

TOWN OF MIDDLEFIELD, CONNECTICUT
FINANCIAL REPORT
June 30, 2024

**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, 2024, 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, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 GAAS 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 GAAS 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 GAAS, 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 accompanying 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements 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 5, 2025, 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 5, 2025

**TOWN OF MIDDLEFIELD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024. 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 \$1,078,339 or approximately 5.8%.
- The total cost of all of the Town's governmental activities was \$19,250,989.
- The General Fund reported a fund balance of \$4,454,100 at June 30, 2024.
- For the year ended June 30, 2024, the resources available for appropriation were \$1,028,211 more than budgeted for the general fund. Expenditures were \$300,343 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 fourteen 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 nine 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.

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 12,642,577	\$ 11,403,300
Capital assets, net	11,068,026	10,077,869
Total assets	<u>23,710,603</u>	<u>21,481,169</u>
Deferred Outflows of Resources		
Charges related to pensions	339,517	379,191
Liabilities		
Current liabilities	787,934	1,718,025
Long-term liabilities:		
Due within one year	97,388	87,594
Due in more than one year	1,072,180	1,128,777
Total liabilities	<u>1,957,502</u>	<u>2,934,396</u>
Deferred Inflows of Resources		
Credits related to leases	2,321,495	199,830
Credits related to pensions	48,002	81,352
	<u>2,369,497</u>	<u>281,182</u>
Net Position		
Net investment in capital assets	10,923,463	9,887,558
Unrestricted	8,799,658	8,757,224
Total net position	<u>\$ 19,723,121</u>	<u>\$ 18,644,782</u>

The net position of the Town's governmental activities increased by \$1,078,339 or 5.8%. 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 - increased by \$42,434 to \$8,799,658 at June 30, 2024.

Governmental Activities			
	2024	2023	Change
Revenues			
Program revenues:			
Charges for services	\$ 711,470	\$ 743,647	(\$ 32,177)
Operating grants and contributions	3,367,764	2,253,630	1,114,134
Capital grants and contributions	-	158,882	(158,882)
General revenues:			-
Property taxes	15,058,417	14,479,604	578,813
Grants and contributions not restricted to specific purposes	431,288	397,896	33,392
Unrestricted investment earnings	731,889	240,682	491,207
Miscellaneous	28,500	(9,693)	38,193
Total revenues	<u>20,329,328</u>	<u>18,264,648</u>	<u>2,064,680</u>
Program expenses:			
General government	2,559,537	2,642,340	(82,803)
Public safety	622,952	634,899	(11,947)
Public works	2,321,792	1,346,462	975,330
Health and welfare	46,866	73,947	(27,081)
Parks and recreation	206,809	221,829	(15,020)
Education	13,488,046	12,934,536	553,510
Interest expenses	4,987	6,157	(1,170)
Total program expenses	<u>19,250,989</u>	<u>17,860,170</u>	<u>1,390,819</u>
Change in net position	<u>\$ 1,078,339</u>	<u>\$ 404,478</u>	<u>\$ 673,861</u>

The Town's total revenue was \$20,329,328. The total cost of all programs and services was \$19,250,989. Our analysis above separately considers the operations of governmental activities.

Governmental activities

Governmental activities increased the Town's net position by \$1,078,339. Property tax revenue, operating and capital grants as well as investment income were once again 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, 2024		Year Ended June 20, 2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,559,437	\$ 1,040,350	\$ 2,642,340	\$ 2,171,266
Public works	2,321,792	1,832,146	1,346,462	702,687
Public safety	622,952	621,772	634,899	634,798
Parks and recreation	206,809	114,180	221,829	80,654
Education	13,488,046	11,529,261	12,934,536	11,046,371

Town Fund Financial Analysis

Governmental funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$8,546,051 which is an increase of \$109,934 from last year's total of \$8,436,117. Included in this year's total change in fund balance is an increase in the Town's General Fund balance of \$417,730, and a decrease in the Town's Reserve Fund for Capital and Nonrecurring Expenditures Fund balance of \$308,938. The General Fund's current year surplus was larger than anticipated due to property tax collections, additional grant funding and investment income. The decrease in the Town's Reserve Fund is attributable primarily to current year capital needs exceeding revenues and the General Fund appropriation.

General Fund budgetary highlights

General property taxes revenue was \$246,686 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 Town Clerk revenues. Interest income was significantly over budget due diligent monitoring of invested balances and rising interest rates. The Town saw expenditure savings for general and central services, employee benefits, the police department and public works and parks and recreation.

Capital asset and debt administration

At June 30, 2024 the Town had a net balance of \$11,068,026 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 \$990,157, or 9.8% from the prior year.

The Town's 2023-2024 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	
	2024	2023
Land	\$ 4,348,689	\$ 4,348,689
Powder Ridge development rights	1,893,919	1,893,919
Buildings and improvements	725,038	691,706
Machinery, equipment and vehicles	3,086,450	2,103,943
Infrastructure	1,013,930	1,039,612
Totals	<u>\$ 11,068,026</u>	<u>\$ 10,077,869</u>

Long-term obligations

At June 30, 2024, the Town had outstanding debt obligations, including compensated absences and net pension liability, as shown below:

Long-term obligations at year-end

	Governmental Activities	
	2024	2023
Note payable - direct borrowing	\$ 144,563	\$ 190,311
Compensated absences	120,153	102,232
Net pension liability	904,852	923,828
Totals	<u>\$ 1,169,568</u>	<u>\$ 1,216,371</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 2024-2025 passed on the first vote with a mill rate decrease of .18 or approximately 0.6%. The most significant factors for the fiscal year 2024-2025 budget were a relatively flat Grand List; continued uncertainty with regards to State funding to the Town as well as shifts in Regional School District #13 enrollment.

In order to minimize the tax impact of increased expenditures for fiscal year 2024-2025 the Town appropriated \$960,272 of its Unassigned General Fund Balance to offset mandated increases in activities related to the Registrars of Voters office, capital needs of the Town and increased costs related to certain outside agencies.

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, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,155,131
Receivables, net:	
Property taxes, interest and liens	432,898
Loans and assessments	593,702
Leases	158,843
Other	224,717
Prepaid items	77,286
Capital assets, not being depreciated	6,242,608
Capital assets, being depreciated, net of accumulated depreciation	<u>4,825,418</u>
Total assets	<u>23,710,603</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges related to pensions	<u>339,517</u>
Total deferred outflows of resources	<u>339,517</u>
LIABILITIES	
Accounts payable and accrued expenses	632,116
Due to fiduciary funds	1,080
Unearned revenue	154,738
Noncurrent liabilities:	
Due within one year	97,388
Due in more than one year	<u>1,072,180</u>
Total liabilities	<u>1,957,502</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred credits related to leases	2,321,495
Deferred credits related to pensions	<u>48,002</u>
Total deferred inflows of resources	<u>2,369,497</u>
NET POSITION	
Net investment in capital assets	10,923,463
Unrestricted	<u>8,799,658</u>
Total net position	<u><u>\$ 19,723,121</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, 2024

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
Primary Government						
Governmental activities:						
General government	\$ 2,559,537	\$ 311,670	\$ 1,207,517	\$ -	\$ 1,519,187	(\$ 1,040,350)
Public safety	622,952	1,180	-	-	1,180	(621,772)
Public works	2,321,792	288,184	201,462	-	489,646	(1,832,146)
Health and welfare	46,866	17,807	-	-	17,807	(29,059)
Parks and recreation	206,809	92,629	-	-	92,629	(114,180)
Education	13,488,046	-	1,958,785	-	1,958,785	(11,529,261)
Interest expense	4,987	-	-	-	-	(4,987)
Total governmental activities	<u>\$ 19,250,989</u>	<u>\$ 711,470</u>	<u>\$ 3,367,764</u>	<u>\$ -</u>	<u>\$ 4,079,234</u>	<u>(15,171,755)</u>
General revenues:						
Property taxes, interest & lien fee						15,058,417
Grants and contributions not restricted to specific programs						431,288
Unrestricted investment earnings						731,889
Other						28,500
Total general revenues						<u>16,250,094</u>
Change in net position						1,078,339
Net position - July 1, 2023						<u>18,644,782</u>
Net position - June 30, 2024						<u>\$ 19,723,121</u>

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

**TOWN OF MIDDLEFIELD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	Lake Beseck	Housing Rehabilitation Programs	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,456,463	\$ -	\$ 370,297	\$ 180,888	\$ -	\$ 147,483	\$ 11,155,131
Receivables, net:							
Property taxes, interest and liens	432,898	-	-	-	-	-	432,898
Loans	-	-	-	593,702	-	-	593,702
Leases	158,843	-	-	-	-	-	158,843
Other	14,586	-	64,233	-	-	145,898	224,717
Prepaid items	77,286	-	-	-	-	-	77,286
Due from other funds	56,941	3,542,022	4,852	-	71,039	213,218	3,888,072
Total assets	<u>\$ 11,197,017</u>	<u>\$ 3,542,022</u>	<u>\$ 439,382</u>	<u>\$ 774,590</u>	<u>\$ 71,039</u>	<u>\$ 506,599</u>	<u>\$ 16,530,649</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ 528,270	\$ 35,423	\$ 57,376	\$ 72	\$ 3,750	\$ 7,225	\$ 632,116
Unearned revenue	-	47,741	-	-	67,289	36,839	151,869
Due to other funds	3,566,958	-	130,433	27,303	-	164,458	3,889,152
Total liabilities	<u>4,095,228</u>	<u>83,164</u>	<u>187,809</u>	<u>27,375</u>	<u>71,039</u>	<u>208,522</u>	<u>4,673,137</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	326,194	-	-	-	-	-	326,194
Unavailable revenue - leases	2,321,495	-	-	-	-	-	2,321,495
Unavailable revenue - loans and other receivables	-	-	64,233	593,702	-	5,837	663,772
Total deferred inflows of resources	<u>2,647,689</u>	<u>-</u>	<u>64,233</u>	<u>593,702</u>	<u>-</u>	<u>5,837</u>	<u>3,311,461</u>
FUND BALANCES							
Nonspendable	77,286	-	-	-	-	-	77,286
Restricted	-	-	-	153,513	-	146,782	300,295
Committed	1,068,486	3,458,858	187,340	-	-	177,982	4,892,666
Unassigned	3,308,328	-	-	-	-	(32,524)	3,275,804
Total fund balances	<u>4,454,100</u>	<u>3,458,858</u>	<u>187,340</u>	<u>153,513</u>	<u>-</u>	<u>292,240</u>	<u>8,546,051</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,197,017</u>	<u>\$ 3,542,022</u>	<u>\$ 439,382</u>	<u>\$ 774,590</u>	<u>\$ 71,039</u>	<u>\$ 506,599</u>	<u>\$ 16,530,649</u>

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, 2024**

Total fund balances - total governmental funds	\$ 8,546,051
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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.	11,068,026
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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	323,325
Loans and assessments receivable	663,772

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	(144,563)
Net pension liability	(904,852)
Compensated absences	(120,153)

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.	<u>291,515</u>
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Net position of governmental activities	<u><u>\$ 19,723,121</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, 2024**

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	Lake Beseck	Housing Rehabilitation Programs	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes, interest and lien fees	\$ 15,112,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,112,949
Intergovernmental	2,360,757	214,714	-	-	986,803	207,462	3,769,736
Licenses, fees and charges for goods and services	231,606	-	249,951	-	-	132,374	613,931
Investment income	724,861	-	5,251	154	-	1,623	731,889
Miscellaneous	156,486	-	-	35,150	-	193	191,829
Total revenues	<u>18,586,659</u>	<u>214,714</u>	<u>255,202</u>	<u>35,304</u>	<u>986,803</u>	<u>341,652</u>	<u>20,420,334</u>
EXPENDITURES							
Current:							
General government	2,425,407	8,057	-	-	74,476	6,000	2,513,940
Public safety	513,505	-	-	-	-	-	513,505
Public works	519,541	74,800	274,689	-	-	268,124	1,137,154
Health and welfare	70,397	-	-	1,125	-	-	71,522
Parks and recreation	155,538	-	-	-	-	38,097	193,635
Education	13,488,046	-	-	-	-	-	13,488,046
Debt service	50,735	-	-	-	-	-	50,735
Capital outlays	-	1,429,536	-	-	912,327	-	2,341,863
Total expenditures	<u>17,223,169</u>	<u>1,512,393</u>	<u>274,689</u>	<u>1,125</u>	<u>986,803</u>	<u>312,221</u>	<u>20,310,400</u>
Excess of revenues over (under) expenditures	<u>1,363,490</u>	<u>(1,297,679)</u>	<u>(19,487)</u>	<u>34,179</u>	<u>-</u>	<u>29,431</u>	<u>109,934</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in	48,331	988,741	-	-	-	5,350	1,042,422
Operating transfers out	(994,091)	-	-	-	-	(48,331)	(1,042,422)
Total other financing sources (uses)	<u>(945,760)</u>	<u>988,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,981)</u>	<u>-</u>
Net change in fund balance	417,730	(308,938)	(19,487)	34,179	-	(13,550)	109,934
Fund balance - July 1, 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>
Fund balance - June 30, 2024	<u>\$ 4,454,100</u>	<u>\$ 3,458,858</u>	<u>\$ 187,340</u>	<u>\$ 153,513</u>	<u>\$ -</u>	<u>\$ 292,240</u>	<u>\$ 8,546,051</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, 2024**

Net change in fund balances - total governmental funds	\$ 109,934
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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	1,294,018
Depreciation expense	(303,861)
Total	990,157

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	(54,532)
Loans and assessments receivable	(7,699)

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	45,748

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	18,976
Change in compensated absences	(17,921)

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.	(6,324)
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Change in net position of governmental activities	\$ 1,078,339
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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, 2024

	Custodial Funds
	<u> </u>
	Giving Garden
	<u> </u>
ASSETS	
Due from the General Fund	\$ 1,080
	<u> </u>
Total assets	<u><u>\$ 1,080</u></u>
 NET POSITION	
Restricted for:	
Organizations	<u>1,080</u>
Total net position	<u><u>\$ 1,080</u></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, 2024

	<u>Custodial Funds</u>
	<u>Giving Garden</u>
Additions	
Gifts	<u>\$ 450</u>
Total additions	<u>450</u>
Deductions	
Payments to organizations	<u>1,598</u>
Total deductions	<u>1,598</u>
Net change in fiduciary net position	(1,148)
Net position, July 1, 2023	<u>2,228</u>
Net position, June 30, 2024	<u><u>\$ 1,080</u></u>

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024
. . . Continued . . .

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, 2024
. . . Continued . . .

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, 2024
. . . Continued . . .

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 direct borrowings 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

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.

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, 2024 are stated net of an allowance for uncollectible amount of \$4,300.

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, 2024, loans receivable totaled \$593,702 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

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.

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

- 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.

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, 2024
. . . Continued . . .

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 pensions in the government-wide statement of net position. A deferred outflow of resources related to pensions 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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

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 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 pensions in the government-wide statement of net position. A deferred inflow of resources related to pensions 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, 2024 amounted to \$120,153. 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

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

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

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.

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 or 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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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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.

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 5, 2025, the date the financial statements were available to be issued.

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 was an additional appropriation of \$60,824 from General Fund balance during the fiscal year ended June 30, 2024.

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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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 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.

The following is a summary of cash and cash equivalents at June 30, 2024:

	<u>Government-Wide</u>
	<u>Statement of Net Position</u>
Demand, savings and money market accounts	\$ 4,773,382
Petty cash	170
Connecticut Short-term Investment Fund (STIF)	<u>6,381,579</u>
Total cash and cash equivalents	<u>\$ 11,155,131</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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At June 30, 2024, the carrying amount of the Town's deposits with financial institutions was \$4,773,382 and the bank balance was \$4,948,900.

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, 2024 bank balance, \$837,524 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 \$411,138, based on the June 30, 2024 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The remaining bank balance of \$3,700,238 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, 2024, the Town's cash equivalents amounted to \$6,381,579.

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.

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	Lake Beseck	Housing Rehabilitation Programs	Other Governmental Funds	Total
Property taxes, net	\$ 311,448	\$ -	\$ -	\$ -	\$ 311,448
Interest and liens, net	121,450	-	-	-	121,450
Intergovernmental	-	-	-	128,205	128,205
Leases	158,843	-	-	-	158,843
Loans	-	-	593,702	-	593,702
Other	14,586	64,233	-	17,693	96,512
	<u>606,327</u>	<u>64,233</u>	<u>593,702</u>	<u>145,898</u>	<u>1,410,160</u>
Net total receivables	<u>\$ 606,327</u>	<u>\$ 64,233</u>	<u>\$ 593,702</u>	<u>\$ 145,898</u>	<u>\$ 1,410,160</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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5. Leases Receivable

The Town, acting as lessor, leased cell tower space under a long-term, noncancelable lease agreement. The lease expired on April 30, 2024. During the year ended June 30, 2024, the Town recognized \$38,004 and \$525 in lease revenue and interest revenue, respectively, pursuant to this contract.

The Town, acting as lessor, leases cell tower space under a long-term, noncancelable lease agreement. The lease expires on October 22, 2073. During the year ended June 30, 2024, the Town recognized \$29,316 and \$-0- 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, 2024, the Town recognized \$8,856 and \$4,944 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
2025	\$ 9,137	\$ 4,663
2026	9,414	4,386
2027	9,699	4,101
2028	10,183	3,817
2029	10,908	3,492
2030 - 2034	59,695	12,305
2035 - 2038	49,807	2,996
	<u>\$ 158,843</u>	<u>\$ 35,760</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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6. Interfund Transactions

Interfund Balances

Interfund balances consisted of the following at June 30, 2024, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 56,941	\$ 3,566,958
Reserve Fund for Capital and Nonrecurring Expenditures	3,542,022	-
Lake Beseck	4,852	130,433
Housing Rehabilitation Programs	-	27,303
ARPA	71,039	-
Nonmajor Governmental Funds:		
Route 66 Sewer Project	-	21,886
Town Aid Road	116,961	-
Park and Recreation Commission	87,508	-
Old Indian Trail Water System	7,712	-
Miscellaneous Grants	-	111,998
Special Purpose Fund	-	22,727
Donation Fund	1,037	-
Wastewater Infrastructure	-	7,847
Fiduciary Funds:		
Giving Gardens	1,080	-
	<u>\$ 3,889,152</u>	<u>\$ 3,889,152</u>

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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Interfund Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following, as reported in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 48,331	\$ 994,091
Reserve Fund for Capital and Nonrecurring Expenditures	988,741	-
Nonmajor Governmental Funds:		
Park & Recreation Commission	-	45,831
Old Indian Trail Water System	<u>5,350</u>	<u>2,500</u>
	<u>\$ 1,042,422</u>	<u>\$ 1,042,422</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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

7. Capital Assets

Capital asset activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions\ Transfers	Disposals\ Transfers	Ending Balance
Governmental Activities:				
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	2,266,735	94,049	(65,000)	2,295,784
Machinery, equipment and vehicles	4,685,329	1,190,518	(129,476)	5,746,371
Infrastructure	1,384,737	9,451	-	1,394,188
Total capital assets, being depreciated	8,336,801	1,294,018	(194,476)	9,436,343
Less, accumulated depreciation for:				
Buildings and improvements	1,575,029	60,717	(65,000)	1,570,746
Machinery, equipment and vehicles	2,581,386	208,011	(129,476)	2,659,921
Infrastructure	345,125	35,133	-	380,258
Total accumulated depreciation	4,501,540	303,861	(194,476)	4,610,925
Total capital assets, being depreciated, net	3,835,261	990,157	-	4,825,418
Total net capital assets, governmental activities	<u>\$ 10,077,869</u>	<u>\$ 990,157</u>	<u>\$ -</u>	<u>\$ 11,068,026</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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Depreciation expense was charged to functions/programs as follows:

General government	\$ 40,328
Public safety	109,447
Public works	136,793
Health and welfare	4,119
Parks and recreation	<u>13,174</u>
Total depreciation expense-governmental activities	<u>\$ 303,861</u>

8. Long-Term Obligations

During the year ended June 30, 2024, the following changes occurred in long-term obligations:

Description	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion
Long-term obligations:					
Note payable - direct borrowing	\$ 190,311	\$ -	\$ 45,748	\$ 144,563	\$ 46,947
Compensated absences	102,232	17,921	-	120,153	50,441
Net pension liability	<u>923,828</u>	<u>-</u>	<u>18,976</u>	<u>904,852</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$ 1,216,371</u>	<u>\$ 17,921</u>	<u>\$ 64,724</u>	<u>\$ 1,169,568</u>	<u>\$ 97,388</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 \$78,250. The equipment is being amortized over 20 years. Amortization expense totaled \$16,250 and it is included in depreciation expense.

The annual future minimum payments as of June 30, 2024 are as follows:

Fiscal Year Ended June 30,	Principal Payments	Interest Payments
2025	\$ 46,947	\$ 3,789
2026	48,177	2,558
2027	<u>49,439</u>	<u>1,296</u>
Total	<u>\$ 144,563</u>	<u>\$ 7,643</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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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	\$ 32,606,532	\$ -	\$ 32,606,532
Schools	65,213,064	2,432,080	62,780,984
Sewers	54,344,220	-	54,344,220
Urban renewal	47,098,324	-	47,098,324
Pension deficit	43,475,376	-	43,475,376

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$101,442,544.

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, 2024, the outstanding indebtedness of the District was \$6,880,000. 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 35.35% or \$2,432,080.

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, 2024:

Town:	
Sick	\$ 82,039
Vacation	<u>38,114</u>
Total	<u>\$ 120,153</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
. . . Continued . . .

9. Fund Balances

The following is a summary of the Governmental Fund balances of the Town at the year ended June 30, 2024:

General Fund:	
Nonspendable	\$ 77,286
Committed for subsequent year's budget	960,272
Committed for long-term projects	108,214
Unassigned	3,308,328
Total General Fund Balance	<u>4,454,100</u>
Reserve Fund for Capital and Nonrecurring Expenditures:	
Committed for capital projects	3,458,858
Lake Beseck:	
Committed for public works	187,340
Housing Rehabilitation Programs:	
Restricted for housing loans	153,513
Other Governmental Funds:	
Restricted for general government	10,253
Restricted for public works	136,529
Committed for public works	100,303
Committed for parks and recreation	77,679
Unassigned	(32,524)
Total Other Governmental Fund Balances	<u>292,240</u>
Total Governmental Fund Balances	<u>\$ 8,546,051</u>

The Miscellaneous Grants, Special Purpose Fund and Wastewater Infrastructure Fund had fund balance deficits of \$293, \$24,384 and \$7,847, respectively at June 30, 2024. 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

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NOTES TO FINANCIAL STATEMENTS
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Retirement Commission acts solely as the administrator and custodian of the assets of CMERS. The State makes no contribution to CMERS.

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Contributions

Members not covered by Social Security are required to contribute 6.0% of compensation. Members covered by Social Security are required to contribute 3.25% of compensation up to the Social Security taxable wage base plus 6.0% 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 15.85% 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, 2024, the Town reported a liability of \$904,852 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions used in the June 30, 2023 valuation were based on results of an actuarial experience study for the period July 1, 2017 through June 30, 2022. The Town's proportionate share of the net pension liability was based upon the Town's 2023 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2023, the Town's proportional share was .198323% for general employees.

For the year ended June 30, 2024, the Town recognized pension expense of \$65,815. At June 30, 2024, 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
	<hr/>	<hr/>
Net differences between projected and actual earnings on pension plan investments	\$ 75,820	\$ -
Differences between expected and actual experience	57,940	9,964
Changes in assumptions	82,365	-
Employer change in proportional share	34,561	38,038
Town contributions subsequent to measurement date	88,831	-
	<hr/>	<hr/>
	\$ 339,517	\$ 48,002
	<hr/>	<hr/>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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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, 2024. 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 5.26 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

2024	\$ 134,534
2025	47,412
2026	95,048
2027	10,107
2028	4,414

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following key actuarial assumptions:

Inflation	2.50%
Salary increases, including inflation	3.00 - 9.50%
Long-term investment rate of return, net of pension plan investment expenses, including inflation	7.00%

Mortality rates were based on:

The Pub-2010 Mortality Tables set forward one year (except active employees) are projected generationally with Scale MP-2021.

Future cost of living adjustments for members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring between July 1, 2025 and June 30, 2026, the COLA assumption is 2.5%. The COLA assumption is reduced to 2.3% for members retiring between July 1, 2026 and June 30, 2027; 2.1% for members retiring between July 1, 2027 and June 30, 2028; and 2.0% for members retiring after July 1, 2028.

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NOTES TO FINANCIAL STATEMENTS
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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 (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 Target Expected Real Rate of Return</u>
Global equity	37.0 %	6.8 %
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	6.1
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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NOTES TO FINANCIAL STATEMENTS
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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	\$ 1,255,738	\$ 904,852	\$ 609,220

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, 2023.

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)

TOWN OF MIDDLEFIELD, CONNECTICUT
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JUNE 30, 2024
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The Town contributed \$26,850 to the plan in the year ended June 30, 2024. At June 30, 2024, 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 \$183,447 for operations for the year ended June 30, 2024.

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, from time to time, may be a defendant in a variety of lawsuits. It is the opinion of Town officials and legal counsel that any such pending litigation will not have a materially adverse affect on the Town's 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.

**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, 2024**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Taxes, interest and lien fees:				
Property tax collections	\$ 14,866,263	\$ 14,866,263	\$ 15,112,949	\$ 246,686
Total taxes, interest and lien fees	14,866,263	14,866,263	15,112,949	246,686
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	3,473	3,473	3,050	(423)
PILOT - disabled program	372	372	476	104
Judicial fines	1,000	1,000	1,547	547
NIP revenue	-	-	9,027	9,027
Opioid revenue	-	-	776	776
Other	5,000	5,000	-	(5,000)
Pilot- tiered reimbursement	8,416	8,416	117,857	109,441
Education cost sharing grant	1,959,060	1,959,060	1,958,785	(275)
Total Intergovernmental	2,246,560	2,246,560	2,360,757	114,197
Charges for services:				
Licenses and permits	2,700	2,700	2,220	(480)
Land use department	60,000	60,000	71,993	11,993
Town Clerk	85,000	85,000	134,812	49,812
Police department services	-	-	1,180	1,180
Fire department services	2,000	2,000	-	(2,000)
Health department fees	400	400	750	350
Dog licenses and fees	3,500	3,500	5,381	1,881
Beach passes	1,500	1,500	3,594	2,094
Miscellaneous	1,000	1,000	11,676	10,676
Total charges for services	156,100	156,100	231,606	75,506

...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, 2024
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Other revenue:				
Middlefield Housing Authority	\$ 16,000	\$ 16,000	\$ 25,795	\$ 9,795
Joseph E. Coe trust fund	9,440	9,440	13,644	4,204
Property and equipment sales	5,000	5,000	28,500	23,500
Telephone access line tax	7,922	7,922	11,615	3,693
Rental of Town property	15,000	15,000	36,452	21,452
Miscellaneous	15,000	15,000	11,164	(3,836)
Cell tower lease	-	-	29,316	29,316
Total other revenue	68,362	68,362	156,486	88,124
Transfers from other funds:				
Park and recreation fund - summer camp	44,744	44,744	45,831	1,087
Old Indian Trail 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	49,494	49,494	48,331	(1,163)
Revenue from the use of money:				
Interest income	220,000	220,000	311,184	91,184
Interest income - investments	-	-	334,779	334,779
Interest income - cell tower lease	-	-	78,898	78,898
Total revenue from the use of money	220,000	220,000	724,861	504,861
Other financing sources:				
General Fund balance	850,000	910,824	910,824	-
Total other financing sources	850,000	910,824	910,824	-
Total revenues and other financing sources	<u>\$ 18,456,779</u>	<u>\$ 18,517,603</u>	<u>\$ 19,545,814</u>	<u>\$ 1,028,211</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, 2024**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
General Government:				
Selectman's Office:				
First Selectman's salary	\$ 89,391	\$ 89,391	\$ 89,391	\$ -
Selectmen's salaries	11,208	11,208	11,208	-
Administrative Assistant	64,883	64,883	64,883	-
Finance Director	105,062	111,491	111,491	-
Account payable assistant/floater	17,079	19,875	19,875	-
Accounting software license	7,510	7,581	7,581	-
Payroll service fees	5,914	6,170	6,170	-
Dues and organizations	5,100	4,351	4,351	-
Office expenses	11,000	15,076	15,076	-
Total Selectman's office	317,147	330,026	330,026	-
Professional Services:				
Town Engineer	26,000	35,306	35,306	-
Town and regional planning	9,049	9,049	9,049	-
Town planner	48,000	48,123	48,123	-
Town counsel	10,000	19,999	19,999	-
Labor counsel	4,000	13,019	13,019	-
Legal notices	5,500	6,998	6,998	-
Town auditor	26,800	26,800	26,800	-
Consultants	5,000	-	-	-
Computer network support	27,500	36,357	36,357	-
Town web site	2,000	597	597	-
Total professional services	163,849	196,248	196,248	-
Municipal Insurances:				
Property/auto/liability	66,584	66,896	66,896	-
Insurance deductibles	2,500	1,988	-	1,988
Cyber liability coverage	15,000	15,000	14,681	319
Worker's compensation	33,356	33,556	33,556	-
Total municipal insurances	117,440	117,440	115,133	2,307
General and Central Services:				
Town Hall building expenses	14,000	14,000	11,559	2,441
Community Center building expenses	35,900	30,083	28,007	2,076
Street lighting	21,000	21,000	16,842	4,158
Lake Beseck drawdown expense	3,625	8,180	8,180	-
Telephone/postage/copier expenses	32,750	32,750	28,712	4,038
Custodian salary	28,676	29,938	29,938	-
Facilities manager	14,199	14,199	883	13,316
Automobile maintenance	3,000	3,000	-	3,000
Town vehicle fuel	22,000	22,000	19,917	2,083
Old North Cemetery	7,500	7,500	5,895	1,605
Total general and central services	182,650	182,650	149,933	32,717

... 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, 2024
... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Employee Benefits:				
Social security	\$ 100,662	\$ 100,662	\$ 92,417	\$ 8,245
Health/life insurance	261,303	261,303	243,100	18,203
Pension - municipal employees	109,178	109,178	88,831	20,347
Pension - elected officials	5,227	5,227	5,226	1
Total employee benefits	476,370	476,370	429,574	46,796
Town Clerk:				
Town Clerk salary	59,036	59,036	59,036	-
Index, recording, vital statistics	2,000	371	371	-
Records system license	14,912	14,377	14,377	-
Town Clerk assistant	25,618	30,629	30,629	-
Town records restoration	2,000	1,741	1,741	-
Conferences and dues	700	495	495	-
Office expenses	2,000	1,813	1,813	-
Total Town Clerk	106,266	108,462	108,462	-
Tax Collector:				
Tax Collector's salary	45,837	45,837	45,837	-
Tax Collector assistant	2,000	1,464	870	594
State delinquent autos	-	250	250	-
System software license	12,114	12,400	12,400	-
Conferences and dues	200	200	20	180
Office expenses	1,000	1,000	349	651
Total Tax Collector	61,151	61,151	59,726	1,425
Treasurer:				
Treasurer's salary	7,424	7,424	6,805	619
Bank reconciliation services	2,400	2,400	-	2,400
Total Treasurer	9,824	9,824	6,805	3,019
Registrars of Voters:				
Registrars' salary	18,460	18,460	18,460	-
Election expenses	17,768	30,655	30,655	-
Education and training	1,340	5,411	5,411	-
Conferences and dues	1,250	2,887	2,887	-
Office expenses	600	5,741	5,741	-
Total Registrars of Voters	39,418	63,154	63,154	-

... 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, 2024
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Land Use/Health Department:				
Building official	\$ 37,864	\$ 44,529	\$ 44,529	\$ -
Office assistant	54,737	54,737	54,737	-
Zoning officer	28,398	16,250	14,175	2,075
Inland/wetlands agent	14,747	15,009	15,009	-
DEEP/education fees	3,300	3,300	2,206	1,094
Code books	-	2,303	2,303	-
Water testing/lab fees	1,000	1,321	1,321	-
Water filter service	4,093	4,801	4,801	-
Conferences and dues	300	300	160	140
Office expenses	4,500	6,389	6,389	-
Travel reimbursement	2,000	2,000	-	2,000
Total land use/health department	150,939	150,939	145,630	5,309
Assessor's Office:				
Assessor	90,545	90,545	90,545	-
System software license	20,286	19,631	19,631	-
Assessor assistant	2,800	4,573	4,573	-
Conferences and dues	1,660	1,888	1,888	-
GIS system software	7,200	7,379	7,379	-
Office expenses	2,885	4,510	4,509	1
Total Assessor's office	125,376	128,526	128,525	1
Boards and Commissions:				
Board of Selectmen	4,000	4,000	3,403	597
Board of Finance	2,000	2,000	488	1,512
Board of Assessment Appeals	750	750	750	-
Planning and Zoning Commission	15,900	15,900	1,857	14,043
Economic Development Commission	10,000	10,000	-	10,000
Inland Wetlands Agency	10,800	10,800	4,874	5,926
Zoning Board of Appeals	3,000	3,000	1,503	1,497
Fire Dept. Building Committee	2,500	2,500	2,229	271
Conservation Commission	500	500	300	200
Park and Recreation Commission	480	480	-	480
Charter Revision Commission	2,500	2,500	712	1,788
Lake Beseck Ad-Hoc Committee	12,245	12,245	11,023	1,222
Total boards and commissions	64,675	64,675	27,139	37,536
Reserve for Contingencies:				
Operational	56,120	-	-	-
Staff coverages	5,000	-	-	-
Total reserve for contingencies	61,120	-	-	-

... 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, 2024
... Continued ...**

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Outside Agencies:				
DMIAAB operations	\$ 183,447	\$ 183,447	\$ 183,447	\$ -
Regional hazardous waste	10,584	10,584	7,190	3,394
Levi E. Coe Library	336,534	336,534	336,534	-
Youth and Family Services	30,500	30,500	30,500	-
911 - Valley Shore	63,081	63,081	63,081	-
Middlefield Cemetery Association	4,526	4,526	4,526	-
Probate Court	5,200	5,200	5,200	-
Plainville/Southington Health District	28,043	28,043	28,043	-
Total outside agencies	661,915	661,915	658,521	3,394
Sewer System Services:				
Brookside Drive system	6,100	6,100	5,914	186
WPCA - Route 66 system	750	750	154	596
WPCA - Lake Beseck system	2,200	2,200	463	1,737
Total sewer system services	9,050	9,050	6,531	2,519
Total general government	2,547,190	2,560,430	2,425,407	135,023
Public Safety:				
Police Department:				
Payroll	319,768	303,514	244,675	58,839
Overtime and private duty	27,000	27,000	5,515	21,485
Equipment	1,300	2,239	2,239	-
Secretary	9,269	9,269	9,269	-
Sundry expenses	1,850	911	836	75
Total police department	359,187	342,933	262,534	80,399
Fire Department:				
Fire house operations	38,000	43,931	43,782	149
Truck operations and maintenance	35,000	34,195	34,195	-
Communications	4,000	5,989	5,989	-
Equipment and supplies	25,000	22,406	22,205	201
Physicals and wellness	10,000	4,882	4,882	-
Training and preparedness	12,000	15,389	14,962	427
Life insurance	9,600	8,170	8,170	-
Appreciation Night	6,000	5,989	5,923	66
Supplemental benefits	28,750	29,250	29,250	-
Part time labor	19,853	18,002	18,002	-
Total fire department	188,203	188,203	187,360	843

... 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, 2024
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Fire Marshal:				
Fire Marshal salary	\$ 14,075	\$ 14,075	\$ 14,075	\$ -
Deputy callout expenses	2,000	1,701	1,130	571
Vehicle expense	1	1	-	1
Conferences and dues	2,600	2,649	2,648	1
Sundry expenses	500	500	472	28
Records	1,500	1,750	1,750	-
Total fire marshal	20,676	20,676	20,075	601
Emergency Management:				
Director's stipend	9,585	9,585	9,585	-
Assistant Director's stipend	100	100	-	100
Shelter equipment	6,000	6,000	-	6,000
Communications equipment	1,000	1,000	987	13
Emergency notification system	3,750	3,750	3,611	139
Sundry expenses	4,000	4,000	1,625	2,375
Total emergency management	24,435	24,435	15,808	8,627
Animal Control:				
Animal Control Officer	20,010	20,010	20,010	-
Shelter and animal expenses	1,400	4,068	4,068	-
State of Connecticut fees	2,100	2,229	2,229	-
Sundry expenses	1,600	1,421	1,421	-
Total animal control	25,110	27,728	27,728	-
Total public safety	617,611	603,975	513,505	90,470
Public Works:				
Tree Warden education and training	-	110	110	-
Payroll	335,894	288,957	277,444	11,513
Snow removal expenses	56,552	56,552	23,062	33,490
Equipment maintenance	42,500	70,769	70,769	-
Overtime expenses	35,807	35,807	24,488	11,319
Road maintenance	81,500	97,280	97,280	-
Garage expenses	16,500	16,500	15,489	1,011
Uniform expense	-	2,598	2,598	-
Sundry expenses	7,150	7,150	5,785	1,365
Communications	-	113	113	-
Tree Warden stipend	2,336	2,403	2,403	-
Total public works	578,239	578,239	519,541	58,698

... 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, 2024
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Health and Welfare:				
Senior/Social Services:				
Municipal agent	\$ 40,248	\$ 40,573	\$ 40,573	\$ -
Senior Center activities	8,000	8,994	8,994	-
Senior Center meals	1	1	-	1
Dial-A-Ride program	17,705	17,705	17,704	1
Office assistants	800	-	-	-
Social services agencies	3,000	3,000	3,000	-
Conferences and dues	50	25	25	-
Office expenses	200	101	101	-
Total senior/social services	<u>70,004</u>	<u>70,399</u>	<u>70,397</u>	<u>2</u>
Parks and Recreation:				
Director's salary	39,561	39,561	39,561	-
Peckham Park expenses	60,076	60,076	49,717	10,359
Lake Beseck Park expenses	24,986	24,251	20,061	4,190
Summer camp payroll	41,564	42,299	42,299	-
Summer entertainment	1,000	1,000	-	1,000
Office expenses	4,500	4,500	3,900	600
Total parks and recreation	<u>171,687</u>	<u>171,687</u>	<u>155,538</u>	<u>16,149</u>
Education:				
Regional School District No. 13	<u>13,488,045</u>	<u>13,488,046</u>	<u>13,488,046</u>	<u>-</u>
Total Education	<u>13,488,045</u>	<u>13,488,046</u>	<u>13,488,046</u>	<u>-</u>
Debt Service:				
TDBank lease - fire department	<u>50,736</u>	<u>50,736</u>	<u>50,735</u>	<u>1</u>
Total debt service	<u>50,736</u>	<u>50,736</u>	<u>50,735</u>	<u>1</u>
Transfers to Other Funds:				
Capital/nonrecurring fund	927,917	988,741	988,741	-
Old Indian Trail fund	<u>5,350</u>	<u>5,350</u>	<u>5,350</u>	<u>-</u>
Total transfers to other funds	<u>933,267</u>	<u>994,091</u>	<u>994,091</u>	<u>-</u>
Total expenditures and transfers	<u>\$ 18,456,779</u>	<u>\$ 18,517,603</u>	18,217,260	<u>\$ 300,343</u>
Encumbrances expended in the current fiscal year			<u>-</u>	
GAAP basis expenditures and transfers out			<u>\$ 18,217,260</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 TEN FISCAL YEARS

	<u>2024</u>	<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	0.198323 %	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	\$ 904,852	\$ 923,828	\$ 479,947	\$ 644,624	\$ 775,469	\$ 679,866	\$ 356,490	\$ 423,294	\$ 340,162	\$ 241,151
Town's covered payroll	\$ 598,571	\$ 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	151.17 %	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	69.54 %	68.71 %	82.59 %	71.18 %	72.69 %	73.60 %	91.68 %	88.29 %	92.72 %	90.48 %

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 101,585	\$ 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	101,585	86,791	61,611	58,190	65,749	53,402	54,653	67,594	80,123	77,986
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 598,571	\$ 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	16.97 %	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, 2023
Measurement Date June 30, 2023
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 normal
Amortization method	Level dollar, closed
Single equivalent amortization period	Blended 24.3 – 24.4 years depending on Tier
Asset valuation method	Market value of the measurement date
Inflation	2.50%
Salary increases	3.50%-9.50%, including inflation
Investment rate of return	7.00%, net of investment related expense
Mortality	Pub-2010 Mortality Tables set-forward one year (except active employees) and projected generationally with scale MP-2021

TOWN OF MIDDLEFIELD
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
June 30, 2024

GRAND LIST YEAR	BALANCE UNCOLLECTED CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS				UNCOLLECTED TAXES 6/30/2024
	7/1/2023	ADDITIONS	DELETIONS			TAXES	INTEREST	LIEN FEES	TOTAL	
2022	\$ 14,963,270	\$ 10,937	\$ 38,296	\$ -	\$ 14,935,911	\$ 14,739,366	\$ 47,287	\$ 2,108	\$ 14,788,761	\$ 196,545
2021	189,120	91	3,258	44,730	141,223	90,182	19,205	674	110,061	51,041
2020	66,238	9	41	-	66,206	28,231	11,744	168	40,143	37,975
2019	21,706	-	-	-	21,706	14,856	8,714	96	23,666	6,850
2018	13,552	-	-	-	13,552	13,365	9,930	48	23,343	187
2017	1,354	-	-	-	1,354	1,170	263	24	1,457	184
2016	321	-	-	-	321	-	-	-	-	321
2015	750	-	-	-	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
	<u>\$ 313,736</u>	<u>\$ 11,037</u>	<u>\$ 41,595</u>	<u>\$ 44,730</u>	<u>\$ 15,201,718</u>	<u>\$ 14,887,170</u>	<u>\$ 97,143</u>	<u>\$ 3,118</u>	<u>\$ 14,987,431</u>	<u>\$ 314,548</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue Funds											Total Non-major Governmental Funds
	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	Wastewater Infrastructure Fund	Total Capital Projects Funds	
Assets												
Cash and cash equivalents	\$ 127,716	\$ -	\$ 10,551	\$ -	\$ -	\$ -	\$ -	\$ 9,216	\$ 147,483	\$ -	\$ -	\$ 147,483
Other receivable	5,837	-	-	11,856	128,205	-	-	-	145,898	-	-	145,898
Due from other funds	-	116,961	87,508	7,712	-	-	1,037	-	213,218	-	-	213,218
Total assets	<u>\$ 133,553</u>	<u>\$ 116,961</u>	<u>\$ 98,059</u>	<u>\$ 19,568</u>	<u>\$ 128,205</u>	<u>\$ -</u>	<u>\$ 1,037</u>	<u>\$ 9,216</u>	<u>\$ 506,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,599</u>
Liabilities												
Accounts payable and accrued expenses	\$ 5,527	\$ -	\$ 41	\$ -	\$ -	\$ 1,657	\$ -	\$ -	\$ 7,225	\$ -	\$ -	\$ 7,225
Unearned revenue	-	-	20,339	-	16,500	-	-	-	36,839	-	-	36,839
Due to other funds	21,886	-	-	-	111,998	22,727	-	-	156,611	7,847	7,847	164,458
Total liabilities	<u>27,413</u>	<u>-</u>	<u>20,380</u>	<u>-</u>	<u>128,498</u>	<u>24,384</u>	<u>-</u>	<u>-</u>	<u>200,675</u>	<u>7,847</u>	<u>7,847</u>	<u>208,522</u>
Deferred Inflows of Resources												
Unavailable revenue - assessments receivable	5,837	-	-	-	-	-	-	-	5,837	-	-	5,837
Total deferred inflows of resources	<u>5,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,837</u>	<u>-</u>	<u>-</u>	<u>5,837</u>
Fund Balances (Deficits)												
Restricted	-	116,961	-	19,568	-	-	1,037	9,216	146,782	-	-	146,782
Committed	100,303	-	77,679	-	-	-	-	-	177,982	-	-	177,982
Unassigned	-	-	-	-	(293)	(24,384)	-	-	(24,677)	(7,847)	(7,847)	(32,524)
Total fund balances (deficits)	<u>100,303</u>	<u>116,961</u>	<u>77,679</u>	<u>19,568</u>	<u>(293)</u>	<u>(24,384)</u>	<u>1,037</u>	<u>9,216</u>	<u>300,087</u>	<u>(7,847)</u>	<u>(7,847)</u>	<u>292,240</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 133,553</u>	<u>\$ 116,961</u>	<u>\$ 98,059</u>	<u>\$ 19,568</u>	<u>\$ 128,205</u>	<u>\$ -</u>	<u>\$ 1,037</u>	<u>\$ 9,216</u>	<u>\$ 506,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,599</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, 2024

	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	Wastewater Infrastructure Fund	Total Capital Projects Funds	Non-major Governmental Funds
Revenues												
Intergovernmental	\$ -	\$ 196,112	\$ -	\$ 5,350	\$ 6,000	\$ -	\$ -	\$ -	\$ 207,462	\$ -	\$ -	\$ 207,462
Licenses, fees and charges for goods and services	39,364	-	92,629	-	-	-	-	381	132,374	-	-	132,374
Investment income	1,623	-	-	-	-	-	-	-	1,623	-	-	1,623
Miscellaneous	193	-	-	-	-	-	-	-	193	-	-	193
Total revenues	41,180	196,112	92,629	5,350	6,000	-	-	381	341,652	-	-	341,652
Expenditures												
Current:												
General government	-	-	-	-	6,000	-	-	-	6,000	-	-	6,000
Public works	25,513	235,844	-	6,685	-	-	-	-	268,042	82	82	268,124
Parks and recreation	-	-	38,097	-	-	-	-	-	38,097	-	-	38,097
Total current expenditures	25,513	235,844	38,097	6,685	6,000	-	-	-	312,139	82	82	312,221
Excess (deficiency) of revenues over expenditures	15,667	(39,732)	54,532	(1,335)	-	-	-	381	29,513	(82)	(82)	29,431
Other Financing Sources (Uses):												
Operating transfers in	-	-	-	5,350	-	-	-	-	5,350	-	-	5,350
Operating transfers out	-	-	(45,831)	(2,500)	-	-	-	-	(48,331)	-	-	(48,331)
Total other financing sources (uses)	-	-	(45,831)	2,850	-	-	-	-	(42,981)	-	-	(42,981)
Net change in fund balances	15,667	(39,732)	8,701	1,515	-	-	-	381	(13,468)	(82)	(82)	(13,550)
Fund balances (deficits), July 1, 2023	84,636	156,693	68,978	18,053	(293)	(24,384)	1,037	8,835	313,555	(7,765)	(7,765)	305,790
Fund balances (deficits), June 30, 2024	\$ 100,303	\$ 116,961	\$ 77,679	\$ 19,568	(\$ 293)	(\$ 24,384)	\$ 1,037	\$ 9,216	\$ 300,087	(\$ 7,847)	(\$ 7,847)	\$ 292,240

TOWN OF MIDDLEFIELD, CONNECTICUT
RESERVE FUND FOR CAPITAL AND NONRECURRING EXPENDITURES
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2024

	Appropriations			Expenditures			Unexpended (Over expended) Balance
	Balance July 1, 2023	Current Year	Balance June 30, 2024	Balance July 1, 2023	Current Year	Balance June 30, 2024	
Town Hall improvements	\$ 289,106	\$ 30,306	\$ 319,412	\$ 158,999	\$ 66	\$ 159,065	\$ 160,347
Community Center improvements	696,124	62,117	758,241	293,877	71,336	365,213	393,028
Community Center underground tank	76,093	-	76,093	-	-	-	76,093
Vehicle replacements	21,479	3,511	24,990	-	-	-	24,990
Telephone system upgrade	9,328	1,043	10,371	5,923	-	5,923	4,448
Computer replacement and upgrades	194,238	5,000	199,238	187,397	3,962	191,359	7,879
Server replacement	48,730	7,711	56,441	40,437	-	40,437	16,004
Town website	15,000	-	15,000	15,000	8,008	23,008	(8,008)
Facilities asset management plan	17,000	-	17,000	-	-	-	17,000
Fire Department building committee	130,000	35,000	165,000	100,652	-	100,652	64,348
Accrued benefits	201,360	17,325	218,685	186,989	8,057	195,046	23,639
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	520,722	25,000	545,722	488,722	-	488,722	57,000
Storm contingency	71,006	-	71,006	49,293	-	49,293	21,713
Tree removal	342,580	30,000	372,580	307,355	36,900	344,255	28,325
Garage improvements	119,907	7,849	127,756	109,512	17,170	126,682	1,074
Road improvements	812,212	34,147	846,359	556,138	58,439	614,577	231,782
Road refurbishment-pavement study	-	90,000	90,000	-	-	-	90,000
Lake Beseck remediation	223,131	(15,214)	207,917	174,690	37,900	212,590	(4,673)
LED street light assessment	244,369	-	244,369	244,108	-	244,108	261
LED street light replacement	26,326	9,754	36,080	1,168	-	1,168	34,912
Town property remediation	13,500	-	13,500	8,500	-	8,500	5,000
Town storage building	8,500	8,500	17,000	-	10,745	10,745	6,255
Dump truck replacement	1,109,079	102,374	1,211,453	831,113	237,141	1,068,254	143,199
Small dump truck replacement	455,823	36,819	492,642	413,301	8,040	421,341	71,301
Emergency repairs	15,672	11,819	27,491	15,672	11,819	27,491	-
Pickup replacement	55,898	8,290	64,188	55,898	-	55,898	8,290
Paver replacement	23,388	4,690	28,078	-	-	-	28,078
Roller and trailer replacement	41,825	5,744	47,569	-	-	-	47,569
Guard rail tractor replacement	279,930	13,768	293,698	240,096	-	240,096	53,602
Sweeper replacement	191,913	80,649	272,562	26,216	246,347	272,563	(1)
STEAP grant matching funds-Culvert	-	-	-	-	4,070	4,070	(4,070)

. . . Continued . . .

TOWN OF MIDDLEFIELD, CONNECTICUT
RESERVE FUND FOR CAPITAL AND NONRECURRING EXPENDITURES
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2024
. . . Continued . . .

	Appropriations			Expenditures			Unexpended (Over expended) Balance
	Balance July 1, 2023	Current Year	Balance June 30, 2024	Balance July 1, 2023	Current Year	Balance June 30, 2024	
Front-end loader replacement	\$ 252,875	\$ 15,884	\$ 268,759	\$ 246,151	\$ -	\$ 246,151	\$ 22,608
Zero turn mower	14,200	1,500	15,700	10,757	-	10,757	4,943
Backhoe replacement	99,327	-	99,327	69,348	-	69,348	29,979
Tractor/brush hog replacement	4,538	5,069	9,607	-	-	-	9,607
Mini excavator	4,441	7,331	11,772	-	-	-	11,772
Fuel tanks	6,184	1,825	8,009	-	-	-	8,009
Park improvements	271,563	26,287	297,850	176,545	1,800	178,345	119,505
Playscape replacement	76,837	8,388	85,225	-	-	-	85,225
Animal shelter	6,000	-	6,000	-	6,041	6,041	(41)
Enforcement equipment	4,323	-	4,323	3,323	-	3,323	1,000
Water supply development	162,500	5,000	167,500	153,876	-	153,876	13,624
Fire hose replacement	66,000	4,000	70,000	53,200	15,614	68,814	1,186
State EMS plan	7,500	-	7,500	-	-	-	7,500
Breathing apparatus	141,211	-	141,211	115,553	-	115,553	25,658
Thermal imaging camera	57,607	-	57,607	31,027	10,954	41,981	15,626
Communications equipment	121,475	-	121,475	111,374	8,073	119,447	2,028
Computer upgrades	32,914	3,744	36,658	25,004	4,407	29,411	7,247
Rescue truck replacement	850,008	88,528	938,536	254,563	-	254,563	683,973
Medical truck replacement	177,829	12,021	189,850	124,253	-	124,253	65,597
All terrain vehicle	40,977	2,577	43,554	29,474	-	29,474	14,080
Fire Chief's vehicle	35,061	4,935	39,996	10,000	-	10,000	29,996
Tanker replacement	433,629	27,000	460,629	385,852	-	385,852	74,777
Life saving equipment	90,000	4,000	94,000	71,379	1,869	73,248	20,752
Building maintenance/improvements	140,000	-	140,000	102,576	9,099	111,675	28,325
Building renovations	220	1	221	220	-	220	1
Pumper replacement '02	1,514,413	10,000	1,524,413	1,132,409	388,291	1,520,700	3,713
Pumper replacement '13	312,950	61,473	374,423	-	-	-	374,423
Emergency repairs and purchases	15,067	2,033	17,100	7,100	-	7,100	10,000
50 KW generator	38,775	8,406	47,181	-	-	-	47,181
Siren - Lyman/Rockfall	48,845	9,359	58,204	-	-	-	58,204
Boat replacement	8,597	660	9,257	6,930	-	6,930	2,327
Brush truck replacement	50,000	251,745	301,745	-	299,745	299,745	2,000
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	15,442	1,786	17,228	10,084	-	10,084	7,144
Planning & zoning regulation revisions	-	17,000	17,000	-	-	-	17,000
Land bank reserve	6,000	-	6,000	-	4,000	4,000	2,000
Open space property improvements	13,695	1,000	14,695	7,663	-	7,663	7,032
Open space acquisitions	2,500	-	2,500	-	2,500	2,500	-
Levi E. Coe improvements	50,406	5,701	56,107	40,392	-	40,392	15,715
DMIAAB capital reserve	12,728	-	12,728	12,728	-	12,728	-
	<u>\$ 11,792,877</u>	<u>\$ 1,203,455</u>	<u>\$ 12,996,332</u>	<u>\$ 8,025,081</u>	<u>\$ 1,512,393</u>	<u>\$ 9,537,474</u>	<u>\$ 3,458,858</u>

**TOWN OF MIDDLEFIELD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2024**

Total tax collections (including interest, penalties and late payment of taxes) for immediate preceding fiscal year	\$ 14,491,792
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>\$ 14,491,792</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 \$101,442,544, 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	\$ 32,606,532	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	65,213,064	-	-	-
3 3/4 times base	-	-	54,344,220	-	-
3 1/4 times base	-	-	-	47,098,324	-
3 times base	-	-	-	-	43,475,376
Total debt limitation	<u>32,606,532</u>	<u>65,213,064</u>	<u>54,344,220</u>	<u>47,098,324</u>	<u>43,475,376</u>
Indebtedness:					
Notes payable	-	-	-	-	-
Regional School District #13 bonds	<u>-</u>	<u>2,432,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>-</u>	<u>2,432,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 32,606,532</u>	<u>\$ 62,780,984</u>	<u>\$ 54,344,220</u>	<u>\$ 47,098,324</u>	<u>\$ 43,475,376</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, 2024, based on the most current and available information, the indebtedness of the District was \$6,880,000. The Town of Middlefield's share will be approximately 35.35% of the debt, or \$2,432,080. These are the general obligations of Regional School District #13 and its member towns.