

**TOWN OF MIDDLEFIELD, CONNECTICUT
FINANCIAL REPORT
June 30, 2022**

**TOWN OF MIDDLEFIELD, CONNECTICUT
FINANCIAL REPORT**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	16
Fiduciary Funds:	
Statement of Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements	19 - 48

**TOWN OF MIDDLEFIELD, CONNECTICUT
FINANCIAL REPORT**

TABLE OF CONTENTS

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Schedule of Revenues and Other Financing Sources - Budget and Actual (Non-GAAP Budgetary Basis)	49 - 50
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Non-GAAP Budgetary Basis)	51 - 56
Schedule of the Town's Proportionate Share of the Net Pension Liability - Connecticut Municipal Employees' Retirement System - (General Employees with Social Security)	57
Schedule of Employer Contributions - Connecticut Municipal Employees' Retirement System - (General Employees with Social Security)	58
SUPPLEMENTARY INFORMATION	
Schedule of Property Taxes Levied, Collected and Outstanding	59
Nonmajor Governmental Funds	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes In Fund Balances (Deficits)	61
Custodial Funds	
Combining Statement of Net Position	62
Combining Statement of Changes in Fiduciary Net Position	63
Reserve Fund for Capital and Nonrecurring Expenditures - Schedule of Expenditures Compared with Appropriations	64 - 65
Schedule of Debt Limitation	66

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, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Emphasis of a Matter

As described in Note 1 to the financial statements, during the fiscal year ended June 30, 2022, the Town of Middlefield adopted Government Accounting Standards Board (GASB) Statement No. 87, Leases. Under this standard, a lessee is required to recognize a right-to-use lease asset and a corresponding lease liability, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 49 to 56, and the retirement system schedules on pages 57 to 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2023, 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
January 10, 2023

**TOWN OF MIDDLEFIELD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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 \$524,690 or approximately 3.0%.
- The total cost of all of the Town's governmental activities was \$16,610,734.
- The General Fund reported a fund balance of \$4,154,259 at June 30, 2022.
- For the year ended June 30, 2022, the resources available for appropriation were \$473,806 more than budgeted for the general fund. Expenditures were \$104,376 less than budgeted for the general fund.
- The Town's total long-term debt decreased by \$72,174 to zero at June 30, 2022.

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 twelve 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 and Housing Rehabilitation Programs which are considered to be major funds. Data from eight 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 - The Town is the trustee, or fiduciary, for its volunteer fire department supplementary benefit fund. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. 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	
	2022	2021
Assets		
Current and other assets	\$ 10,844,107	\$ 10,259,963
Capital assets, net	9,815,212	9,930,212
Total assets	<u>20,659,319</u>	<u>20,190,175</u>
 Deferred Outflows of Resources		
Charges related to pensions	290,575	304,072
 Liabilities		
Current liabilities	1,265,489	1,475,572
Long-term liabilities:		
Due within one year	85,712	153,640
Due in more than one year	750,856	948,209
Total liabilities	<u>2,102,057</u>	<u>2,577,421</u>
 Deferred Inflows of Resources		
Unavailable revenue	-	5,701
Credits related to leases	254,963	-
Credits related to pensions	<u>352,570</u>	<u>195,511</u>
	<u>607,533</u>	<u>201,212</u>
 Net Position		
Net investment in capital assets	9,199,700	9,579,707
Unrestricted	9,040,604	8,135,907
Total net position	<u>\$ 18,240,304</u>	<u>\$ 17,715,614</u>

The net position of the Town's governmental activities increased by \$524,690 or 3.0%. 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 \$904,697 to \$9,040,604 at June 30, 2022.

Governmental Activities			
	2022	2021	Change
Revenues:			
Program revenues:			
Charges for services	\$ 669,607	\$ 693,504	(\$23,897)
Operating grants and contributions	2,147,914	2,102,745	45,169
Capital grants and contributions	32,007	31,793	214
General revenues:			
Property taxes	13,915,278	14,130,573	(215,295)
Grants and contributions not restricted to specific purposes	356,291	368,039	(11,748)
Unrestricted investment earnings	12,454	15,652	(3,198)
Miscellaneous	1,873	3,890	(2,017)
Total revenues	17,135,424	17,346,196	(210,772)
Program expenses:			
General government	2,394,858	2,241,070	153,788
Public safety	659,137	639,569	19,568
Public works	1,485,045	1,546,567	(61,522)
Health and welfare	78,332	72,948	5,384
Parks and recreation	187,395	134,727	52,668
Education	11,797,537	11,674,784	122,753
Interest expense	8,430	11,774	(3,344)
Total program expenses	16,610,734	16,321,439	289,295
Change in net position	\$ 524,690	\$ 1,024,757	\$ (500,067)

The Town's total revenue was \$17,135,424. The total cost of all programs and services was \$16,610,734. Our analysis above separately considers the operations of governmental activities.

Governmental activities

Governmental activities increased the Town's net position by \$524,690. Property tax collections, as well as FEMA reimbursements relating to Storm Isaias, in excess of budgeted amounts and expenditures below budgeted levels were the main contributors to this year's results.

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

Governmental Activities

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 2,394,858	\$ 1,996,474
Public works	1,485,045	967,404
Public safety	659,137	657,639
Parks and recreation	187,395	116,783
Education	11,797,537	9,951,334
	Total Cost of Services	Net Cost of Services
	\$ 2,241,070	\$ 1,862,808
	1,546,567	1,001,304
	639,569	638,531
	134,727	79,709
	11,674,784	9,837,280

Town Fund Financial Analysis

Governmental funds

As the Town completed the year, its governmental funds reported a combined fund balance of \$8,334,146 which is an increase of \$596,484 from last year's total of \$7,737,662. Included in this year's total change in fund balance is an increase in the Town's General Fund balance of \$78,182, and an increase in the Town's Reserve Fund for Capital and Nonrecurring Expenditures Fund balance of \$429,868. The primary reasons for the General Fund's surplus mirror the governmental activities analysis highlighted above. The increase in the Town's Reserve Fund is attributable primarily to revenues and General Fund appropriations exceeding expenditures in the current fiscal year.

General Fund budgetary highlights

General property taxes revenue was \$334,582 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 FEMA reimbursements related to Storm Isaias which was not anticipated as part of the budget process. Local revenues were greater than budgeted amounts due primarily to greater than anticipated conveyance taxes being collected due to inflated sales prices on real estate transactions.

Capital asset and debt administration

At June 30, 2022 the Town had a net balance of \$9,815,212 invested in a broad range of capital assets, including land, buildings, vehicles and equipment, and infrastructure. This represents a net decrease (including additions and deductions) of \$115,000, or approximately 1.2% from the prior year. In the current year, the Town acquired a new piece of Public Works equipment.

The Town's 2021/2022 budget called for major capital expenditures relating to the acquisition of certain pieces of Public Works and Fire Department equipment all to be made through the Reserve Fund for Capital and Nonrecurring Expenditures.

Capital assets at year-end (net of depreciation)

	Governmental Activities	
	2022	2021
Land	\$ 4,348,689	\$ 4,348,689
Powder Ridge development rights	1,893,919	1,893,919
Buildings and improvements	727,040	781,947
Machinery, equipment and vehicles	1,771,055	1,796,251
Infrastructure	<u>1,074,509</u>	<u>1,109,406</u>
 Totals	 <u>\$ 9,815,212</u>	 <u>\$ 9,930,212</u>

Long-term obligations

At June 30, 2022, the Town had outstanding debt obligations, including compensated absences and net pension liability, as shown below:

Long-term obligations at year-end

	Governmental Activities	
	2022	2021
Loans	\$ -	\$ 72,174
Lease liability	234,890	278,331
Compensated absences	121,731	106,720
Net pension liability	<u>479,947</u>	<u>644,624</u>
 Totals	 <u>\$ 836,568</u>	 <u>\$ 1,101,849</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 2022/2023 passed on the first vote with a mill rate reduction of 4.26 or approximately 13.4% due primarily to the results of the Town's revaluation. The most significant factors for the fiscal year 2022/2023 budget was the uncertainty regarding the impact of the COVID 19 pandemic and its impact on overall tax collections as well as the continued uncertainty with regards to State funding on the Town as well as the shift in Regional School District #13 enrollment. In order to minimize the tax impact of the enrollment shift for fiscal year 2022/2023 the Town appropriated \$800,000 of its Unassigned General Fund Balance to offset a portion of the \$1,136,999 increase in the Town's share of the Regional School District #13 expenditures. The Town expects similar uncertainty with regards to State funding to the Town during the upcoming 2023/2024 budget process.

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, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 9,342,628
Receivables:	
Property taxes, interest and liens	463,444
Loans and assessments	577,987
Leases	258,681
Other	145,939
Prepaid items	55,428
Capital assets, not being depreciated	6,242,608
Capital assets, being depreciated, net of accumulated depreciation	<u>3,572,604</u>
Total assets	<u>20,659,319</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges related to pensions	<u>290,575</u>
Total deferred outflows of resources	<u>290,575</u>
LIABILITIES	
Accounts payable and accrued expenses	666,586
Due to fiduciary funds	4,295
Unearned revenue	594,608
Noncurrent liabilities:	
Due within one year	85,712
Due in more than one year	<u>750,856</u>
Total liabilities	<u>2,102,057</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred credits related to leases	254,963
Deferred credits related to pensions	<u>352,570</u>
Total deferred inflows of resources	<u>607,533</u>
NET POSITION	
Net investment in capital assets	9,199,700
Unrestricted	<u>9,040,604</u>
Total net position	<u>\$ 18,240,304</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, 2022

Functions/Programs	Expenses	Program Revenues				Total	Governmental Activities	Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions								
Primary Government												
Governmental activities:												
General government	\$ 2,394,858	\$ 311,638	\$ 86,746	\$ -	\$ 398,384	(\$ 1,996,474)						
Public safety	659,137	1,498	-	-	1,498	(657,639)						
Public works	1,485,045	279,819	205,815	32,007	517,641	(967,404)						
Health and welfare	78,332	6,040	9,150	-	15,190	(63,142)						
Parks and recreation	187,395	70,612	-	-	70,612	(116,783)						
Education	11,797,537	-	1,846,203	-	1,846,203	(9,951,334)						
Interest expense	8,430	-	-	-	-	(8,430)						
Total governmental activities	<u>\$ 16,610,734</u>	<u>\$ 669,607</u>	<u>\$ 2,147,914</u>	<u>\$ 32,007</u>	<u>\$ 2,849,528</u>	<u>(13,761,206)</u>						
General revenues:												
Property taxes, interest & lien fee						13,915,278						
Grants and contributions not restricted to specific programs						356,291						
Unrestricted investment earnings						12,454						
Other						1,873						
Total general revenues						<u>14,285,896</u>						
Change in net position						524,690						
Net position - July 1, 2021						<u>17,715,614</u>						
Net position - June 30, 2022						<u>\$ 18,240,304</u>						

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

TOWN OF MIDDLEFIELD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	Lake Beseck	Housing Rehabilitation Programs	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,780,949	\$ -	\$ 269,967	\$ 151,807	\$ 139,905	\$ 9,342,628
Receivables, net:						
Property taxes, interest and liens	463,444	-	-	-	-	463,444
Loans	-	-	-	577,987	-	577,987
Leases	258,681	-	-	-	-	258,681
Other	29,183	32,007	65,872	-	18,877	145,939
Prepaid items	55,428	-	-	-	-	55,428
Due from other funds	97,326	<u>3,617,644</u>	9,303	-	793,024	4,517,297
Total assets	<u>\$ 9,685,011</u>	<u>\$ 3,649,651</u>	<u>\$ 345,142</u>	<u>\$ 729,794</u>	<u>\$ 951,806</u>	<u>\$ 15,361,404</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 568,815	\$ 44,160	\$ -	\$ 882	\$ 52,729	\$ 666,586
Unearned revenue	-	-	-	-	594,608	594,608
Due to other funds	<u>4,369,000</u>	<u>-</u>	<u>105,692</u>	<u>3,743</u>	<u>43,157</u>	<u>4,521,592</u>
Total liabilities	<u>4,937,815</u>	<u>44,160</u>	<u>105,692</u>	<u>4,625</u>	<u>690,494</u>	<u>5,782,786</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	337,974	-	-	-	-	337,974
Unavailable revenue - leases	254,963	-	-	-	-	254,963
Unavailable revenue - loans and other receivables	-	-	65,872	577,987	7,676	651,535
Total deferred inflows of resources	<u>592,937</u>	<u>-</u>	<u>65,872</u>	<u>577,987</u>	<u>7,676</u>	<u>1,244,472</u>
FUND BALANCES						
Nonspendable	55,428	-	-	-	-	55,428
Restricted	-	-	-	147,182	177,448	324,630
Committed	800,000	3,605,491	173,578	-	100,572	4,679,641
Unassigned	<u>3,298,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,384)</u>	<u>3,274,447</u>
Total fund balances	<u>4,154,259</u>	<u>3,605,491</u>	<u>173,578</u>	<u>147,182</u>	<u>253,636</u>	<u>8,334,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,685,011</u>	<u>\$ 3,649,651</u>	<u>\$ 345,142</u>	<u>\$ 729,794</u>	<u>\$ 951,806</u>	<u>\$ 15,361,404</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, 2022

Total fund balances - total governmental funds \$ 8,334,146

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. 9,815,212

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	337,974
Loans and assessments receivable	651,535

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

Lease liability	(234,890)
Net pension liability	(479,947)
Compensated absences	(121,731)

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. (61,995)

Net position of governmental activities \$ 18,240,304

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, 2022

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	Lake Beseck	Housing Rehabilitation Programs	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes, interest and lien fees	\$ 13,930,576	\$ -	\$ -	\$ -	\$ -	\$ 13,930,576
Intergovernmental	2,202,494	34,007	-	-	299,711	2,536,212
Licenses, fees and charges for goods and services	203,933	-	282,078	-	110,718	596,729
Investment income	12,036	-	202	151	65	12,454
Miscellaneous	114,248	-	-	-	248	114,496
Total revenues	16,463,287	34,007	282,280	151	410,742	17,190,467
EXPENDITURES						
Current:						
General government	2,272,067	54,015	-	-	15,380	2,341,462
Public safety	565,675	-	-	-	-	565,675
Public works	510,542	32,780	194,833	-	321,307	1,059,462
Health and welfare	72,442	-	-	1,771	-	74,213
Parks and recreation	132,094	-	-	-	42,127	174,221
Education	11,797,537	-	-	-	-	11,797,537
Debt service	126,867	-	-	-	-	126,867
Capital outlays	-	454,546	-	-	-	454,546
Total expenditures	15,477,224	541,341	194,833	1,771	378,814	16,593,983
Excess of revenues over (under) expenditures	986,063	(507,334)	87,447	(1,620)	31,928	596,484
OTHER FINANCING SOURCES (USES):						
Operating transfers in	34,751	937,202	-	-	85,016	1,056,969
Operating transfers out	(942,632)	-	(2,328)	-	(112,009)	(1,056,969)
Total other financing sources (uses)	(907,881)	937,202	(2,328)	-	(26,993)	-
Net change in fund balance	78,182	429,868	85,119	(1,620)	4,935	596,484
Fund balance - July 1, 2021	4,076,077	3,175,623	88,459	148,802	248,701	7,737,662
Fund balance - June 30, 2022	\$ 4,154,259	\$ 3,605,491	\$ 173,578	\$ 147,182	\$ 253,636	\$ 8,334,146

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, 2022

Net change in fund balances - total governmental funds \$ 596,484

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	162,882
Depreciation expense	(277,180)
Loss on disposal of capital assets	(702)
Total	<u>(115,000)</u>

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

Decrease in property taxes - accrual basis change	(15,298)
Loans and assessments receivable	(39,043)

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:	
Notes payable	72,174
Lease liability	43,441

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	164,677
Change in compensated absences	(15,011)
Change in accrued interest payable on long-term debt	2,822

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. (170,556)

Change in net position of governmental activities \$ 524,690

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

TOWN OF MIDDLEFIELD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 44,003
Investments	518,764
Due from the General Fund	<u>4,295</u>
 Total assets	 <u>\$ 567,062</u>
NET POSITION	
Restricted for:	
Pensions	562,767
Organizations	<u>4,295</u>
 Total net position	 <u>\$ 567,062</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, 2022

	<u>Custodial Funds</u>
Additions	
Contributions - Town	\$ 22,687
Investment earnings	(22,498)
Gifts	<u>2,925</u>
 Total additions	 <u>3,114</u>
Deductions	
Benefits paid to participants	6,474
Fees	370
Payments to organizations	<u>1,119</u>
 Total deductions	 <u>7,963</u>
 Net change in fiduciary net position	 (4,849)
 Net position, July 1, 2021	 <u>571,911</u>
 Net position, June 30, 2022	 <u>\$ 567,062</u>

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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.

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 Volunteer Fire Department Supplementary Benefits and 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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

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

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into three classifications: pension trust funds, investment trust funds and, private-purpose trust funds. Trust 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Investments

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

Property Taxes and Other Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Property taxes are assessed on property values as of October 1 and billed the following July. Real estate and personal property tax bills are payable in two installments, July 1 and the following January 1, and motor vehicle taxes are payable in one installment on July 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. 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, 2022 are stated net of an allowance for uncollectible amount of \$4,700.

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, 2022, loans receivable totaled \$577,987 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Leases

Lessor

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

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

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to leases in the government-wide statement of net position and in the governmental funds balance sheet. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. The Town reports deferred inflows of resources related to pension in the government-wide statement of net position. A deferred inflow of resources related to pension results from net differences between projected and actual earnings, 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, 2022 amounted to \$121,731. This liability for unpaid vacation and sick leave is reflected in the government-wide statement of position.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Net Pension Liability

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

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. 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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

Fund Financial Statements

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

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

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

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.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 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 January 10, 2023, the date the financial statements were available to be issued.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. Adoption of the lease standard resulted in the recognition of leases receivable and a deferred inflow of resources of \$310,096 as of July 1, 2021.

2. Stewardship, Compliance and Accountability

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

The Board of Finance, on request by Town agencies or officers, may make special appropriations, but any such special appropriation which exceeds one half of one percent of the current general government shall require approval by vote of Town Meeting. Additional appropriations during the year represented line item transfers. There were no additional appropriation from General Fund balance during the fiscal year ended June 30, 2022.

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, 2022

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

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

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

3. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

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

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The following is a summary of cash and cash equivalents at June 30, 2022:

	<u>Government-Wide</u>	<u>Fiduciary Funds</u>
	Statement of Net Position	Statement of Fiduciary Net Position
Demand, savings and money market accounts	\$ 8,416,769	\$ 44,003
Petty cash	100	-
Connecticut Short-term Investment Fund (STIF)	<u>925,759</u>	<u>-</u>
 Total cash and cash equivalents	 <u>\$ 9,342,628</u>	 <u>\$ 44,003</u>

At June 30, 2022, the carrying amount of the Town's deposits with financial institutions was \$8,460,067 and the bank balance was \$8,508,805.

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, 2022 bank balance, \$775,993 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 \$773,281, based on the June 30, 2022 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The remaining bank balance of \$6,959,531 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, 2022, the Town's cash equivalents amounted to \$925,759.

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.

Investments

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (a) obligations of the United States and its agencies; (b) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (c) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

rated no-load open end money market and mutual funds (with constant or fluctuating net assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

Investments as of June 30, 2022 in all funds are as follows:

Volunteer Fire Department Supplemental Benefit Fund:

Equity mutual funds	\$ 244,539
Fixed income mutual funds	270,677
Other	<u>3,548</u>
 Total	 <u>\$ 518,764</u>

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. All of the investments held in the Volunteer Fire Department Supplemental Benefit Fund have expected maturities of less than one year and are not rated by nationally recognized statistical rating organizations.

Concentration of Credit Risk - The Town's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities of the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. At June 30, 2022 the Town did not have any uninsured or unregistered securities held by the counterparty, or its trust department or agent that were not in the Town's name.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Fair Value Measures - The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Town's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2022.

4. Property Taxes and Other Receivables

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

	General Fund	Reserve Fund for CNRE	Lake Beseck	Housing Rehabilitation Programs	Other Governmental Funds	Total
Property taxes, net	\$ 352,614	\$ -	\$ -	\$ -	\$ -	\$ 352,614
Interest and liens, net	110,830	-	-	-	-	110,830
Intergovernmental	-	32,007	-	-	4,695	36,702
Leases	258,681	-	-	-	-	258,681
Loans	-	-	-	577,987	-	577,987
Other	29,183	-	65,872	-	14,182	109,237
Net total receivables	<u>\$ 751,308</u>	<u>\$ 32,007</u>	<u>\$ 65,872</u>	<u>\$ 577,987</u>	<u>\$ 18,877</u>	<u>\$ 1,446,051</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. Leases Receivable

The Town, acting as lessor, leases a cell tower space under a long-term, noncancelable lease agreement. The lease expires April 30, 2024. During the year ended June 30, 2022, the Town recognized \$44,271 and \$3,175 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, 2022, the Town recognized \$10,862 and \$5,445 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
2023	\$ 52,978	\$ 7,056
2024	46,859	5,470
2025	9,137	4,663
2026	9,414	4,386
2027	9,699	4,101
2028 - 2032	55,832	15,768
2033 - 2037	65,290	6,710
2038	<u>9,472</u>	<u>132</u>
	<u><u>\$ 258,681</u></u>	<u><u>\$ 48,286</u></u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

6. Interfund Transactions

Interfund Balances

Interfund balances consisted of the following at June 30, 2022, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 97,326	\$ 4,369,000
Reserve Fund for Capital and Nonrecurring Expenditures	3,617,644	-
Lake Beseck	9,303	105,692
Housing Rehabilitation Programs	-	3,743
Nonmajor Governmental Funds:		
Route 66 Sewer Project	-	20,430
Town Aid Road	183,797	-
Park and Recreation Commission	26,729	-
Old Indian Trail Water System	334	-
Miscellaneous Grants	563,803	-
Special Purpose Fund	-	22,727
Donation Fund	1,037	-
Lake Shore Drive	17,324	-
Fiduciary Funds:		
Giving Gardens	<u>4,295</u>	<u>-</u>
	<u>\$ 4,521,592</u>	<u>\$ 4,521,592</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, 2022

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following, as reported in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 34,751	\$ 942,632
Reserve Fund for Capital and Nonrecurring Expenditures	937,202	-
Lake Beseck	-	2,328
Nonmajor Governmental Funds:		
Route 66 Sewer Project	-	514
Miscellaneous Grants	-	81,809
Lake Shore Drive	79,586	-
Park & Recreation Commission	-	29,686
Old Indian Trail Water System	<u>5,430</u>	-
	<hr/>	<hr/>
	<u>\$ 1,056,969</u>	<u>\$ 1,056,969</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, 2022

7. Capital Assets

Capital asset activity for the year ended June 30, 2022 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	<u>6,242,608</u>	-	-	<u>6,242,608</u>
Capital assets, being depreciated:				
Buildings and improvements	2,245,519	-	-	2,245,519
Machinery, equipment and vehicles	3,804,190	162,882	(37,657)	3,929,415
Infrastructure	1,384,737	-	-	1,384,737
Right-to-use assets	325,000	-	-	325,000
Total capital assets, being depreciated	<u>7,759,446</u>	<u>162,882</u>	<u>(37,657)</u>	<u>7,884,671</u>
Less, accumulated depreciation for:				
Buildings and improvements	1,463,572	54,907	-	1,518,479
Machinery, equipment and vehicles	2,303,439	171,126	(36,955)	2,437,610
Infrastructure	275,331	34,897	-	310,228
Right-to-use assets	29,500	16,250	-	45,750
Total accumulated depreciation	<u>4,071,842</u>	<u>277,180</u>	<u>(36,955)</u>	<u>4,312,067</u>
Total capital assets, being depreciated, net	<u>3,687,604</u>	<u>(114,298)</u>	<u>(702)</u>	<u>3,572,604</u>
Total net capital assets, governmental activities	<u>\$ 9,930,212</u>	<u>(\$ 114,298)</u>	<u>(\$ 702)</u>	<u>\$ 9,815,212</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Depreciation expense was charged to functions/programs as follows:

General government	\$ 32,506
Public safety	93,462
Public works	133,919
Health and welfare	4,119
Parks and recreation	<u>13,174</u>
 Total depreciation expense-governmental activities	 <u>\$ 277,180</u>

8. Long-Term Obligations

During the year ended June 30, 2022, the following changes occurred in long-term obligations:

Description	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Current Portion
Long-term obligations:					
Loans payable	\$ 72,174	\$ -	\$ 72,174	\$ -	\$ -
Lease liability	278,331	-	43,441	234,890	44,579
Compensated absences	106,720	15,011	-	121,731	41,133
Net pension liability	<u>644,624</u>	<u>-</u>	<u>164,677</u>	<u>479,947</u>	<u>-</u>
 Governmental activities					
Long-term liabilities	<u>\$ 1,101,849</u>	<u>\$ 15,011</u>	<u>\$ 280,292</u>	<u>\$ 836,568</u>	<u>\$ 85,712</u>

Lease liability

The Town has a lease agreement for the acquisition of communication equipment. The equipment is recorded in capital assets in the amount of \$325,000 with accumulated amortization of \$45,750. The equipment is being amortized over 20 years. Amortization expense totaled \$16,250 and it is included in depreciation expense.

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The annual future lease payments as of June 30, 2022 are as follows:

Fiscal Year Ended June 30,	Principal Payments	Interest Payments
2023	\$ 44,579	\$ 6,156
2024	45,748	4,988
2025	46,947	3,789
2026	48,177	2,559
2027	<u>49,439</u>	<u>1,296</u>
Total	<u>\$ 234,890</u>	<u>\$ 18,788</u>

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	\$ 32,177,113	\$ -	\$ 32,177,113
Schools	64,354,226	2,740,624	61,613,602
Sewers	53,628,521	-	53,628,521
Urban renewal	46,478,052	-	46,478,052
Pension deficit	42,902,817	-	42,902,817

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$100,106,573.

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, 2022, the outstanding indebtedness of the District was \$8,240,000. 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 33.26% or \$2,740,624.

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, 2022:

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Town:	
Sick	\$ 98,297
Vacation	<u>23,434</u>
Total	<u><u>\$ 121,731</u></u>

9. Fund Balances

The following is a summary of the Governmental Fund balances of the Town at the year ended June 30, 2022:

General Fund:	
Nonspendable	\$ 55,428
Committed for subsequent year's budget	800,000
Unassigned	<u>3,298,831</u>
Total General Fund Balance	<u><u>4,154,259</u></u>
Reserve Fund for Capital and Nonrecurring Expenditures:	
Committed for capital projects	3,605,491
Lake Beseck:	
Committed for public works	173,578
Housing Rehabilitation Programs:	
Restricted for housing loans	147,182
Other Governmental Funds:	
Restricted for general government	7,905
Restricted for public works	169,543
Committed for public works	69,989
Committed for parks and recreation	30,583
Unassigned	<u>(24,384)</u>
Total Other Governmental Fund Balances	<u><u>253,636</u></u>
Total Governmental Fund Balances	
	<u><u>\$ 8,334,146</u></u>

The Special Purpose Fund had a fund balance deficit of \$24,384 at June 30, 2022. 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. Connecticut Municipal Employees' Retirement System

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

General Information about the Plan

Plan Description

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

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Contributions

Members not covered by Social Security are required to contribute 5% of compensation. Members covered by Social Security are required to contribute 2.25% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Each participating municipality makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions. The current rate is 16.44% 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, 2022, the Town reported a liability of \$479,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportionate share of the net pension liability was based upon the Town's 2021 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2021, the Town's proportional share was .202786% for general employees.

For the year ended June 30, 2022, the Town recognized pension expense of \$96,739. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 205,615
Differences between expected and actual experience	41,780	70,147
Employer change in proportional share	90,018	76,808
Changes in assumptions	64,560	-
Town contributions subsequent to measurement date	<u>94,217</u>	-
	<u><u>\$ 290,575</u></u>	<u><u>\$ 352,570</u></u>

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, 2022. 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 inactives, which is 4.73 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

2022	\$ 112,774
2023	(66,991)
2024	(53,020)
2025	(54,758)

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following key actuarial assumptions:

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Mortality rates were based on:

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

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

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

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

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

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	20.0 %	5.3 %
Developed market international	11.0	5.1
Emerging market international	9.0	7.4
Core fixed income	16.0	1.6
Inflation linked bond	5.0	1.3
Emerging market debt	5.0	2.9
High yield bond	6.0	3.4
Real estate	10.0	4.7
Private equity	10.0	7.3
Alternative investments	7.0	3.2
Liquidity fund	<u>1.0</u>	<u>0.9</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.

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	\$ 801,051	\$ 479,947	\$ 203,468

TOWN OF MIDDLEFIELD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021.

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 \$164,140 for operations for the year ended June 30, 2022.

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; workers compensation and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

13. Commitments, Contingencies and Uncertainties

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

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

In March 2020, the World Health Organization declared the spread of COVID-19 virus a pandemic. The actions taken, or failure to act, on the part of governments, institutions and the public to contain it on a global basis is having an adverse impact on global business and economic activity. The impact of COVID-19 on future operations and financial results of the Town cannot be determined at this time.

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, 2022

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Taxes, interest and lien fees:				
Property tax collections	\$ 13,595,994	\$ 13,595,994	\$ 13,930,576	\$ 334,582
Total taxes, interest and lien fees	<u>13,595,994</u>	<u>13,595,994</u>	<u>13,930,576</u>	<u>334,582</u>
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	4,319	4,319	3,373	(946)
PILOT - disabled program	424	424	386	(38)
Judicial fines	3,500	3,500	1,425	(2,075)
Senior/disabled bus service	8,000	8,000	-	(8,000)
Other	6,000	6,000	73,742	67,742
Pilot- tiered reimbursement	8,126	8,126	8,126	-
Education cost sharing grant	1,794,921	1,794,921	1,846,203	51,282
Total Intergovernmental	<u>2,094,529</u>	<u>2,094,529</u>	<u>2,202,494</u>	<u>107,965</u>
Charges for services:				
Licenses and permits	2,700	2,700	2,257	(443)
Land use department	70,000	70,000	72,556	2,556
Town Clerk	85,000	85,000	119,607	34,607
Police department services	1,500	1,500	809	(691)
Fire department services	-	-	689	689
Health department fees	-	-	800	800
Dog licenses and fees	3,500	3,500	3,190	(310)
Beach passes	2,600	2,600	1,975	(625)
Miscellaneous	1,500	1,500	2,050	550
Total charges for services	<u>166,800</u>	<u>166,800</u>	<u>203,933</u>	<u>37,133</u>

. . .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, 2022
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Other revenue:				
Middlefield Housing Authority	\$ 18,685	\$ 18,685	\$ 15,343	(\$ 3,342)
Joseph E. Coe trust fund	9,440	9,440	9,774	334
Property and equipment sales	5,000	5,000	2,575	(2,425)
Telephone access line tax	8,064	8,064	6,742	(1,322)
Rental of Town property	48,500	48,500	70,262	21,762
Miscellaneous	2,000	2,000	9,552	7,552
Total other revenue	<u>91,689</u>	<u>91,689</u>	<u>114,248</u>	<u>22,559</u>
Transfers from other funds:				
Park and recreation fund - summer camp	50,470	50,470	29,686	(20,784)
Miscellaneous grants fund	0	-	2,223	2,223
Old Indian Trial fund	2,500	2,500	-	(2,500)
WPCA - Route 66 sewer system	750	750	514	(236)
WPCA - Lake Beseck sewer system	1,500	1,500	2,328	828
Total transfers from other funds	<u>55,220</u>	<u>55,220</u>	<u>34,751</u>	<u>(20,469)</u>
Revenue from the use of money:				
Interest income	20,000	20,000	12,036	(7,964)
Total revenue from the use of money	<u>20,000</u>	<u>20,000</u>	<u>12,036</u>	<u>(7,964)</u>
Other financing sources:				
General Fund balance	500,000	500,000	500,000	-
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 16,524,232</u>	<u>\$ 16,524,232</u>	<u>\$ 16,998,038</u>	<u>\$ 473,806</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, 2022

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
General Government:				
Selectman's Office:				
First Selectman's salary	\$ 83,009	\$ 85,084	\$ 85,084	\$ -
Selectmen's salaries	10,408	10,668	10,614	54
Administrative Assistant	54,764	62,159	62,159	-
Finance Director	94,457	100,000	100,000	-
Account payable assistant/floater	6,074	6,546	6,504	42
Accounting software license	9,510	9,510	8,940	570
Payroll service fees	4,800	5,369	5,369	-
Dues and organizations	5,100	5,100	4,290	810
Office expenses	14,090	13,521	10,568	2,953
Total Selectman's office	282,212	297,957	293,528	4,429
Professional Services:				
Town Engineer	36,000	36,000	31,548	4,452
Town and regional planning	8,934	8,934	8,934	-
Town planner	51,791	51,791	51,374	417
Town counsel	10,000	10,000	6,747	3,253
Labor counsel	10,000	3,205	-	3,205
Legal notices	5,725	6,259	6,259	-
Town auditor	25,500	25,500	25,500	-
Consultants	1	1	-	1
Computer network support	16,800	23,061	23,061	-
Town web site	1,500	1,500	960	540
Total professional services	166,251	166,251	154,383	11,868
Municipal Insurances:				
Property/auto/liability	59,947	61,581	61,581	-
Insurance deductibles	2,500	2,500	1,000	1,500
Cyber liability coverage	10,000	8,366	7,581	785
Worker's compensation	39,251	39,251	39,249	2
Total municipal insurances	111,698	111,698	109,411	2,287
General and Central Services:				
Town Hall building expenses	16,250	11,365	11,364	1
Community Center building expenses	37,000	35,031	26,330	8,701
Street lighting	17,000	17,235	17,235	-
Lake Beseck drawdown expense	3,625	12,103	12,102	1
Telephone/postage/copier expenses	34,400	26,176	26,175	1
Custodian salary	26,567	27,920	27,920	-
Facilities manager	13,154	13,534	12,689	845
Automobile maintenance	3,400	3,400	2,654	746
Town vehicle fuel	13,725	19,441	19,440	1
Old North Cemetery	4,000	4,065	4,065	-
Total general and central services	169,121	170,270	159,974	10,296

... 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, 2022
... Continued ...

	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Employee Benefits:				
Social security	\$ 89,429	\$ 92,698	\$ 89,847	\$ 2,851
Health/life insurance	263,212	270,056	266,386	3,670
Pension - municipal employees	75,586	94,217	94,217	-
Pension - elected officials	<u>4,852</u>	<u>4,975</u>	<u>3,533</u>	<u>1,442</u>
Total employee benefits	433,079	461,946	453,983	7,963
Town Clerk:				
Town Clerk salary	54,820	56,191	56,151	40
Index, recording, vital statistics	1,607	1,607	522	1,085
Records system license	14,476	12,886	12,886	-
Town Clerk special projects	-	3,300	3,300	-
Town Clerk assistant	35,227	40,354	40,354	-
Town records restoration	1,500	1,500	524	976
Conferences and dues	800	766	475	291
Office expenses	<u>2,000</u>	<u>2,000</u>	<u>1,279</u>	<u>721</u>
Total Town Clerk	110,430	118,604	115,491	3,113
Tax Collector:				
Tax Collector's salary	42,564	43,628	43,628	-
Tax Collector assistant	3,500	3,175	1,181	1,994
System software license	11,033	11,358	11,358	-
Conferences and dues	200	200	20	180
Office expenses	<u>700</u>	<u>700</u>	<u>324</u>	<u>376</u>
Total Tax Collector	57,997	59,061	56,511	2,550
Treasurer:				
Treasurer's salary	6,894	7,066	7,066	-
Bank reconciliation services	<u>2,400</u>	<u>2,400</u>	<u>-</u>	<u>2,400</u>
Total Treasurer	9,294	9,466	7,066	2,400
Registrars of Voters:				
Registrars' salary	17,143	19,072	19,072	-
Election expenses	9,080	15,049	15,049	-
COVID related expenses	1	1,588	1,588	-
Education and training	1,300	1,300	360	940
Conferences and dues	1,250	1,250	380	870
Office expenses	<u>600</u>	<u>653</u>	<u>653</u>	<u>-</u>
Total Registrars of Voters	29,374	38,912	37,102	1,810

... 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, 2022
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Land Use/Health Department:				
Building official	\$ 35,077	\$ 36,092	\$ 33,833	\$ 2,259
Office assistant	50,706	52,300	52,300	-
Zoning officer	26,308	27,069	25,371	1,698
Inland/wetlands agent	13,389	14,092	14,092	-
DEEP/education fees	3,300	3,300	2,590	710
Water testing/lab fees	1,000	1,028	1,028	-
Water filter service	4,093	4,470	4,470	-
Conferences and dues	300	1,585	1,585	-
Office expenses	6,250	4,399	1,865	2,534
Total land use/health department	140,423	144,335	137,134	7,201
Assessor's Office:				
Assessor	57,668	89,069	89,069	-
System software license	16,920	16,850	16,850	-
Assessor assistant	15,600	3,670	3,670	-
Conferences and dues	975	372	372	-
GIS system software	7,000	7,000	6,994	6
Office expenses	1,060	2,662	2,662	-
Total Assessor's office	99,223	119,623	119,617	6
Boards and Commissions:				
Board of Selectmen	1,000	1,000	-	1,000
Board of Finance	2,300	991	936	55
Board of Assessment Appeals	750	750	750	-
Planning and Zoning Commission	16,200	16,200	7,643	8,557
Economic Development Commission	1,000	1,000	-	1,000
Inland Wetlands Agency	9,620	9,620	7,400	2,220
Zoning Board of Appeals	3,000	3,000	2,513	487
Fire Dept. Building Committee	1	1,310	1,309	1
Conservation Commission	1,000	1,000	547	453
Park and Recreation Commission	480	480	73	407
Charter Revision Commission	1	1	-	1
Lake Beseck Ad-Hoc Committee	20,040	20,040	14,979	5,061
Total boards and commissions	55,392	55,392	36,150	19,242
Reserve for Contingencies:				
Operational	96,854	25	-	25
Staff coverages	5,000	1,105	1,105	-
Total reserve for contingencies	101,854	1,130	1,105	25

... 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, 2022
... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Outside Agencies:				
DMIAAB operations	\$ 164,140	\$ 164,140	\$ 164,140	\$ -
Regional hazardous waste	8,000	8,000	4,901	3,099
Levi E. Coe Library	296,562	296,562	296,562	-
Youth and Family Services	20,500	20,500	20,500	-
911 - Valley Shore	59,479	59,479	59,479	-
Middlefield Cemetery Association	4,526	4,526	4,526	-
Probate Court	5,145	5,145	4,550	595
Old Homes Day Committee	2,000	2,000	-	2,000
Plainville/Southington Health District	<u>29,127</u>	<u>29,127</u>	<u>29,086</u>	<u>41</u>
Total outside agencies	589,479	589,479	583,744	5,735
Sewer System Services:				
Brookside Drive system	6,000	5,172	4,026	1,146
WPCA - Route 66 system	750	750	514	236
WPCA - Lake Beseck system	<u>1,500</u>	<u>2,328</u>	<u>2,328</u>	<u>-</u>
Total sewer system services	8,250	8,250	6,868	1,382
Total general government	2,364,077	2,352,374	2,272,067	80,307
Public Safety:				
Police Department:				
Payroll	298,409	298,409	298,004	405
Overtime and private duty	25,000	14,383	9,003	5,380
Equipment	2,950	2,950	1,324	1,626
Secretary	7,823	10,026	9,839	187
Sundry expenses	<u>1,400</u>	<u>1,400</u>	<u>1,325</u>	<u>75</u>
Total police department	335,582	327,168	319,495	7,673
Fire Department:				
Fire house operations	34,500	32,024	32,024	-
Truck operations and maintenance	32,000	38,326	38,326	-
Communications	4,000	1,889	1,889	-
Equipment and supplies	20,000	19,557	19,557	-
Physicals and wellness	9,000	10,336	10,336	-
Training and preparedness	12,000	14,517	14,517	-
Life insurance	9,600	9,079	9,079	-
Appreciation Night	6,500	6,780	6,780	-
COVID related expenses	1	1,613	1,612	1
Supplemental benefits	26,800	22,687	22,687	-
Part time labor	<u>18,392</u>	<u>17,079</u>	<u>17,079</u>	<u>-</u>
Total fire department	172,793	173,887	173,886	1

... 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, 2022

... Continued ...

	Original Budget	Final Appropriated Budget	Actual	Variance with Final Budget
Fire Marshal:				
Fire Marshal salary	\$ 13,070	\$ 13,397	\$ 13,397	\$ -
Deputy callout expenses	1,500	1,440	1,440	-
Vehicle expense	1	1	-	1
Conferences and dues	2,600	2,570	2,561	9
Sundry expenses	500	590	590	-
Total fire marshal	17,671	17,998	17,988	10
Emergency Management:				
Director's stipend	8,294	8,501	8,501	-
Assistant Director's stipend	100	-	-	-
Shelter equipment	6,350	6,639	6,639	-
Communications equipment	500	1,094	1,094	-
Emergency notification system	3,500	3,439	3,439	-
Sundry expenses	6,726	6,814	6,814	-
COVID related expenses	1	4,520	4,520	-
Total emergency management	25,471	31,007	31,007	-
Animal Control:				
Animal Control Officer	18,581	19,046	19,046	-
Vehicle allowance	1	1	-	1
Shelter and animal expenses	1,630	1,630	514	1,116
State of Connecticut fees	2,175	2,475	2,475	-
Sundry expenses	1,650	1,350	1,264	86
Total animal control	24,037	24,502	23,299	1,203
Total public safety	575,554	574,562	565,675	8,887
Public Works:				
Payroll	275,060	292,025	292,024	1
Snow removal expenses	52,350	48,939	48,939	-
Equipment maintenance	42,500	50,063	50,063	-
Overtime expenses	32,771	34,082	30,272	3,810
Road maintenance	70,000	65,685	63,337	2,348
Garage expenses	16,500	16,623	16,623	-
Sundry expenses	7,150	7,069	7,061	8
Tree Warden stipend	2,169	2,223	2,223	-
Total public works	498,500	516,709	510,542	6,167

... 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, 2022
... Continued ...

	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Health and Welfare:				
Senior/Social Services:				
Municipal agent	\$ 37,284	\$ 38,363	\$ 38,174	\$ 189
Senior Center activities	8,900	8,900	8,270	630
Senior Center meals	1	1	-	1
Dial-A-Ride program	16,280	16,687	16,687	-
Office assistants	800	393	-	393
Social services agencies	3,500	3,500	3,500	-
Senior/disabled bus service	8,000	8,000	5,811	2,189
Conferences and dues	50	50	-	50
Office expenses	200	200	-	200
Total senior/social services	<u>75,015</u>	<u>76,094</u>	<u>72,442</u>	<u>3,652</u>
Parks and Recreation:				
Director's salary	36,647	37,563	37,563	-
Peckham Park expenses	37,755	39,724	39,724	-
Lake Beseck Park expenses	26,952	24,983	20,721	4,262
Summer camp payroll	50,470	29,686	29,686	-
Summer entertainment	1,000	1,000	800	200
Office expenses	4,500	4,500	3,600	900
Total parks and recreation	<u>157,324</u>	<u>137,456</u>	<u>132,094</u>	<u>5,362</u>
Education:				
Regional School District No. 13	<u>11,797,537</u>	<u>11,797,537</u>	<u>11,797,537</u>	<u>-</u>
Total Education	<u>11,797,537</u>	<u>11,797,537</u>	<u>11,797,537</u>	<u>-</u>
Debt Service:				
USDA loan	75,665	76,131	76,131	-
TDBank lease - fire department	50,736	50,736	50,736	-
Total debt service	<u>126,401</u>	<u>126,867</u>	<u>126,867</u>	<u>-</u>
Transfers to Other Funds:				
Capital/nonrecurring fund	924,474	937,202	937,202	-
Old Indian Trial fund	5,350	5,431	5,430	1
Total transfers to other funds	<u>929,824</u>	<u>942,633</u>	<u>942,632</u>	<u>1</u>
Total expenditures and transfers	<u>\$ 16,524,232</u>	<u>\$ 16,524,232</u>	<u>16,419,856</u>	<u>\$ 104,376</u>
Encumbrances expended in the current fiscal year			-	
GAAP basis expenditures and transfers out			<u>\$ 16,419,856</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 EIGHT FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	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	\$ 479,947	\$ 644,624	\$ 775,469	\$ 679,866	\$ 356,490	\$ 423,294	\$ 340,162	\$ 241,151
Town's covered payroll	\$ 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	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	82.59 %	71.18 %	72.69 %	73.60 %	91.68 %	88.29 %	92.72 %	90.48 %

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

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

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

Notes to Schedule

Valuation Date June 30, 2021
Measurement Date June 30, 2021

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

Methods and assumptions used to determine the most recent contributions:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	20 years
Asset valuation method	5 year smoothed market (20% write up)
Inflation	2.50%
Salary increases	3.50%-10.00%, including inflation
Investment rate of return	7.00%, net of investment related expense
Changes in assumptions	In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 valuation to include: rates of inflation, real investment return, mortality, withdrawal, disability, retirement and salary increases that were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

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

TOWN OF MIDDLEFIELD, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2022

Current List Year	Uncollected Taxes July 1, 2021 and Current Levy	Lawful Corrections			Transfer to Suspense	Adjusted Taxes Collectible	Actual Cash Collections			Uncollected Taxes June 30, 2022
		Additions	Deductions				Taxes	Interest	Lien and Other Fees	
2020	\$ 13,825,454	\$ 49,059	\$ 61,882	\$ -	\$ 13,812,631	\$ 13,573,833	\$ 39,453	\$ 1,848	\$ 13,615,134	\$ 238,798
2019	159,114	594	2,849	29,992	126,867	71,315	14,605	800	86,720	55,552
2018	47,588	97	343	-	47,342	16,361	6,714	216	23,291	30,981
2017	27,824	52	431	-	27,445	17,195	12,635	216	30,046	10,250
2016	17,685	52	461	-	17,276	17,070	9,121	168	26,359	206
2015	7,062	-	99	-	6,963	7,231	6,597	72	13,900	(268)
2014	5,096	-	-	-	5,096	4,801	2,984	72	7,857	295
2013	2,035	-	-	-	2,035	1,703	2,146	24	3,873	332
2012	1,904	-	-	-	1,904	1,669	2,403	24	4,096	235
2011	1,698	-	-	-	1,698	1,614	1,924	24	3,562	84
2010	10,066	-	-	-	10,066	-	-	-	-	10,066
2009	9,683	-	-	-	9,683	-	-	-	-	9,683
2008	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-
	\$ 14,115,209	\$ 49,854	\$ 66,065	\$ 29,992	\$ 14,069,006	\$ 13,712,792	\$ 98,582	\$ 3,464	\$ 13,814,838	\$ 356,214

TOWN OF MIDDLEFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds								Capital Projects Fund	Total	
	Route 66 Sewer Project	Town Aid Road	Parks and Recreation Commission	Old Indian Trail Water System	Miscellaneous Grants	Special Purpose Fund	Donation Fund	Town Clerk Fund	Total Special Revenue Funds	Lake Shore Drive Fund	Non-major Governmental Funds
Assets											
Cash and cash equivalents	\$ 93,919	\$ -	\$ 30,744	\$ 8,374	\$ -	\$ -	\$ -	\$ 6,868	\$ 139,905	\$ -	\$ 139,905
Other receivable	7,676	-	-	6,506	4,695	-	-	-	18,877	-	18,877
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	183,797	26,729	334	563,803	-	1,037	-	775,700	17,324	793,024
Total assets	\$ 101,595	\$ 183,797	\$ 57,473	\$ 15,214	\$ 568,498	\$ -	\$ 1,037	\$ 6,868	\$ 934,482	\$ 17,324	\$ 951,806
Liabilities											
Accounts payable and accrued expenses	\$ 3,500	27,104	\$ 780	\$ 2,364	\$ -	\$ 1,657	\$ -	\$ -	\$ 35,405	\$ 17,324	\$ 52,729
Unearned revenue	-	-	26,110	-	568,498	-	-	-	594,608	-	594,608
Due to other funds	20,430	-	-	-	-	22,727	-	-	43,157	-	43,157
Total liabilities	23,930	27,104	26,890	2,364	568,498	24,384	-	-	673,170	17,324	690,494
Deferred Inflows of Resources											
Unavailable revenue - assessments receivable	7,676	-	-	-	-	-	-	-	7,676	-	7,676
Total deferred inflows of resources	7,676	-	-	-	-	-	-	-	7,676	-	7,676
Fund Balances (Deficits)											
Restricted	-	156,693	-	12,850	-	-	1,037	6,868	177,448	-	177,448
Committed	69,989	-	30,583	-	-	-	-	-	100,572	-	100,572
Unassigned	-	-	-	-	-	(24,384)	-	-	(24,384)	-	(24,384)
Total fund balances (deficits)	69,989	156,693	30,583	12,850	-	(24,384)	1,037	6,868	253,636	-	253,636
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 101,595	\$ 183,797	\$ 57,473	\$ 15,214	\$ 568,498	\$ -	\$ 1,037	\$ 6,868	\$ 934,482	\$ 17,324	\$ 951,806

TOWN OF MIDDLEFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Route 66 Sewer Project	Town Aid Road	Parks and Recreation Commission	Old Indian Trail Water System	Special Revenue Funds			Town Clerk Fund	Total Special Revenue Funds	Capital Projects Fund	Lake Shore Drive Fund	Total Non-major Governmental Funds
					Miscellaneous Grants	Special Purpose Fund	Donation Fund					
Revenues												
Intergovernmental Licenses, fees and charges for goods and services	\$ -	\$ 197,353	\$ -	\$ 5,431	\$ 96,927	\$ -	\$ -	\$ -	\$ 299,711	\$ -	\$ -	\$ 299,711
36,644				70,504				3,570	110,718			110,718
Investment income	65									65		65
Miscellaneous	140			108					248			248
Total revenues	36,849	197,353	70,612	5,431	96,927	-	-	3,570	410,742	-	-	410,742
Expenditures												
Current:												
General government	-	-	-	-	14,930	450	-	-	15,380	-	-	15,380
Public works	20,450	203,294	-	17,977	-	-	-	-	241,721	79,586		321,307
Parks and recreation	-	-	42,127	-	-	-	-	-	42,127	-	-	42,127
Total current expenditures	20,450	203,294	42,127	17,977	14,930	450	-	-	299,228	79,586	-	378,814
Excess (deficiency) of revenues over expenditures	16,399	(5,941)	28,485	(12,546)	81,997	(450)	-	3,570	111,514	(79,586)	-	31,928
Other Financing Sources (Uses):												
Operating transfers in	-	-	-	5,430	-	-	-	-	5,430	79,586		85,016
Operating transfers out	(514)	-	(29,686)	-	(81,809)	-	-	-	(112,009)	-		(112,009)
Total other financing sources (uses)	(514)	-	(29,686)	5,430	(81,809)	-	-	-	(106,579)	79,586	-	(26,993)
Net change in fund balances	15,885	(5,941)	(1,201)	(7,116)	188	(450)	-	3,570	4,935	-	-	4,935
Fund balances (deficits), July 1, 2021	54,104	162,634	31,784	19,966	(188)	(23,934)	1,037	3,298	248,701	-	-	248,701
Fund balances (deficits), June 30, 2022	\$ 69,989	\$ 156,693	\$ 30,583	\$ 12,850	\$ -	(\$ 24,384)	\$ 1,037	\$ 6,868	\$ 253,636	\$ -	\$ -	\$ 253,636

TOWN OF MIDDLEFIELD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

	Volunteer Fire Department	Supplementary Benefit Fund	Giving Garden	Total
Assets				
Cash and cash equivalents	\$ 44,003		\$ -	\$ 44,003
Investments	518,764		-	518,764
Due from other funds	-		4,295	4,295
Total assets	\$ 562,767		\$ 4,295	\$ 567,062
Net Position				
Restricted for:				
Pensions	\$ 562,767		\$ -	\$ 562,767
Organizations	-		4,295	4,295
Total net position	\$ 562,767		\$ 4,295	\$ 567,062

TOWN OF MIDDLEFIELD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

	Volunteer Fire Department Supplementary Benefit Fund	Giving Garden	Total
Additions			
Contributions - Town net investment earnings	\$ 22,687	\$ -	\$ 22,687
Gifts	(22,498)	- -	(22,498)
	<hr/> <u>-</u>	<hr/> <u>2,925</u>	<hr/> <u>2,925</u>
Total additions	<hr/> <u>189</u>	<hr/> <u>2,925</u>	<hr/> <u>3,114</u>
Deductions			
Benefits paid to participants	6,474	- -	6,474
Fees	370	- -	370
Payments to organizations	- -	<hr/> <u>1,119</u>	<hr/> <u>1,119</u>
Total deductions	<hr/> <u>6,844</u>	<hr/> <u>1,119</u>	<hr/> <u>7,963</u>
Net change in fiduciary net position	(6,655)	1,806	(4,849)
Net position, July 1, 2021	<hr/> <u>569,422</u>	<hr/> <u>2,489</u>	<hr/> <u>571,911</u>
Net position, June 30, 2022	<hr/> <u>\$ 562,767</u>	<hr/> <u>\$ 4,295</u>	<hr/> <u>\$ 567,062</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
RESERVE FUND FOR CAPITAL AND NONRECURRING EXPENDITURES
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022

	Appropriations			Expenditures			Unexpended (Overexpended) Balance
	Balance July 1, 2021	Current Year	Balance June 30, 2022	Balance July 1, 2021	Current Year	Balance June 30, 2022	
Accounting software	\$ 30,000	(\$ 8,905)	\$ 21,095	\$ 21,095	\$ -	\$ 21,095	\$ -
Town Hall improvements	235,061	24,973	260,034	146,809	7,330	154,139	105,895
Community Center improvements	524,606	108,287	632,893	260,092	26,770	286,862	346,031
Community Center underground tank	44,137	31,956	76,093	-	-	-	76,093
Vehicle replacements	57,358	8,301	65,659	-	-	-	65,659
Telephone system upgrade	7,492	898	8,390	5,923	-	5,923	2,467
Computer replacement and upgrades	184,238	5,000	189,238	182,047	3,009	185,056	4,182
Server replacement	30,557	11,000	41,557	18,633	21,804	40,437	1,120
Town website	15,000	-	15,000	-	7,840	7,840	7,160
Facilities asset management plan	17,000	-	17,000	-	-	-	17,000
Fire Department building committee	-	100,000	100,000	-	48,562	48,562	51,438
Accrued benefits	173,810	10,425	184,235	150,563	82	150,645	33,590
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	487,022	13,700	500,722	426,589	53,933	480,522	20,200
Storm contingency	57,718	-	57,718	22,718	26,575	49,293	8,425
Tree removal	282,580	30,000	312,580	260,005	25,700	285,705	26,875
Garage improvements	106,742	7,000	113,742	87,057	6,608	93,665	20,077
Road improvements	680,913	67,415	748,328	449,116	95,582	544,698	203,630
Lake Beseck remediation	205,824	1,500	207,324	167,610	7,080	174,690	32,634
LED street light assessment	278,366	(34,258)	244,108	244,108	-	244,108	-
LED street light replacement	8,768	8,507	17,275	-	1,168	1,168	16,107
Town property remediation	8,600	4,900	13,500	8,500	-	8,500	5,000
Dump truck replacement	1,000,459	(6,211)	994,248	831,113	-	831,113	163,135
Small dump truck replacement	304,056	122,008	426,064	291,672	121,629	413,301	12,763
Emergency repairs	10,000	-	10,000	-	9,146	9,146	854
Pickup replacement	44,618	5,353	49,971	21,274	-	21,274	28,697
Paver replacement	15,249	3,965	19,214	-	-	-	19,214
Roller and trailer replacement	31,336	5,390	36,726	-	-	-	36,726
Guard rail tractor replacement	254,575	12,474	267,049	240,096	-	240,096	26,953
Sweeper replacement	157,420	16,784	174,204	24,396	-	24,396	149,808

... Continued ...

TOWN OF MIDDLEFIELD, CONNECTICUT
RESERVE FUND FOR CAPITAL AND NONRECURRING EXPENDITURES
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2022
 . . . Continued . . .

	Appropriations			Expenditures			Unexpended (Overexpended) Balance
	Balance July 1, 2021	Current Year	Balance June 30, 2022	Balance July 1, 2021	Current Year	Balance June 30, 2022	
Front-end loader replacement	\$ 190,439	\$ 25,828	\$ 216,267	\$ 88,632	\$ 14,000	\$ 102,632	\$ 113,635
Zero turn mower	11,711	1,181	12,892	10,757	-	10,757	2,135
Backhoe replacement	99,327	-	99,327	69,348	-	69,348	29,979
Tractor/brush hog replacement	-	4,441	4,441	-	-	-	4,441
Fuel tanks	2,870	1,627	4,497	-	-	-	4,497
Park improvements	250,915	10,540	261,455	162,665	4,380	167,045	94,410
Playscape replacement	50,672	12,667	63,339	-	-	-	63,339
Animal shelter	6,000	-	6,000	-	-	-	6,000
Enforcement equipment	4,323	-	4,323	3,323	-	3,323	1,000
Water supply development	152,500	5,000	157,500	146,357	5,744	152,101	5,399
Fire hose replacement	58,000	4,000	62,000	49,262	-	49,262	12,738
State EMS plan	7,500	-	7,500	-	-	-	7,500
Breathing apparatus	141,211	-	141,211	115,553	-	115,553	25,658
Thermal imaging camera	35,896	8,535	44,431	24,462	2,868	27,330	17,101
Communications equipment	121,475	-	121,475	105,064	6,310	111,374	10,101
Computer upgrades	25,426	3,744	29,170	24,184	820	25,004	4,166
Rescue truck replacement	666,765	86,726	753,491	254,563	-	254,563	498,928
Medical truck replacement	156,797	10,263	167,060	124,253	-	124,253	42,807
All terrain vehicle	36,291	2,300	38,591	29,474	-	29,474	9,117
Fire Chief's vehicle	26,509	4,165	30,674	10,000	-	10,000	20,674
Tanker replacement	433,629	-	433,629	385,852	-	385,852	47,777
Life saving equipment	82,000	4,000	86,000	71,379	-	71,379	14,621
Building maintenance/improvements	140,000	-	140,000	102,576	-	102,576	37,424
Building renovations	1	-	1	220	-	220	(219)
Pumper replacement '02	1,329,563	97,391	1,426,954	782,409	-	782,409	644,545
Pumper replacement '13	186,040	62,270	248,310	-	-	-	248,310
Emergency repairs and purchases	15,067	-	15,067	5,067	2,033	7,100	7,967
50 KW generator	25,520	6,380	31,900	-	-	-	31,900
Siren - Lyman/Rockfall	32,308	8,077	40,385	-	-	-	40,385
Boat replacement	7,103	712	7,815	-	5,490	5,490	2,325
Brush truck replacement	-	25,000	25,000	-	-	-	25,000
Industrial park projects	333,243	-	333,243	322,244	-	322,244	10,999
Plan of conservation and development	11,870	1,786	13,656	10,084	-	10,084	3,572
Land bank reserve	2,500	3,500	6,000	-	-	-	6,000
Open space property improvements	11,695	1,000	12,695	7,663	-	7,663	5,032
Open space acquisitions	2,500	-	2,500	-	-	-	2,500
Old Indian Trail emergency generator	10,000	-	10,000	6,426	-	6,426	3,574
Old Indian Trail pump house repairs	2,185	-	2,185	2,185	-	2,185	-
Levi E. Coe improvements	40,169	4,886	45,055	16,242	24,150	40,392	4,663
DMIAAB capital reserve	-	12,728	12,728	-	12,728	12,728	-
	<u>\$ 9,965,283</u>	<u>\$ 971,209</u>	<u>\$ 10,936,492</u>	<u>\$ 6,789,660</u>	<u>\$ 541,341</u>	<u>\$ 7,331,001</u>	<u>\$ 3,605,491</u>

TOWN OF MIDDLEFIELD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2022

Total tax collections (including interest, penalties and late payment of taxes) for immediate preceding fiscal year	\$ 14,300,939
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>\$ 14,300,939</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 \$100,106,573, 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	\$ 32,177,113	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	64,354,226	-	-	-
3 3/4 times base	-	-	53,628,521	-	-
3 1/4 times base	-	-	-	46,478,052	-
3 times base	-	-	-	-	<u>42,902,817</u>
Total debt limitation	32,177,113	64,354,226	53,628,521	46,478,052	42,902,817
Indebtedness:					
Notes payable	-	-	-	-	-
Regional School District #13 bonds	-	2,740,624	-	-	-
Total indebtedness	-	2,740,624	-	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 32,177,113	\$ 61,613,602	\$ 53,628,521	\$ 46,478,052	\$ 42,902,817

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, 2022, based on the most current and available information, the indebtedness of the District was \$8,240,000. The Town of Middlefield's share will be approximately 33.26% of the debt, or \$2,740,624. These are the general obligations of Regional School District #13 and its member towns.