activities in the Statement of Net Position are different from the Governmental Fund Balance Sheet. The details of this difference are as follows:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	10,077,869
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Other long-term assets are not available to pay for current period expenditures and, therefore are reported as unavailable revenue in the funds:

Property taxes - accrual basis change	377,857
Loans and assessments receivable	671,471

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

Note payable - direct borrowing	( 190,311)
Net pension liability	( 923,828)
Compensated absences	( 102,232)

Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension liability are reported in the statement of net position.

297,839

Net position of governmental activities	<u><u>\$ 18,644,782</u></u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	Lake Beseck	Housing Rehabilitation Programs	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes, interest and lien fees	\$ 14,439,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,439,721
Intergovernmental	2,286,061	30,677	-	-	155,649	338,021	2,810,408
Licenses, fees and charges for goods and services	188,704	-	249,237	-	-	179,824	617,765
Investment income	232,308	-	6,300	152	-	1,922	240,682
Miscellaneous	131,095	-	-	42,195	-	144	173,434
Total revenues	<u>17,277,889</u>	<u>30,677</u>	<u>255,537</u>	<u>42,347</u>	<u>155,649</u>	<u>519,911</u>	<u>18,282,010</u>
<b>EXPENDITURES</b>							
Current:							
General government	2,331,909	44,544	-	-	67,189	9,125	2,452,767
Public safety	535,475	-	-	-	-	-	535,475
Public works	512,565	21,650	222,288	-	-	361,202	1,117,705
Health and welfare	63,918	-	-	70,195	-	-	134,113
Parks and recreation	154,324	-	-	-	-	54,331	208,655
Education	12,934,536	-	-	-	-	-	12,934,536
Debt service	50,736	-	-	-	-	-	50,736
Capital outlays	-	657,592	-	-	88,460	-	746,052
Total expenditures	<u>16,583,463</u>	<u>723,786</u>	<u>222,288</u>	<u>70,195</u>	<u>155,649</u>	<u>424,658</u>	<u>18,180,039</u>
Excess of revenues over (under) expenditures	<u>694,426</u>	<u>( 693,109)</u>	<u>33,249</u>	<u>( 27,848)</u>	<u>-</u>	<u>95,253</u>	<u>101,971</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers in	48,449	855,414	-	-	-	5,350	909,213
Operating transfers out	( 860,764)	-	-	-	-	( 48,449)	( 909,213)
Total other financing sources (uses)	<u>( 812,315)</u>	<u>855,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 43,099)</u>	<u>-</u>
Net change in fund balance	( 117,889)	162,305	33,249	( 27,848)	-	52,154	101,971
Fund balance - July 1, 2022	<u>4,154,259</u>	<u>3,605,491</u>	<u>173,578</u>	<u>147,182</u>	<u>-</u>	<u>253,636</u>	<u>8,334,146</u>
Fund balance - June 30, 2023	<u>\$ 4,036,370</u>	<u>\$ 3,767,796</u>	<u>\$ 206,827</u>	<u>\$ 119,334</u>	<u>\$ -</u>	<u>\$ 305,790</u>	<u>\$ 8,436,117</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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Net change in fund balances - total governmental funds	\$ 101,971
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Amounts reported for governmental activities in the statement of activities are different due to:

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.

Capital outlay	558,486
Depreciation expense	( 282,933)
Loss on disposal of capital assets	( 12,896)
Total	262,657

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in property taxes - accrual basis change	39,883
Loans and assessments receivable	19,936

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. The details of these differences in the treatment of long-term debt and related items are as follows.

Principal repayments:	
Note payable - direct borrowing	44,579

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:

Change in net pension liability	( 443,881)
Change in compensated absences	19,499

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are amortized as components of pension expense in the statement of activities.

Change in net position of governmental activities	\$ 404,478
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The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

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	Custodial Funds
	<u>Giving Garden</u>
<b>ASSETS</b>	
Due from the General Fund	\$ 2,228
Total assets	<u>\$ 2,228</u>
<b>NET POSITION</b>	
Restricted for:	
Organizations	<u>2,228</u>
Total net position	<u>\$ 2,228</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

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	<u>Custodial Funds</u>
	<u>Giving Garden</u>
<b>Additions</b>	
Gifts	<u>\$ 560</u>
Total additions	<u>560</u>
<b>Deductions</b>	
Payments to organizations	<u>2,627</u>
Total deductions	<u>2,627</u>
Net change in fiduciary net position	( 2,067)
Net position, as restated, July 1, 2022	<u>4,295</u>
Net position, June 30, 2023	<u><u>\$ 2,228</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Town of Middlefield, Connecticut (the Town) adopted a Town Charter which became effective in 1971. The form of government includes a Board of Selectmen consisting of a First Selectman, who is the chief administrative and executive official, and two other members. The Board of Selectmen and the Town Meeting have the legislative power of the Town and may enact ordinances consistent with the General Statutes of the State of Connecticut and specific provisions of the Town Charter.

Additionally, the Town Charter includes a Board of Finance and a Treasurer. The six-member Board of Finance is responsible for presenting fiscal operating budgets for approval to the Annual Town Meeting. The members of the Board of Finance are elected to 4 year terms.

The Treasurer receives all money belonging to the Town and pays it out on the order of the proper authority. The Treasurer is responsible for maintaining the records required by law and has such other powers and duties as are described in the General Statutes.

The Town is a member of Regional School District No. 13 with the Town of Durham. The District provides educational services and facilities for children of the two towns from grades K through 12. The District's board, which is elected on a proportional basis by residents of the participating towns, controls the operation of the District.

The financial reporting entity consist of 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 as set forth by the Governmental Accounting Standards Board (GASB).

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government. The following related organizations, to which the Town appropriates funds annually, do not meet the above criteria and are not included in the reporting entity:

Middlefield Volunteer Fire Company has a separate elected board and provide services to residents, generally within the geographic boundaries of the Town. They are excluded from the reporting entity because the Town does not have the ability to exercise influence or control over the daily operations or approve budgets.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**B. Basis of Presentation**

The financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. GASB is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below:

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Governmental activities, which generally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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. 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, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include property taxes. Property taxes and other items not properly included among program revenues are reported instead as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major individual governmental funds with each being reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 Town, except those required to be accounted for in another fund.

The *Reserve Fund for Capital and Nonrecurring Expenditures* is used to account for financial resources set aside for designated projects of a capital or nonrecurring nature.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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The *Lake Beseck Sewer Fund* accounts for maintenance and operations of the Lake Beseck sewer system.

The *Housing Rehabilitation Programs Fund* accounts for rehabilitation expenditures and subsequent loan repayment activity under the housing rehabilitation program.

The *ARPA Fund* accounts for the proceeds of federal pandemic relief funds that are restricted to expenditures for specific purposes.

Additionally, the Town reports the following fund types:

The Custodial Funds account for funds held by the Town on behalf of outside groups or individuals such as the Giving Garden.

During the course of operations, the Town may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. Certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and 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 in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. 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.



**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Custodial funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments. Investments of the Town are reported at fair value.

**Property Taxes and Other Receivables**

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Property taxes are assessed on property values as of October 1 and billed the following July. Real estate and personal property tax bills are payable in two installments, July 1 and the following January 1, and motor vehicle taxes are payable in one installment on July 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Taxes become overdue one month after the installment due date. Delinquent taxes are charged interest at the rate of 18% per year (1.5% per month). The Town has the ability to impose a lien on a taxpayer if any tax, other than motor vehicle, due to the Town is not paid within the time allowed. The lien shall be effective for a period of 15 years from the date of filing unless discharged. A notice of lien shall not be effective if filed more than 2 years from the date of assessment for the taxes claimed to be due.

Section 12-165 of the General Statutes of the State of Connecticut requires each municipality to write-off, on an annual basis, the property taxes which are deemed uncollectible. Property taxes and related interest receivable at June 30, 2023 are stated net of an allowance for uncollectible amount of \$4,200.

State statutes require that a revaluation be done every five years. The last revaluation completed and enacted was for the list of October 1, 2021.

The Town administers a residential rehabilitation loan program for low to moderate income families. The loans bear an interest rate of 0.00%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2023, loans receivable totaled \$600,077 under this program.

During the course of operations, numerous transactions occur between individual funds that may result in amounts being owed between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/due from other funds". Interfund receivables and payables within governmental activities are eliminated in the Statement of Net Position.

## **Leases**

### **Lessor**

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Town's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Town accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

**Lessee**

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the Town initially measures the least liability at the present value of payments expected to be made during the least term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Town is reasonably certain to exercise.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include land and related improvements, buildings and related improvements, equipment and vehicles, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements.

Capital assets used in governmental fund operations are accounted for as capital outlays, or departmental expenditures in the fund financial statements upon acquisition.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has elected not to capitalize infrastructure assets acquired prior to July 1, 2003, the implementation date of GASB Statement Number 34.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital asset is not included as part of the capitalized value of the asset constructed. Depreciation starts once an asset is placed in service.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

Buildings and related improvements, land improvements, equipment and vehicles, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land	N/A
Buildings	50
Building improvements	25
Infrastructure	20 - 70
Vehicles and heavy equipment	7 - 20
Other equipment	5

### **Unearned Revenues**

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from pension contributions after the measurement date, differences between expected and actual experience, net differences between projected and actual earnings and the change in proportional share. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to leases in the government-wide statement of net position and in the governmental funds balance sheet. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. The Town reports deferred inflows of resources related to pension in the government-wide statement of net position. A deferred inflow of resources related to pension results from the difference between expected and actual experience and the change in the proportional share. This amount is deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees). Also, for the governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, grants and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Employees are paid by prescribed formula for absences due to vacation or sickness. Accumulated vacation and sick pay earned and not paid for governmental funds as of June 30, 2023 amounted to \$102,232. This liability for unpaid vacation and sick leave is reflected in the government-wide statement of position.

**Net Pension Liability**

The Town is a participating municipality in the Connecticut Municipal Employees Retirement System (CMERS) which is a cost-sharing multiple-employer public pension plan offered by the State of Connecticut for municipal employees in participating municipalities.

The net pension liability is measured as the Town's proportionate share of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plans' fiduciary net position. The pension plans' fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net position liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the effective interest method. Bonds payable are reported net of any significant 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.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Net Position/Fund Balance**

#### **Government-wide Financial Statements**

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

***Net investment in capital assets*** - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

***Restricted net position*** - this component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted net position*** - this component of net position is the net amount of assets, liabilities, and deferred outflows/inflows of resources, which do not meet the definition of the two preceding categories.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

#### **Fund Financial Statements**

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

***Nonspendable Fund Balance*** - represents amounts that cannot be spent because they are either (a) not in spendable form - such as inventory or prepaid items or (b) legally or contractually required to be maintained intact - such as a trust that must be maintained in perpetuity.

***Restricted Fund Balance*** - represents amounts that are constrained for a specific purpose by either (a) external parties, such as grantors, creditors, contributors, or laws and regulations of their government or (b) imposed by law through constitutional provisions or enabling legislation.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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***Committed Fund Balance*** - represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Town Meeting is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Committed Fund Balance is also an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

***Assigned Fund Balance*** - represents amounts that are constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by a governing board or body or official that has been delegated to the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining positive amounts that are reported in governmental funds (other than the General Fund) that are not classified as spendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Town of Middlefield itself.

***Unassigned Fund Balance*** - represents the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**Fund Balance Flow Assumptions** - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.



**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenses and expenditures. Actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through February 6, 2024, the date the financial statements were available to be issued.

**Prior Period Adjustment**

The Town previously reported the activities of the Volunteer Fire Department Supplementary Benefit Fund as a Custodial Fund. It has been determined that this Fund does not meet the definition as a Custodial Fund as defined by GASB Statement No. 84 and will no longer be reported.

	<u>Custodial Funds</u>
Fiduciary Funds	
Balance as previously reported, June 30, 2022	\$ 567,062
Adjustments:	
Volunteer Fire Department Supplementary Benefit Fund not required to be reported	<u>( 562,767)</u>
Balance as restated, July 1, 2022	<u>\$ 4,295</u>

**2. Stewardship, Compliance and Accountability**

Not later than one hundred twenty (120) days before the end of this fiscal year, the First Selectman is required to present to the Board of Selectmen and the Board of Finance a budget for the ensuing year. The Board of Finance is required to hold at least two public hearings and present a proposed budget to Town Meeting for consideration and adoption on the second Monday in May.

The Board of Finance, on request by Town agencies or officers, may make special appropriations, but any such special appropriation which exceeds one half of one percent of the current general government shall require approval by vote of Town Meeting. Additional appropriations during the year represented line item transfers. There were no additional appropriation from General Fund balance during the fiscal year ended June 30, 2023.

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The Town maintains a Reserve Fund for Capital and Nonrecurring Expenditures (Special Revenue Fund) in accordance with the State of Connecticut General Statutes. Payments or withdrawals from the reserve fund are made on the recommendation of the Board of Finance and approved by vote of any regular or special Town Meeting.

There is a Lake Beseck Fund and a Route 66 Sewer Fund (Special Revenue Funds) which are utilized to account for the operation of the sanitary systems in the Route 66 area of the Town and the Lake Beseck area. Annual operations are financed primarily through user fees levied against those properties actually connected to the system.

Budgets for other special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Appropriations for construction or other permanent improvements, from whatever source derived, do not lapse until the purpose for which the appropriation was made shall have been accomplished or abandoned, provided that any project is deemed to have been abandoned if three (3) fiscal years shall have elapsed without any expenditure from or encumbrance of the appropriations therefore.

Legal authorization for capital projects spending is provided by the related bond ordinances and/or intergovernmental grant agreements.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts, etc.) outstanding at year-end are reported as Assigned Fund Balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### **3. Cash, Cash Equivalents and Investments**

#### **Cash and Cash Equivalents**

The deposit of public funds is controlled by Connecticut General Statutes. Deposits may be invested in any "qualified public depository" as defined by State Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation (FDIC) insurance limit, in an "out of state bank", as defined by the State Statutes, which is not a "qualified public depository".

The State Statutes also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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The following is a summary of cash and cash equivalents at June 30, 2023:

	<u>Government-Wide</u>
	<u>Statement of Net Position</u>
Demand, savings and money market accounts	\$ 8,127,742
Petty cash	100
Connecticut Short-term Investment Fund (STIF)	<u>962,145</u>
 Total cash and cash equivalents	 <u>\$ 9,089,987</u>

At June 30, 2023, the carrying amount of the Town's deposits with financial institutions was \$8,126,175 and the bank balance was \$8,934,049.

Custodial credit risk is the risk that, in the event of a bank failure, the Town would not be able to recover its deposits or would not be able to recover collateral securities that are in possession of an outside party. The Town does not have a deposit policy for custodial risk. Of the June 30, 2023 bank balance, \$746,616 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$818,743, based on the June 30, 2023 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The remaining bank balance of \$7,368,690 was uninsured and uncollateralized.

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2023, the Town's cash equivalents amounted to \$962,145.

STIF is rated AAAM by Standard & Poor's. The Town's cash equivalents held in the STIF are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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**4. Property Taxes and Other Receivables**

Receivables as of year-end for the Town's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Reserve Fund for CNRE	Lake Beseck	Housing Rehabilitation Programs	Other Governmental Funds	Total
Property taxes, net	\$ 310,636	\$ -	\$ -	\$ -	\$ -	\$ 310,636
Interest and liens, net	112,363	-	-	-	-	112,363
Intergovernmental	-	30,677	-	-	128,205	158,882
Leases	205,702	-	-	-	-	205,702
Loans	-	-	-	600,077	-	600,077
Other	42,244	-	64,085	-	13,815	120,144
Net total receivables	<u>\$ 670,945</u>	<u>\$ 30,677</u>	<u>\$ 64,085</u>	<u>\$ 600,077</u>	<u>\$ 142,020</u>	<u>\$ 1,507,804</u>

**5. Leases Receivable**

The Town, acting as lessor, leases a cell tower space under a long-term, noncancelable lease agreement. The lease expires April 30, 2024. During the year ended June 30, 2023, the Town recognized \$44,271 and \$1,864 in lease revenue and interest revenue, respectively, pursuant to this contract.

The Town, acting as lessor, leases land under a long-term, noncancelable lease agreement. The lease expires March 31, 2028 and provides for a renewal option of ten years. During the year ended June 30, 2023, the Town recognized \$10,862 and \$5,192 in lease revenue and interest revenue, respectively, pursuant to this contract.

Total future minimum lease payments to be received under lease agreements are as follows:

Fiscal year ended June 30	Principal	Interest
2024	\$ 46,860	\$ 5,470
2025	9,137	4,663
2026	9,414	4,386
2027	9,699	4,101
2028	10,183	3,817
2029 - 2033	57,940	14,060
2034 - 2038	62,469	4,733
	<u>\$ 205,702</u>	<u>\$ 41,230</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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**6. Interfund Transactions**

**Interfund Balances**

Interfund balances consisted of the following at June 30, 2023, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 80,076	\$ 4,857,693
Reserve Fund for Capital and Nonrecurring Expenditures	3,760,790	-
Lake Beseck	4,952	119,726
Housing Rehabilitation Programs	-	31,329
ARPA	1,082,111	-
Nonmajor Governmental Funds:		
Route 66 Sewer Project	-	17,286
Town Aid Road	156,693	-
Park and Recreation Commission	55,580	-
Old Indian Trail Water System	11,547	-
Miscellaneous Grants	-	122,498
Special Purpose Fund	-	22,727
Donation Fund	1,037	-
Lake Shore Drive	16,245	-
Fiduciary Funds:		
Giving Gardens	2,228	-
	<u>\$ 5,171,259</u>	<u>\$ 5,171,259</u>

All interfund receivables and payables represent routine recurring transactions that are temporary in nature.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Interfund Transfers**

Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 48,449	\$ 860,764
Reserve Fund for Capital and Nonrecurring Expenditures	855,414	-
Nonmajor Governmental Funds:		
Park & Recreation Commission	-	48,449
Old Indian Trail Water System	<u>5,350</u>	<u>-</u>
	<u><u>\$ 909,213</u></u>	<u><u>\$ 909,213</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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**7. Capital Assets**

Capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions\ Transfers	Disposals\ Transfers	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,348,689	\$ -	\$ -	\$ 4,348,689
Powder Ridge development rights	1,893,919	-	-	1,893,919
Total capital assets, not being depreciated	6,242,608	-	-	6,242,608
Capital assets, being depreciated:				
Buildings and improvements	2,245,519	21,216	-	2,266,735
Machinery, equipment and vehicles	4,254,416	537,270	( 106,356)	4,685,379
Infrastructure	1,384,737	-	-	1,384,737
Total capital assets, being depreciated	7,884,672	558,486	( 106,356)	8,336,851
Less, accumulated depreciation for:				
Buildings and improvements	1,518,479	56,550	-	1,575,029
Machinery, equipment and vehicles	2,483,360	191,486	( 93,460)	2,581,386
Infrastructure	310,228	34,897	-	345,125
Total accumulated depreciation	4,312,067	282,933	( 93,460)	4,501,540
Total capital assets, being depreciated, net	3,572,605	275,553	( 12,896)	3,835,311
Total net capital assets, governmental activities	<u>\$ 9,815,213</u>	<u>\$ 275,553</u>	<u>(\$ 12,896)</u>	<u>\$10,077,919</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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Depreciation expense was charged to functions/programs as follows:

General government	\$ 36,565
Public safety	99,424
Public works	129,651
Health and welfare	4,119
Parks and recreation	<u>13,174</u>
Total depreciation expense-governmental activities	<u>\$ 282,933</u>

**8. Long-Term Obligations**

During the year ended June 30, 2023, the following changes occurred in long-term obligations:

Description	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion
Long-term obligations:					
Note payable - direct borrowing	\$ 234,890	\$ -	\$ 44,579	\$ 190,311	\$ 45,748
Compensated absences	121,731	-	19,499	102,232	41,846
Net pension liability	<u>479,947</u>	<u>443,881</u>	<u>-</u>	<u>923,828</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$ 836,568</u>	<u>\$443,881</u>	<u>\$ 64,078</u>	<u>\$ 1,216,371</u>	<u>\$ 87,594</u>

**Note Payable – Direct Borrowing**

The Town has a note payable for the acquisition of communication equipment. The equipment is recorded in capital assets in the amount of \$325,000 with accumulated amortization of \$62,000. The equipment is being amortized over 20 years. Amortization expense totaled \$16,250 and it is included in depreciation expense.

The annual future lease payments as of June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal Payments	Interest Payments
2024	\$ 45,748	\$ 4,988
2025	46,947	3,789
2026	48,177	2,559
2027	<u>49,439</u>	<u>1,296</u>
Total	<u>\$ 190,311</u>	<u>\$ 12,632</u>



**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Present Indebtedness	Balance
General purpose	\$ 31,083,386	\$ -	\$ 31,083,386
Schools	62,166,771	2,683,800	59,482,971
Sewers	51,805,643	-	51,805,643
Urban renewal	44,898,224	-	44,898,224
Pension deficit	41,444,514	-	41,444,514

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$96,703,866.

Middlefield is a member of Regional School District Number 13 which provides educational facilities for the Towns of Middlefield and Durham. As of June 30, 2023, the outstanding indebtedness of the District was \$7,560,000. These are general obligations of the Regional School District Number 13 and its member towns. The Town of Middlefield's share of the bonded indebtedness is approximately 35.50% or \$2,683,800.

### **Compensated Absences**

Employees can accumulate unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provides for payments to vested employees net of provisions to exchange selected amounts of accumulated sick time for pension service years.

The following is a summary of management's estimate of vested potential liability for lump-sum payments to employees as of June 30, 2023:

Town:	
Sick	\$ 80,514
Vacation	<u>21,718</u>
Total	<u>\$ 102,232</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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**9. Fund Balances**

The following is a summary of the Governmental Fund balances of the Town at the year ended June 30, 2023:

General Fund:	
Nonspendable	\$ 805,509
Committed for subsequent year's budget	850,000
Unassigned	<u>2,380,861</u>
Total General Fund Balance	<u>4,036,370</u>
Reserve Fund for Capital and Nonrecurring Expenditures:	
Committed for capital projects	3,767,796
Lake Beseck:	
Committed for public works	206,827
Housing Rehabilitation Programs:	
Restricted for housing loans	119,334
Other Governmental Funds:	
Restricted for general government	9,872
Restricted for public works	174,746
Committed for public works	84,636
Committed for parks and recreation	68,978
Unassigned	<u>( 32,442)</u>
Total Other Governmental Fund Balances	<u>305,790</u>
Total Governmental Fund Balances	<u>\$ 8,436,117</u>

The Miscellaneous Grants, Special Purpose Fund and Wastewater Infrastructure Fund had fund balance deficits of \$293, \$24,384 and \$7,765 at June 30, 2023. These fund balance deficits represent the excess of expenditures over actual revenues. It is anticipated that this deficit will be funded by revenues to be generated in future years.

**10. Employee Retirement System and Pension Plans**

**Connecticut Municipal Employees' Retirement System**

Plan Description

Substantially all Town employees participate in the Connecticut Municipal Employees' Retirement System (CMERS), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. The State Retirement Commission acts solely as the administrator and custodian of the assets of CMERS. The State makes no contribution to CMERS.

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Title 7, Chapter 113 of the Connecticut General Statutes, which can be amended by legislative action, establishes plan benefits, cost-of-living adjustments, contribution requirements for plan members and participating municipalities, and other plan provisions.

The plan has four sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Benefit Provisions

**Normal Retirement:** A member may retire at age 55 with 5 years of continuous services, or 15 years of active aggregate service, or 25 years of aggregate service. There is compulsory retirement at age 65 for police and fire members. A member not covered by Social Security is eligible for vested benefits of 2% of average final compensation times years of service. A member covered by Social Security is eligible for vested benefits of 1.5% of average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and maximum include Workers Compensation and Social Security benefits.

**Early Retirement:** A member is eligible after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**Disability Retirement:** Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

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Contributions

Members not covered by Social Security are required to contribute 5% of compensation. Members covered by Social Security are required to contribute 4.25% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Each participating municipality makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions. The current rate is 17.55% of annual covered payroll.

**Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the Town reported a liability of \$923,828 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportionate share of the net pension liability was based upon the Town's 2022 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2022, the Town's proportional share was .205476% for general employees.

For the year ended June 30, 2023, the Town recognized pension expense of \$188,567. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 135,975	\$ -
Differences between expected and actual experience	69,418	38,996
Employer change in proportional share	61,850	42,356
Town contributions subsequent to measurement date	111,948	-
	<u>\$ 379,191</u>	<u>\$ 81,352</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
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The Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Net differences between projected and actual earnings and the employer change in proportional share are amortized over 5 years. Difference between expected and actual experience, and changes in assumptions are amortized over the average remaining service period of actives and inactive, which is 4.78 years.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending June 30

2023	\$ 135,548
2024	34,837
2025	38,956
2026	88,498

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions:

Inflation	2.50%
Salary increases, including inflation	3.50 - 10.00%
Long-term investment rate of return, net of pension plan investment expenses, including inflation	7.00%

Mortality rates were based on:

The RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.

The RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

Future cost-of-living adjustments (COLA) for members who retire on or after January 1, 2002 are 60% of the annual increase in the Consumer Price Index up to 6.0%. The minimum annual COLA is 2.5%, the maximum is 6.0%.

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return

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(expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37.0 %	6.9 %
Public credit	2.0	2.9
Core fixed income	13.0	0.4
Liquidity fund	1.0	-0.4
Risk mitigation	5.0	0.1
Private equity	15.0	11.2
Private credit	10.0	6.2
Real estate	10.0	6.3
Infra. & natural resources	<u>7.0</u>	<u>7.7</u>
	<u>100.0 %</u>	

Discount rate - the discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) of the Town, calculated using the discount rate of 7.0%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's net pension liability:			
General employees with social security	\$ 1,265,053	\$ 923,828	\$ 637,979

**Plan fiduciary net position**

Detailed information about the CMERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2022.

**VFIS Defined Contribution Service Award Program**

Plan Description

The Town sponsors a length of service award program (LOSAP), a defined contribution service award program, for the benefit of the volunteer fire personnel of The Middlefield Volunteer Fire Company (MVFC). The plan was established June 1995 by the Town and was revised in January 2023. Changes to the plan, including discontinuation of the LOSAP Plan, may be made by the Town.

Active members of MVFC shall become a participant in the plan on the first day of the point system year. All participants who meet the minimum requirements of participation and complete a year of service shall be eligible for an annual contribution funded by the Town. Participants may not make contributions to this plan. Annual Contributions of \$600 to \$1,200 will be contributed annually on behalf of each participant who completes a year of service.

A participant's account balance shall be fully vested when at least one of the following criteria is satisfied:

- At least ten (10) years of membership have been awarded in the plan;
- Definition of total and permanent disability while a participant, as set forth by this plan, is satisfied;
- Death occurs while a participant; or
- In accordance with the vesting schedule (10% for each year of membership)

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The Town contributed \$22,000 to the plan in the year ended June 30, 2023. At June 30, 2023, there were 37 participants.

**11. Jointly Governed Organization**

The Town is a participant in the organization described below:

Durham Middlefield Interlocal Agreement Advisory Board (DMIAAB) - The Town and the Town of Durham Town Meetings each appoint four members to the governing board of DMIAAB, which operates a shared refuse transfer station. The Town expended \$179,463 for operations for the year ended June 30, 2023.

**12. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; worker's compensation and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

**13. Commitments, Contingencies and Uncertainties**

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowances, if any, will not be material.

**14. Subsequent Event**

In October, 2023 the Town, acting as lessor, executed the first amendment to the communication site lease agreement (cell tower space) which will extended the lease term for a fifty year period until October, 2073. The lessee, SBA 2012 TC Assets, LLC paid a lump sum of \$2,200,000 upon execution of the agreement, which shall represent all rent due for the balance of the lease term.



**TOWN OF MIDDLEFIELD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Taxes, interest and lien fees:				
Property tax collections	\$ 14,320,418	\$ 14,320,418	\$ 14,439,721	\$ 119,303
Total taxes, interest and lien fees	14,320,418	14,320,418	14,439,721	119,303
Intergovernmental:				
Pequot-Mohegan grant	5,616	5,616	5,616	-
Municipal projects grant	248,652	248,652	248,652	-
Municipal stabilization grant	14,971	14,971	14,971	-
PILOT - veterans relief	3,373	3,373	3,473	100
PILOT - disabled program	386	386	372	( 14)
Judicial fines	1,100	1,100	1,485	385
Senior/disabled bus service	7,500	7,500	-	( 7,500)
Other	5,000	5,000	26,988	21,988
Pilot- tiered reimbursement	8,022	8,022	96,339	88,317
Education cost sharing grant	1,888,165	1,888,165	1,888,165	-
Total Intergovernmental	2,182,785	2,182,785	2,286,061	103,276
Charges for services:				
Licenses and permits	2,700	2,700	2,016	( 684)
Land use department	70,000	70,000	95,213	25,213
Town Clerk	95,000	95,000	77,430	( 17,570)
Police department services	1,000	1,000	-	( 1,000)
Fire department services	-	-	2,981	2,981
Fire marshal fees	-	-	120	120
Health department fees	400	400	6,839	6,439
Dog licenses and fees	3,500	3,500	1,220	( 2,280)
Beach passes	2,600	2,600	2,075	( 525)
Miscellaneous	1,500	1,500	810	( 690)
Total charges for services	176,700	176,700	188,704	12,004

. . .Continued. . .

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Other revenue:				
Middlefield Housing Authority	\$ 16,000	\$ 16,000	\$ 22,825	\$ 6,825
Joseph E. Coe trust fund	9,440	9,440	9,774	334
Property and equipment sales	65,000	65,000	3,203	( 61,797)
Telephone access line tax	8,064	8,064	7,922	( 142)
Rental of Town property	60,036	60,036	68,091	8,055
Miscellaneous	5,000	5,000	19,280	14,280
Total other revenue	163,540	163,540	131,095	( 32,445)
Transfers from other funds:				
Park and recreation fund - summer camp	45,770	45,770	48,449	2,679
Miscellaneous grants fund	-	-	-	-
Old Indian Trial fund	2,500	2,500	-	( 2,500)
WPCA - Route 66 sewer system	750	750	-	( 750)
WPCA - Lake Beseck sewer system	1,500	1,500	-	( 1,500)
Total transfers from other funds	50,520	50,520	48,449	( 2,071)
Revenue from the use of money:				
Interest income	20,000	20,000	232,308	212,308
Total revenue from the use of money	20,000	20,000	232,308	212,308
Other financing sources:				
General Fund balance	800,000	800,000	800,000	-
Total other financing sources	800,000	800,000	800,000	-
Total revenues and other financing sources	<u>\$ 17,713,963</u>	<u>\$ 17,713,963</u>	<u>\$ 18,126,338</u>	<u>\$ 412,375</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
General Government:				
Selectman's Office:				
First Selectman's salary	\$ 87,211	\$ 87,211	\$ 87,210	\$ 1
Selectmen's salaries	10,935	10,935	10,935	-
Administrative Assistant	63,392	64,693	64,693	-
Finance Director	102,500	100,646	100,646	-
Account payable assistant/floater	7,627	6,471	4,492	1,979
Accounting software license	7,510	7,510	5,364	2,146
Payroll service fees	5,527	7,430	7,430	-
Dues and organizations	5,100	5,115	5,115	-
Office expenses	9,750	20,679	20,679	-
Total Selectman's office	299,552	310,690	306,564	4,126
Professional Services:				
Town Engineer	25,900	18,080	18,080	-
Town and regional planning	9,000	9,013	9,013	-
Town planner	50,265	50,265	48,329	1,936
Town counsel	10,000	19,891	19,891	-
Labor counsel	3,000	3,308	3,308	-
Legal notices	5,725	5,725	4,064	1,661
Town auditor	25,500	26,460	26,460	-
Consultants	5,000	2,495	-	2,495
Computer network support	29,940	29,940	24,382	5,558
Town web site	750	1,225	1,225	-
Total professional services	165,080	166,402	154,752	11,650
Municipal Insurances:				
Property/auto/liability	63,105	64,438	64,438	-
Insurance deductibles	2,500	-	-	-
Cyber liability coverage	10,000	16,000	16,000	-
Worker's compensation	37,242	37,285	37,285	-
Total municipal insurances	112,847	117,723	117,723	-
General and Central Services:				
Town Hall building expenses	15,000	14,448	14,442	6
Community Center building expenses	37,000	48,072	48,072	-
Street lighting	18,000	17,245	17,245	-
Lake Beseck drawdown expense	3,625	-	-	-
Telephone/postage/copier expenses	34,450	28,164	28,164	-
Custodian salary	28,019	27,905	27,905	-
Facilities manager	13,872	13,730	13,730	-
Automobile maintenance	3,400	3,044	3,044	-
Town vehicle fuel	17,150	23,256	23,256	-
Old North Cemetery	4,000	250	250	-
Total general and central services	174,516	176,114	176,108	6

... Continued ...

**TOWN OF MIDDLEFIELD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2023  
... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Employee Benefits:				
Social security	\$ 96,224	\$ 96,224	\$ 90,383	\$ 5,841
Health/life insurance	270,902	251,315	250,192	1,123
Pension - municipal employees	92,361	111,948	111,948	-
Pension - elected officials	5,098	5,098	5,098	-
Total employee benefits	464,585	464,585	457,621	6,964
Town Clerk:				
Town Clerk salary	57,596	57,636	57,636	-
Index, recording, vital statistics	2,000	2,000	400	1,600
Records system license	12,564	13,451	13,451	-
Town Clerk assistant	44,237	43,310	10,650	32,660
Town records restoration	2,000	2,000	325	1,675
Conferences and dues	500	500	300	200
Office expenses	2,000	2,000	1,349	651
Total Town Clerk	120,897	120,897	84,111	36,786
Tax Collector:				
Tax Collector's salary	44,719	44,719	44,719	-
Tax Collector assistant	2,000	2,000	1,470	530
System software license	11,456	11,456	11,414	42
Conferences and dues	200	200	95	105
Office expenses	700	700	365	335
Total Tax Collector	59,075	59,075	58,063	1,012
Treasurer:				
Treasurer's salary	7,243	7,243	7,243	-
Bank reconciliation services	2,400	2,400	-	2,400
Total Treasurer	9,643	9,643	7,243	2,400
Registrars of Voters:				
Registrars' salary	18,011	18,011	18,011	-
Election expenses	13,460	20,073	20,072	1
COVID related expenses	1	1	-	1
Education and training	1,300	1,300	1,295	5
Conferences and dues	1,000	664	664	-
Office expenses	600	903	903	-
Total Registrars of Voters	34,372	40,952	40,945	7

... Continued ...

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Land Use/Health Department:				
Building official	\$ 36,994	\$ 36,994	\$ 36,609	\$ 385
Office assistant	53,478	53,478	53,421	57
Zoning officer	27,746	27,746	27,453	293
Inland/wetlands agent	14,408	14,507	14,507	-
DEEP/education fees	3,300	3,300	2,937	363
Water testing/lab fees	1,000	1,307	1,307	-
Water filter service	4,093	3,687	3,443	244
Conferences and dues	300	300	96	204
Office expenses	4,500	4,500	3,489	1,011
Travel reimbursement	2,000	2,000	-	2,000
Total land use/health department	147,819	147,819	143,262	4,557
Assessor's Office:				
Assessor	88,463	86,773	86,773	-
System software license	18,700	18,200	18,199	1
Assessor assistant	1,200	2,500	2,500	-
Conferences and dues	1,450	1,763	1,763	-
GIS system software	7,200	7,190	7,190	-
Office expenses	2,600	3,292	3,292	-
Total Assessor's office	119,613	119,718	119,717	1
Boards and Commissions:				
Board of Selectmen	1	2,853	2,853	-
Board of Finance	2,300	2,300	-	2,300
Board of Assessment Appeals	750	750	750	-
Planning and Zoning Commission	17,000	12,629	3,807	8,822
Economic Development Commission	1	236	236	-
Inland Wetlands Agency	10,250	10,250	5,610	4,640
Zoning Board of Appeals	3,000	3,000	2,277	723
Fire Dept. Building Committee	1,000	1,733	1,733	-
Conservation Commission	250	250	210	40
Park and Recreation Commission	480	480	-	480
Charter Revision Commission	1	552	552	-
Lake Beseck Ad-Hoc Committee	19,490	19,490	8,331	11,159
Total boards and commissions	54,523	54,523	26,359	28,164
Reserve for Contingencies:				
Operational	58,487	16,369	-	16,369
Staff coverages	5,000	5,000	-	5,000
Total reserve for contingencies	63,487	21,369	-	21,369

... Continued ...

**TOWN OF MIDDLEFIELD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2023  
... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Outside Agencies:				
DMIAAB operations	\$ 179,463	\$ 179,463	\$ 179,463	\$ -
Regional hazardous waste	10,571	10,571	6,664	3,907
Levi E. Coe Library	310,531	310,531	310,531	-
Youth and Family Services	30,500	30,500	30,500	-
911 - Valley Shore	61,543	61,543	61,543	-
Middlefield Cemetery Association	4,526	4,526	4,526	-
Probate Court	5,400	5,394	4,550	844
Old Homes Day Committee	-	-	-	-
Plainville/Southington Health District	29,127	29,133	29,133	-
Total outside agencies	631,661	631,661	626,910	4,751
Sewer System Services:				
Brookside Drive system	6,120	11,347	11,347	-
WPCA - Route 66 system	750	750	214	536
WPCA - Lake Beseck system	2,200	2,200	970	1,230
Total sewer system services	9,070	14,297	12,531	1,766
Total general government	2,466,740	2,455,468	2,331,909	123,559
Public Safety:				
Police Department:				
Payroll	353,699	353,699	273,221	80,478
Overtime and private duty	30,000	30,000	17,879	12,121
Equipment	3,000	765	-	765
Secretary	9,056	11,291	11,291	-
Sundry expenses	1,200	1,200	818	382
Total police department	396,955	396,955	303,209	93,746
Fire Department:				
Fire house operations	38,000	42,533	42,533	-
Truck operations and maintenance	35,000	30,780	30,780	-
Communications	4,000	4,000	2,871	1,129
Equipment and supplies	20,000	22,950	22,950	-
Physicals and wellness	10,000	5,896	5,387	509
Training and preparedness	12,000	14,000	13,999	1
Life insurance	9,600	9,600	7,321	2,279
Appreciation Night	6,000	6,000	5,956	44
COVID related expenses	1	1	-	1
Supplemental benefits	26,200	26,200	22,495	3,705
Part time labor	19,398	19,398	17,583	1,815
Total fire department	180,199	181,358	171,875	9,483

... Continued ...

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Fire Marshal:				
Fire Marshal salary	\$ 13,732	\$ 13,732	\$ 13,732	\$ -
Deputy callout expenses	2,000	2,120	2,120	-
Vehicle expense	1	1	-	1
Conferences and dues	2,600	3,074	3,074	-
Sundry expenses	-	75	75	-
Total fire marshal	18,333	19,002	19,001	1
Emergency Management:				
Director's stipend	9,351	9,351	9,351	-
Assistant Director's stipend	100	100	-	100
Shelter equipment	6,000	6,000	164	5,836
Communications equipment	500	783	783	-
Emergency notification system	3,500	3,611	3,611	-
Sundry expenses	4,000	3,606	344	3,262
COVID related expenses	1	1	-	1
Total emergency management	23,452	23,452	14,253	9,199
Animal Control:				
Animal Control Officer	19,522	19,522	19,522	-
Vehicle allowance	1,000	-	-	-
Shelter and animal expenses	1,560	3,840	3,840	-
State of Connecticut fees	2,050	1,993	1,993	-
Sundry expenses	1,650	1,783	1,782	1
Total animal control	25,782	27,138	27,137	1
Total public safety	644,721	647,905	535,475	112,430
Public Works:				
Payroll	301,573	302,258	302,258	-
Snow removal expenses	57,590	38,704	27,521	11,183
Equipment maintenance	42,500	45,807	45,807	-
Overtime expenses	34,934	34,934	24,406	10,528
Road maintenance	71,500	79,932	79,932	-
Garage expenses	16,500	20,980	20,980	-
Sundry expenses	7,400	9,382	9,382	-
Tree Warden stipend	2,279	2,279	2,279	-
Total public works	534,276	534,276	512,565	21,711

... Continued ...

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Health and Welfare:				
Senior/Social Services:				
Municipal agent	\$ 39,322	\$ 39,326	\$ 39,326	(\$ -
Senior Center activities	8,900	7,986	7,898	88
Senior Center meals	1	1	-	1
Dial-A-Ride program	16,280	17,190	17,190	-
Office assistants	800	800	-	800
Social services agencies	3,000	3,000	-	3,000
Senior/disabled bus service	7,500	7,500	( 622)	8,122
Conferences and dues	50	50	50	-
Office expenses	100	100	76	24
Total senior/social services	<u>75,953</u>	<u>75,953</u>	<u>63,918</u>	<u>12,035</u>
Parks and Recreation:				
Director's salary	38,502	38,502	38,502	-
Peckham Park expenses	36,805	39,297	39,297	-
Lake Beseck Park expenses	24,728	23,178	23,177	1
Summer camp payroll	39,922	48,449	48,449	-
Summer entertainment	1,000	1,200	1,200	-
Office expenses	5,280	3,699	3,699	-
Total parks and recreation	<u>146,237</u>	<u>154,325</u>	<u>154,324</u>	<u>1</u>
Education:				
Regional School District No. 13	<u>12,934,536</u>	<u>12,934,536</u>	<u>12,934,536</u>	<u>-</u>
Total Education	<u>12,934,536</u>	<u>12,934,536</u>	<u>12,934,536</u>	<u>-</u>
Debt Service:				
TDBank lease - fire department	<u>50,736</u>	<u>50,736</u>	<u>50,736</u>	<u>-</u>
Total debt service	<u>50,736</u>	<u>50,736</u>	<u>50,736</u>	<u>-</u>
Transfers to Other Funds:				
Capital/nonrecurring fund	855,414	855,414	855,414	-
Old Indian Trail fund	<u>5,350</u>	<u>5,350</u>	<u>5,350</u>	<u>-</u>
Total transfers to other funds	<u>860,764</u>	<u>860,764</u>	<u>860,764</u>	<u>-</u>
Total expenditures and transfers	<u>\$ 17,713,963</u>	<u>\$ 17,713,963</u>	<u>17,444,227</u>	<u>\$ 269,736</u>
Encumbrances expended in the current fiscal year			<u>-</u>	
GAAP basis expenditures and transfers out			<u>\$ 17,444,227</u>	



**TOWN OF MIDDLEFIELD, CONNECTICUT  
SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
(General Employees with Social Security)  
LAST NINE FISCAL YEARS**

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.205476 %	0.202786 %	0.164151 %	0.210108 %	0.177762 %	0.215661 %	0.215661 %	0.248455 %	0.248455 %
Town's proportionate share of the net pension liability	\$ 923,828	\$ 479,947	\$ 644,624	\$ 775,469	\$ 679,866	\$ 356,490	\$ 423,294	\$ 340,162	\$ 241,151
Town's covered payroll	\$ 578,810	\$ 549,108	\$ 420,392	\$ 540,128	\$ 500,367	\$ 513,375	\$ 513,375	\$ 551,335	\$ 551,335
Town's proportionate share of the net pension liability as a percentage of its covered payroll	159.61 %	87.40 %	153.34 %	143.57 %	135.87 %	69.44 %	82.45 %	61.70 %	43.74 %
Plan fiduciary net position as a percentage of the total pension liability	68.71 %	82.59 %	71.18 %	72.69 %	73.60 %	91.68 %	88.29 %	92.72 %	90.48 %

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

**TOWN OF MIDDLEFIELD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
(General Employees with Social Security)  
LAST NINE FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 86,791	\$ 61,611	\$ 58,190	\$ 65,749	\$ 53,402	\$ 54,653	\$ 67,594	\$ 80,123	\$ 77,986
Contributions in relation to the contractually required contribution	<u>86,791</u>	<u>61,611</u>	<u>58,190</u>	<u>65,749</u>	<u>53,402</u>	<u>54,653</u>	<u>67,594</u>	<u>80,123</u>	<u>77,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 578,810	\$ 549,108	\$ 420,392	\$ 540,128	\$ 500,367	\$ 513,375	\$ 513,375	\$ 551,335	\$ 551,335
Contributions as a percentage of covered payroll	14.99 %	11.22 %	13.84 %	12.17 %	10.67 %	10.65 %	13.17 %	14.53 %	14.14 %

**Notes to Schedule**

Valuation Date June 30, 2022  
Measurement Date June 30, 2022  
The actuarially determined contributions are calculated as of June 30, each biennium for the fiscal years ending two or three years after the valuation date.

Methods and assumptions used to determine the most recent contributions:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	20 years
Asset valuation method	5 year smoothed market (20% write up)
Inflation	2.50%
Salary increases	3.50%-10.00%, including inflation
Investment rate of return	7.00%, net of investment related expense
Mortality	RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB

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

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Current List Year	Uncollected Taxes July 1, 2022 and Current Levy	Lawful Corrections		Transfer to Suspense	Adjusted Taxes Collectible	Actual Cash Collections				Uncollected Taxes June 30, 2023
		Additions	Deductions			Taxes	Interest	Lien and Other Fees	Total	
2021	\$ 14,419,291	\$ 6,720	\$ 32,562	\$ -	\$ 14,393,449	\$ 14,204,329	\$ 40,703	\$ 1,846	\$ 14,246,878	\$ 189,120
2020	238,798	315	1,771	42,413	194,929	128,691	19,443	968	149,102	66,238
2019	55,552	2	467	-	55,087	33,381	13,727	240	47,348	21,706
2018	30,981	200	-	-	31,181	17,629	7,836	192	25,657	13,552
2017	10,250	5,695	-	-	15,945	14,591	8,100	116	22,807	1,354
2016	206	344	229	-	321	-	-	-	-	321
2015	( 268)	1,018	-	-	750	-	-	-	-	750
2014	295	-	-	-	295	-	-	-	-	295
2013	332	-	-	-	332	-	-	-	-	332
2012	235	-	-	-	235	-	-	-	-	235
2011	84	-	-	-	84	-	-	-	-	84
2010	10,066	-	-	-	10,066	-	-	-	-	10,066
2009	9,683	-	-	-	9,683	-	-	-	-	9,683
2008	-	-	-	-	-	-	-	-	-	-
	<u>\$ 14,775,505</u>	<u>\$ 14,294</u>	<u>\$ 35,029</u>	<u>\$ 42,413</u>	<u>\$ 14,712,357</u>	<u>\$ 14,398,621</u>	<u>\$ 89,809</u>	<u>\$ 3,362</u>	<u>\$ 14,491,792</u>	<u>\$ 313,736</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	Special Revenue Funds								Capital Projects Funds			Total	
	Route 66 Sewer Project	Town Aid Road	Parks and Recreation Commission	Old Indian Trail Water System	Miscellaneous Grants	Special Purpose Fund	Donation Fund	Town Clerk Fund	Total Special Revenue Funds	Lake Shore Drive Fund	Wastewater Infrastructure Fund	Total Capital Projects Funds	Non-major Governmental Funds
<b>Assets</b>													
Cash and cash equivalents	\$ 105,422	\$ -	\$ 33,490	\$ -	\$ -	\$ -	\$ -	\$ 8,835	\$ 147,747	\$ -	\$ -	\$ -	\$ 147,747
Other receivable	7,309	-	-	6,506	128,205	-	-	-	142,020	-	-	-	142,020
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	156,693	55,580	11,547	-	-	1,037	-	224,857	16,245	-	16,245	241,102
Total assets	<u>\$ 112,731</u>	<u>\$ 156,693</u>	<u>\$ 89,070</u>	<u>\$ 18,053</u>	<u>\$ 128,205</u>	<u>\$ -</u>	<u>\$ 1,037</u>	<u>\$ 8,835</u>	<u>\$ 514,624</u>	<u>\$ 16,245</u>	<u>\$ -</u>	<u>\$ 16,245</u>	<u>\$ 530,869</u>
<b>Liabilities</b>													
Accounts payable and accrued expenses	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ 1,657	\$ -	\$ -	\$ 5,157	\$ 16,245	\$ 7,765	\$ 24,010	\$ 29,167
Unearned revenue	-	-	20,092	-	6,000	-	-	-	26,092	-	-	-	26,092
Due to other funds	17,286	-	-	-	122,498	22,727	-	-	162,511	-	-	-	162,511
Total liabilities	20,786	-	20,092	-	128,498	24,384	-	-	193,760	16,245	7,765	24,010	217,770
<b>Deferred Inflows of Resources</b>													
Unavailable revenue - assessments receivable	7,309	-	-	-	-	-	-	-	7,309	-	-	-	7,309
Total deferred inflows of resources	7,309	-	-	-	-	-	-	-	7,309	-	-	-	7,309
<b>Fund Balances (Deficits)</b>													
Restricted	-	156,693	-	18,053	-	-	1,037	8,835	184,618	-	-	-	184,618
Committed	84,636	-	68,978	-	-	-	-	-	153,614	-	-	-	153,614
Unassigned	-	-	-	-	( 293)	( 24,384)	-	-	( 24,677)	-	( 7,765)	( 7,765)	( 32,442)
Total fund balances (deficits)	84,636	156,693	68,978	18,053	( 293)	( 24,384)	1,037	8,835	313,555	-	( 7,765)	( 7,765)	305,790
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 112,731</u>	<u>\$ 156,693</u>	<u>\$ 89,070</u>	<u>\$ 18,053</u>	<u>\$ 128,205</u>	<u>\$ -</u>	<u>\$ 1,037</u>	<u>\$ 8,835</u>	<u>\$ 514,624</u>	<u>\$ 16,245</u>	<u>\$ -</u>	<u>\$ 16,245</u>	<u>\$ 530,869</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds								Capital Projects Funds			Total	
	Route 66 Sewer Project	Town Aid Road	Parks and Recreation Commission	Old Indian Trail Water System	Miscellaneous Grants	Special Purpose Fund	Donation Fund	Town Clerk Fund	Total Special Revenue Funds	Lake Shore Drive Fund	Wastewater Infrastructure Fund	Total Capital Projects Funds	Non-major Governmental Funds
Revenues													
Intergovernmental	\$ -	\$ 195,634	\$ -	\$ 5,350	\$ 137,037	\$ -	\$ -	\$ -	\$ 338,021	\$ -	\$ -	\$ -	\$ 338,021
Licenses, fees and charges for goods and services	36,682	-	141,175	-	-	-	-	1,967	179,824	-	-	-	179,824
Investment income	1,922	-	-	-	-	-	-	-	1,922	-	-	-	1,922
Miscellaneous	144	-	-	-	-	-	-	-	144	-	-	-	144
Total revenues	38,748	195,634	141,175	5,350	137,037	-	-	1,967	519,911	-	-	-	519,911
Expenditures													
Current:													
General government	-	-	-	-	9,125	-	-	-	9,125	-	-	-	9,125
Public works	24,101	195,634	-	5,497	128,205	-	-	-	353,437	-	7,765	7,765	361,202
Parks and recreation	-	-	54,331	-	-	-	-	-	54,331	-	-	-	54,331
Total current expenditures	24,101	195,634	54,331	5,497	137,330	-	-	-	416,893	-	7,765	7,765	424,658
Excess (deficiency) of revenues over expenditures	14,647	-	86,844	( 147)	( 293)	-	-	1,967	103,018	-	( 7,765)	( 7,765)	95,253
Other Financing Sources (Uses):													
Operating transfers in	-	-	-	5,350	-	-	-	-	5,350	-	-	-	5,350
Operating transfers out	-	-	( 48,449)	-	-	-	-	-	( 48,449)	-	-	-	( 48,449)
Total other financing sources (uses)	-	-	( 48,449)	5,350	-	-	-	-	( 43,099)	-	-	-	( 43,099)
Net change in fund balances	14,647	-	38,395	5,203	( 293)	-	-	1,967	59,919	-	( 7,765)	( 7,765)	52,154
Fund balances (deficits), July 1, 2022	69,989	156,693	30,583	12,850	-	( 24,384)	1,037	6,868	253,636	-	-	-	253,636
Fund balances (deficits), June 30, 2023	\$ 84,636	\$ 156,693	\$ 68,978	\$ 18,053	(\$ 293)	(\$ 24,384)	\$ 1,037	\$ 8,835	\$ 313,555	\$ -	(\$ 7,765)	(\$ 7,765)	\$ 305,790

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**RESERVE FUND FOR CAPITAL AND NONRECURRING EXPENDITURES**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Appropriations			Expenditures			Unexpended (Over expended) Balance
	Balance July 1, 2022	Current Year	Balance June 30, 2023	Balance July 1, 2022	Current Year	Balance June 30, 2023	
Accounting software	\$ 21,095	\$ -	\$ 21,095	\$ 21,095	\$ -	\$ 21,095	\$ -
Town Hall improvements	260,034	29,072	289,106	154,139	4,860	158,999	130,107
Community Center improvements	632,893	63,231	696,124	286,862	7,015	293,877	402,247
Community Center underground tank	76,093	-	76,093	-	-	-	76,093
Vehicle replacements	65,659	( 44,180)	21,479	-	-	-	21,479
Telephone system upgrade	8,390	938	9,328	5,923	-	5,923	3,405
Computer replacement and upgrades	189,238	5,000	194,238	185,056	2,341	187,397	6,841
Server replacement	41,557	7,173	48,730	40,437	-	40,437	8,293
Town website	15,000	-	15,000	7,840	7,160	15,000	-
Facilities asset management plan	17,000	-	17,000	-	-	-	17,000
Fire Department building committee	100,000	30,000	130,000	48,562	52,090	100,652	29,348
Accrued benefits	184,235	17,125	201,360	150,645	36,344	186,989	14,371
Town Clerk - ordinance codification	1,000	-	1,000	-	-	-	1,000
Building code books	758	-	758	-	-	-	758
Design review guidelines	12,000	-	12,000	-	-	-	12,000
Revaluation	500,722	20,000	520,722	480,522	8,200	488,722	32,000
Storm contingency	57,718	13,288	71,006	49,293	-	49,293	21,713
Tree removal	312,580	30,000	342,580	285,705	21,650	307,355	35,225
Garage improvements	113,742	6,165	119,907	93,665	15,847	109,512	10,395
Road improvements	748,328	63,884	812,212	544,698	11,440	556,138	256,074
Lake Beseck remediation	207,324	15,807	223,131	174,690	-	174,690	48,441
LED street light assessment	244,108	261	244,369	244,108	-	244,108	261
LED street light replacement	17,275	9,051	26,326	1,168	-	1,168	25,158
Town property remediation	13,500	-	13,500	8,500	-	8,500	5,000
Town storage building	-	8,500	8,500	-	-	-	8,500
Dump truck replacement	994,248	114,831	1,109,079	831,113	-	831,113	277,966
Small dump truck replacement	426,064	29,759	455,823	413,301	-	413,301	42,522
Emergency repairs	10,000	5,672	15,672	9,146	6,526	15,672	-
Pickup replacement	49,971	5,927	55,898	21,274	34,624	55,898	-
Paver replacement	19,214	4,174	23,388	-	-	-	23,388
Roller and trailer replacement	36,726	5,099	41,825	-	-	-	41,825
Guard rail tractor replacement	267,049	12,881	279,930	240,096	-	240,096	39,834
Sweeper replacement	174,204	17,709	191,913	24,396	1,820	26,216	165,697

. . . Continued . . .

**TOWN OF MIDDLEFIELD, CONNECTICUT**  
**RESERVE FUND FOR CAPITAL AND NONRECURRING EXPENDITURES**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**... Continued ...**

	Appropriations			Expenditures			Unexpended (Over expended) Balance
	Balance July 1, 2022	Current Year	Balance June 30, 2023	Balance July 1, 2022	Current Year	Balance June 30, 2023	
Front-end loader replacement	\$ 216,267	\$ 36,608	\$ 252,875	\$ 102,632	\$ 143,519	\$ 246,151	\$ 6,724
Zero turn mower	12,892	1,308	14,200	10,757	-	10,757	3,443
Backhoe replacement	99,327	-	99,327	69,348	-	69,348	29,979
Tractor/brush hog replacement	4,441	4,538	8,979	-	-	-	8,979
Fuel tanks	4,497	1,687	6,184	-	-	-	6,184
Park improvements	261,455	10,108	271,563	167,045	9,500	176,545	95,018
Playscape replacement	63,339	13,498	76,837	-	-	-	76,837
Animal shelter	6,000	-	6,000	-	-	-	6,000
Enforcement equipment	4,323	-	4,323	3,323	-	3,323	1,000
Water supply development	157,500	5,000	162,500	152,101	1,775	153,876	8,624
Fire hose replacement	62,000	4,000	66,000	49,262	3,938	53,200	12,800
State EMS plan	7,500	-	7,500	-	-	-	7,500
Breathing apparatus	141,211	-	141,211	115,553	-	115,553	25,658
Thermal imaging camera	44,431	13,176	57,607	27,330	3,697	31,027	26,580
Communications equipment	121,475	-	121,475	111,374	-	111,374	10,101
Computer upgrades	29,170	3,744	32,914	25,004	-	25,004	7,910
Rescue truck replacement	753,491	96,517	850,008	254,563	-	254,563	595,445
Medical truck replacement	167,060	10,769	177,829	124,253	-	124,253	53,576
All terrain vehicle	38,591	2,386	40,977	29,474	-	29,474	11,503
Fire Chief's vehicle	30,674	4,387	35,061	10,000	-	10,000	25,061
Tanker replacement	433,629	-	433,629	385,852	-	385,852	47,777
Life saving equipment	86,000	4,000	90,000	71,379	-	71,379	18,621
Building maintenance/improvements	140,000	-	140,000	102,576	-	102,576	37,424
Building renovations	1	219	220	220	-	220	-
Pumper replacement '02	1,426,954	87,459	1,514,413	782,409	350,000	1,132,409	382,004
Pumper replacement '13	248,310	64,640	312,950	-	-	-	312,950
Emergency repairs and purchases	15,067	-	15,067	7,100	-	7,100	7,967
50 KW generator	31,900	6,875	38,775	-	-	-	38,775
Siren - Lyman/Rockfall	40,385	8,460	48,845	-	-	-	48,845
Boat replacement	7,815	782	8,597	5,490	1,440	6,930	1,667
Brush truck replacement	25,000	25,000	50,000	-	-	-	50,000
Memorial School shelter	-	5,000	5,000	-	-	-	5,000
Industrial park projects	333,243	-	333,243	322,244	-	322,244	10,999
Plan of conservation and development	13,656	1,786	15,442	10,084	-	10,084	5,358
Land bank reserve	6,000	-	6,000	-	-	-	6,000
Open space property improvements	12,695	1,000	13,695	7,663	-	7,663	6,032
Open space acquisitions	2,500	-	2,500	-	-	-	2,500
Old Indian Trail emergency generator	10,000	( 3,574)	6,426	6,426	-	6,426	-
Levi E. Coe improvements	45,055	5,351	50,406	40,392	-	40,392	10,014
DMIAAB capital reserve	12,728	-	12,728	12,728	-	12,728	-
	<u>\$ 10,934,307</u>	<u>\$ 886,091</u>	<u>\$ 11,820,398</u>	<u>\$ 7,328,816</u>	<u>\$ 723,786</u>	<u>\$ 8,052,602</u>	<u>\$ 3,767,796</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT  
SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2023**

Total tax collections (including interest, penalties and late payment of taxes) for immediate preceding fiscal year	\$ 13,814,838
State reimbursement for revenue loss on tax relief for elderly under CGS Sections 12-129d and 7-528 for immediate preceding fiscal year	-
Annual receipts from taxation (total of above) (the "Base")	<u>\$ 13,814,838</u>

The Connecticut General Statutes provide that the total authorized debt of the Town shall not exceed seven times the annual receipts from taxation, or \$96,703,866, nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

	General Purpose	Schools	Water Pollution Control	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 31,083,386	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	62,166,771	-	-	-
3 3/4 times base	-	-	51,805,643	-	-
3 1/4 times base	-	-	-	44,898,224	-
3 times base	-	-	-	-	41,444,514
Total debt limitation	<u>31,083,386</u>	<u>62,166,771</u>	<u>51,805,643</u>	<u>44,898,224</u>	<u>41,444,514</u>
Indebtedness:					
Notes payable	-	-	-	-	-
Regional School District #13 bonds	-	2,683,800	-	-	-
Total indebtedness	<u>-</u>	<u>2,683,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 31,083,386</u>	<u>\$ 59,482,971</u>	<u>\$ 51,805,643</u>	<u>\$ 44,898,224</u>	<u>\$ 41,444,514</u>

**Note:**

The Town of Middlefield is a member of Regional School District #13 which provides education facilities for grades kindergarten through twelve for the Towns of Middlefield and Durham. As of June 30, 2023, based on the most current and available information, the indebtedness of the District was \$7,560,000. The Town of Middlefield's share will be approximately 35.50% of the debt, or \$2,683,800. These are the general obligations of Regional School District #13 and its member towns.