

TOWN OF MIDDLEBURY, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Middlebury, Connecticut
Middlebury, 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 Middlebury, Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Middlebury, 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 Middlebury, Connecticut, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Middlebury, 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 Matter

As discussed in Note X to the financial statements an error was identified in the prior year financial statements during the current year. Accordingly, amounts have been restated in the 2023 financial statements now presented, and adjustments have been made to the fund balance and net position as of June 30, 2022, to correct this error. Our opinions are 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 Middlebury, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Middlebury, 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 Middlebury, 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

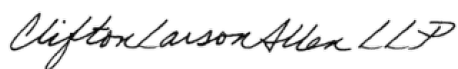
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Middlebury, Connecticut's basic financial statements. The accompanying supplementary information such as the combining fund statements and schedules and other schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund statements and schedules and other schedule 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 December 29, 2023, on our consideration of the Town of Middlebury, 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 Middlebury, 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 Town of Middlebury, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 29, 2023

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

This discussion and analysis of the Town of Middlebury, Connecticut's (the "Town") financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read this MD&A in conjunction with the Town's financial statements presented in Exhibits I through IX.

Financial Highlights

- The Town's change in net position for governmental activities increased by \$3,028,149, which was mainly a result of increases in property taxes higher than budgeted in the current year.
- Exhibit IV of Governmental Funds shows the Town ended the year with a surplus in the General Fund of \$1,082,852.
- The total cost of all of the Town's programs was \$40,948,716.
- At the end of the fiscal year, the total General Fund balance was \$7,306,913, in increase of \$1,082,852 from last year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes to it. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

In the Statement of Net Position and the Statement of Activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, general government, public safety, public works, health and welfare and recreation and leisure. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. The Town establishes funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State Department of Education). The Town's funds are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds (Exhibits III and IV)

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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. 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 included in the fund financial statements.

Proprietary Funds (Exhibits V through VII)

The Town's short and long-term financial information about the activities the government operates like business, such as the Town's Medical internal service fund, are reported in the proprietary funds. These funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds (Exhibits VIII and IX)

The Town is the trustee, or fiduciary, for its employees' pension plans. 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 changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position from a year ago increased from \$27,101,687 to \$30,298,708. The analysis below focuses on the net position and changes in net position of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2023	2022
Current Assets	\$ 20,430,442	\$ 19,524,656
Capital Assets, Net of Accumulated Depreciation	45,150,694	42,301,071
Total Assets	65,581,136	61,825,727
Deferred Outflow of Resources	2,304,192	3,143,105
Long-Term Liabilities Outstanding	30,656,011	30,679,100
Other Liabilities	1,008,343	1,129,575
Total Liabilities	31,664,354	31,808,675
Deferred Inflows of Resources	5,922,266	6,058,470
Net Position:		
Net Investment in Capital Assets	28,147,958	25,174,110
Restricted	796,783	718,025
Unrestricted	1,353,967	1,209,552
Total Net Position	\$ 30,298,708	\$ 27,101,687

Net position of the Town's governmental activities increased by \$3,028,149. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$1,209,552 at June 30, 2022, to \$1,353,967 at the end of this year.

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,807,809	\$ 3,422,131
Operating Grants and Contributions	2,231,425	2,988,001
Capital Grants and Contributions	375,742	295,812
General Revenues:		
Property Taxes	36,876,752	34,946,234
Grants and Contributions Not Restricted to Specific Purposes	48,819	38,358
Unrestricted Investment Earnings	608,149	31,423
Other General Revenues	28,169	193,250
Total Revenues	<u>43,976,865</u>	<u>41,915,209</u>
Program Expenses:		
General Government	4,590,659	6,077,983
Public Safety	3,260,404	2,909,249
Public Works	5,266,546	4,341,771
Health and Welfare	242,643	187,235
Parks and Recreation	469,665	425,968
Library	521,060	493,110
Education	26,234,272	25,002,438
Capital Outlay	-	-
Interest on Long-Term Debt	363,467	391,459
Total Program Expenses	<u>40,948,716</u>	<u>39,829,213</u>
Increase (Decrease) in Net Position	<u>\$ 3,028,149</u>	<u>\$ 2,085,996</u>

The Town's total revenues were \$43,976,865. The total cost of all programs and services was \$40,948,716. Our analysis below considers the operations of governmental activities.

Governmental Activities

The majority of the town's revenues are derived from Property Taxes, which equates to approximately 84% of the Town's revenues. 9.0% are for charges for services, 5.0% from operating grants and contributions, 1.0% from capital grants and contributions, and 2.0% from other/miscellaneous revenue. The mill rate for fiscal year 2022-2023 was 31.26

For Governmental Activities, 64.0% of the Town's expenditures relate to education, 13.0% relate to public works and Capital Plan, 8.0% relate to Public Safety and 11.0% to general government.

Table 3 presents the cost of each of the Town's largest programs – general government, public safety, public works, health and welfare, recreation and leisure, and education – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government	\$ 4,590,659	\$ 4,764,931	\$ 1,331,043	\$ 1,995,747
Public Safety	3,260,404	2,667,419	2,219,260	2,146,373
Public Works	5,266,546	4,147,511	4,684,591	3,616,558
Health and Welfare	242,643	138,184	179,792	34,836
Parks and Recreation	469,665	435,761	268,742	337,443
Education	26,234,272	24,902,260	24,981,212	24,047,672
All Others	884,527	905,414	869,100	879,980
Total	<u>\$ 40,948,716</u>	<u>\$ 37,961,480</u>	<u>\$ 34,533,740</u>	<u>\$ 33,058,609</u>

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet – Exhibit III) reported a combined fund balance of \$13,489,915, which is an increase from last year's restated balance of \$1,029,714. The increase in combined fund balance is largely attributed to the surplus in the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue was favorable to budget by \$1,600,469. Specifically, Current year levy \$497,809, interest income \$456,166, Equalized Cost Sharing Grant \$226,064, and supplemental auto \$92,232, contributed to the net favorable variance.

Expenditures for general government were under budget by \$285,424 due to lower anticipated costs for general government, library and public safety.

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the Town had \$45,150,694 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, and roads – Table 4. This amount represents a net increase (including additions and deductions) of \$2,849,623 over last year.

**TABLE 4
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 7,574,567	\$ 7,369,267
Construction in Progress	1,154,851	3,344,973
Buildings and Improvements	10,634,608	8,740,788
Equipment	3,574,140	3,649,849
Infrastructure	22,212,528	19,196,194
Total	\$ 45,150,694	\$ 42,301,071

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

**TABLE 5
OUTSTANDING DEBT, AT YEAR-END**

	Governmental Activities	
	2023	2022
General Obligation Bonds	\$ 16,310,000	\$ 17,605,000
Total	\$ 16,310,000	\$ 17,605,000

At June 30, 2023, the Town had \$16,310,000 in bonds and notes outstanding and \$17,605,000 last year due to the continuation of paying down the debt on the Capital Projects and Sewer Pump Station upgrades project.

**TOWN OF MIDDLEBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During May 2022, following the Governors Executive Order 71, the Town adopted a General Fund budget for the fiscal year ending June 30, 2023. Elected and appointed officials considered many factors when adopting the fiscal year 2022-2023 General Fund budget.

- Primarily a residential community, the Town has continued to rely on residential property taxes in recent years. Total Grand List for the budget year is \$1,194,724,286, which is a 2.1% increase. This is the result of revaluations, alongside new home construction and additional motor vehicles.
- The FY 2023-2024 Town budget was adopted May 3, 2022 at a Town Budget Referendum.
- The Town's approved budget for fiscal year 2023-2024 is \$41,177,782. This is a 6.9% growth from last year, with an increase in total spending of \$2,688,227. This increase is attributable to Regional 15 school district payments for enrolled Middlebury students, resulting in \$2,275,013 of the additional spending for the year.
- The mill rate increased from 31.26 mils to 32.26 mils. This is the result of an increase in the Grand List and a budget surplus of \$1,082,852 at fiscal year end June 30, 2023.
- The Town has adopted the most recent State of Connecticut revenue projection estimates in formulating the fiscal year 2023-2024 annual budget.
- The Town remains heavily reliant upon property taxes as the primary source of revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide our 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 questions about this report, or need additional financial information, contact the Finance Department, Town of Middlebury, 1212 Whittemore Road, Middlebury, CT 06762-2425.

BASIC FINANCIAL STATEMENTS

TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 15,672,166
Investments	99,340
Receivables, Net	3,160,330
Prepaid Expenses	1,454,431
Advance to Plan Administrator	44,175
Capital Assets Not Being Depreciated	8,729,418
Capital Assets Being Depreciated, Net	<u>36,421,276</u>
Total Assets	<u>65,581,136</u>
DEFERRED OUTFLOW ON RESOURCES	
Related to Pension	1,436,159
Related to OPEB	808,475
Deferred Charge on Refunding	<u>59,558</u>
Total Deferred Outflows of Resources	<u>2,304,192</u>
LIABILITIES	
Accounts and Other Payables	919,857
Unearned Revenue	88,486
Noncurrent Liabilities:	
Due Within One Year	1,584,039
Due in More Than One Year	<u>29,071,972</u>
Total Liabilities	<u>31,664,354</u>
DEFERRED INFLOWS ON RESOURCES	
Related to OPEB	1,467,920
Related to Leases	1,321,982
Advance Tax Collections	3,065,474
Advance Fee Collections	<u>66,890</u>
Total Deferred Inflows of Resources	<u>5,922,266</u>
NET POSITION	
Net Investment in Capital Assets	28,147,958
Restricted for:	
Grant Purposes	796,783
Unrestricted	<u>1,353,967</u>
Total Net Position	<u><u>\$ 30,298,708</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ 4,590,659	\$ 2,516,516	\$ 386,615	356,485	\$ (1,331,043)
Public Safety	3,260,404	1,013,761	20,424	6,959	(2,219,260)
Public Works	5,266,546	62,304	507,353	12,298	(4,684,591)
Parks and Recreation	469,665	196,723	4,200	-	(268,742)
Health and Welfare	242,643	16,378	46,473	-	(179,792)
Library	521,060	2,127	13,300	-	(505,633)
Education	26,234,272	-	1,253,060	-	(24,981,212)
Interest on Long-Term Debt	363,467	-	-	-	(363,467)
Total Governmental Activities	\$ 40,948,716	\$ 3,807,809	\$ 2,231,425	\$ 375,742	(34,533,740)
GENERAL REVENUES					
					36,876,752
					48,819
					608,149
					28,169
Total General Revenues					37,561,889
CHANGE IN NET POSITION					3,028,149
Net Position - Beginning of Year, as restated					27,270,559
NET POSITION - END OF YEAR					\$ 30,298,708

See accompanying Notes to Financial Statements.

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

ASSETS	General	Capital Projects	Sewer Assessment and Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 8,288,864	\$ 4,517,502	\$ 1,914,814	\$ 950,986	\$ 15,672,166
Investments	-	99,340	-	-	99,340
Receivables, Net	520,578	-	421,982	839,812	1,782,372
Lease Receivable	-	1,321,982	-	-	1,321,982
Due From Other Governments	-	55,976	-	-	55,976
Due From Other Funds	1,098,085	338,568	248,000	4,938	1,689,591
Prepaid Expenditures	1,454,431	-	-	-	1,454,431
Total Assets	\$ 11,361,958	\$ 6,333,368	\$ 2,584,796	\$ 1,795,736	\$ 22,075,858
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Other Payables	\$ 359,350	\$ 264,840	\$ 11,917	\$ 72,923	\$ 709,030
Due to Other Funds	109,938	787,268	46,647	745,738	1,689,591
Unearned Revenue	1,587	86,899	-	-	88,486
Total Liabilities	470,875	1,139,007	58,564	818,661	2,487,107
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Sewer Assessments	-	-	413,621	-	413,621
Unavailable Revenue - Property Taxes	451,806	-	-	-	451,806
Unavailable Revenue - Loans Receivable	-	-	-	723,087	723,087
Unavailable Revenue - Grants	-	55,976	-	-	55,976
Lease Related	-	1,321,982	-	-	1,321,982
Advance Fee Collections	66,890	-	-	-	66,890
Advance Tax Collections	3,065,474	-	-	-	3,065,474
Total Deferred Inflows of Resources	3,584,170	1,377,958	413,621	723,087	6,098,836
FUND BALANCES					
Nonspendable	1,454,431	-	-	-	1,454,431
Restricted	-	-	-	73,696	73,696
Committed	-	3,816,403	2,112,611	830,695	6,759,709
Assigned	112,287	-	-	-	112,287
Unassigned	5,740,195	-	-	(650,403)	5,089,792
Total Fund Balances	7,306,913	3,816,403	2,112,611	253,988	13,489,915
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,361,958	\$ 6,333,368	\$ 2,584,796	\$ 1,795,736	\$ 22,075,858

See accompanying Notes to Financial Statements.

**TOWN OF MIDDLEBURY, CONNECTICUT
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 13,489,915

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets	98,640,919
Less: Accumulated Depreciation	(53,490,225)
Net Capital Assets	45,150,694

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property Tax Receivables Greater than 60 Days	320,228
Interest Receivable on Property Taxes	131,578
Assessments and User Fee Receivable	413,621
Small Cities Loan Receivable	723,087
Grants	55,976
Deferred Outflows of Resources Related to Pensions	1,436,159
Deferred Outflows of Resources Related to OPEB	808,475
Deferred Charge on Refunding	59,558

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

(25,474)

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

Bonds and Notes Payable	(16,310,000)
Bonds and Note Premiums	(729,467)
Interest Payable on Bonds and Notes	(141,178)
Finance Arrangement	(1,154,851)
Compensated Absences	(275,868)
Net Pension Liability	(4,946,312)
Total OPEB Liability	(7,239,513)
Deferred Inflows of Resources Related to OPEB	(1,467,920)

Net Position of Governmental Activities (Exhibit I) \$ 30,298,708

TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Capital Projects	Sewer Assessment and Fee Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 37,024,266	\$ -	\$ -	\$ -	\$ 37,024,266
Intergovernmental	1,301,879	1,263,036	5,773	110,881	2,681,569
Charges for Services	1,029,410	280,083	1,577,406	920,910	3,807,809
Income on Investments	476,166	53,531	77,336	1,116	608,149
Miscellaneous	-	51,017	791	63,676	115,484
Total Revenues	<u>39,831,721</u>	<u>1,647,667</u>	<u>1,661,306</u>	<u>1,096,583</u>	<u>44,237,277</u>
EXPENDITURES					
Current:					
General Government	4,082,834	951,997	-	15,864	5,050,695
Public Safety	2,578,008	-	-	532,781	3,110,789
Public Works	2,911,703	-	-	320,171	3,231,874
Health and Welfare	142,307	-	-	67,481	209,788
Parks and Recreation	395,889	-	-	12,841	408,730
Education	26,234,272	-	-	-	26,234,272
Library	364,162	-	-	9,781	373,943
Sewer Operations	-	-	1,082,381	-	1,082,381
Debt Service	1,190,584	-	570,829	-	1,761,413
Capital Outlay	20,417	2,878,112	-	-	2,898,529
Total Expenditures	<u>37,920,176</u>	<u>3,830,109</u>	<u>1,653,210</u>	<u>958,919</u>	<u>44,362,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,911,545	(2,182,442)	8,096	137,664	(125,137)
OTHER FINANCING SOURCES (USES)					
Financing Arrangement	-	1,154,851	-	-	1,154,851
Transfers In	258,303	1,086,996	-	-	1,345,299
Transfers Out	(1,086,996)	-	(133,389)	(124,914)	(1,345,299)
Total Other Financing Sources (Uses)	<u>(828,693)</u>	<u>2,241,847</u>	<u>(133,389)</u>	<u>(124,914)</u>	<u>1,154,851</u>
NET CHANGE IN FUND BALANCES	1,082,852	59,405	(125,293)	12,750	1,029,714
Fund Balances - Beginning of Year, as restated	<u>6,224,061</u>	<u>3,756,998</u>	<u>2,237,904</u>	<u>241,238</u>	<u>12,460,201</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,306,913</u>	<u>\$ 3,816,403</u>	<u>\$ 2,112,611</u>	<u>\$ 253,988</u>	<u>\$ 13,489,915</u>

See accompanying Notes to Financial Statements.

**TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ 1,029,714

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay	4,897,203
Depreciation Expense	(2,047,580)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property Tax Receivable - Accrual Basis Change	(108,272)
Property Tax Interest and Lien Revenue - Accrual Basis Change	(44,304)
Sewer Assessment and Sewer Receivable - Accrual Basis Change	12,335
Small Cities Loan Receivable - Accrual Basis Change	5,062
Grants Receivable - Accrual Basis Change	(112,898)
Financing Arrangement	(1,154,851)
Change in Deferred Outflows of Resources Related to Pensions	(611,860)
Change in Deferred Outflows of Resources Related to OPEB	(220,779)

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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and Note Principal Payments	1,295,000
Amortization of Bond Premiums	99,758
Amortization of Deferred Charge on Refunding	(6,274)

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 the governmental funds:

Compensated Absences	4,311
Accrued Interest	9,462
Change in Net Pension Liability	364,626
Change in Total OPEB Liability	(585,755)
Change in Deferred Inflows of Resources Related to Pensions	6,339
Change in Deferred Inflows of Resources Related to OPEB	257,577

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(60,665)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II) \$ 3,028,149

**TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2023**

	Governmental Activities <hr/> Internal Service Fund <hr/>
ASSETS	
Advance to Plan Administrator	\$ 44,175
LIABILITIES	
Claims Payable	<hr/> 69,649
NET POSITION	
Unrestricted	<hr/> <hr/> \$ (25,474)

See accompanying Notes to Financial Statements.

**TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Governmental Activities <hr/> Internal Service Fund
OPERATING REVENUES	
Charges for Services	\$ 1,038,370
OPERATING EXPENSES	
Employee Benefits	995,642
Other Expenses	103,393
Total Operating Expenses	<hr/> 1,099,035
OPERATING INCOME (LOSS)	(60,665)
Net Position - Beginning of Year	<hr/> 35,191
NET POSITION - END OF YEAR	<hr/> <hr/> \$ (25,474)

See accompanying Notes to Financial Statements.

**TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 1,038,370
Payment to Suppliers	(103,393)
Payments for Insurance Claims	(934,977)
Net Cash Provided (Used) by Operating Activities	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
Cash and Cash Equivalents - Beginning of Year	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (60,665)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Advance to Plan Administrators	44,009
Increase (Decrease) in Claims Payable	16,656
Net Cash Provided (Used) by Operating Activities	\$ -

See accompanying Notes to Financial Statements.

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

	<u>Pension Trust Fund</u>
ASSETS	
Investments	\$ 18,662,447
Accounts Receivable	<u>4,731</u>
Total Assets	<u>18,667,178</u>
 NET POSITION	
Held in Trust for Pension Benefits	<u><u>\$ 18,667,178</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF MIDDLEBURY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 580,482
Plan Members	<u>61,897</u>
Total Contributions	642,379
Investment Income:	
Net Change in Fair Value of Investments	1,000,802
Interest and Dividends	<u>513,114</u>
Total Investment Income (Loss)	1,513,916
Less Investment Expenses:	
Investment Management Fees	<u>77,480</u>
Net Investment Income (Loss)	<u>1,436,436</u>
Total Additions	2,078,815
DEDUCTIONS	
Benefits	<u>1,558,484</u>
CHANGE IN NET POSITION	520,331
Net Position - Beginning of Year	<u>18,146,847</u>
NET POSITION - END OF YEAR	<u><u>\$ 18,667,178</u></u>

See accompanying Notes to Financial Statements.

TOWN OF MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Middlebury, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated in 1807. Its current charter was adopted in 1987 and amended as of 2000. The Town operates under a Town Meeting form of government, with a Board of Selectmen consisting of three elected members, and a Board of Finance made up of six elected members and three alternates appointed by the Board of Selectmen. The Town provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

GAAP requires that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and 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. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) to provide retirement benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension plan and can impose its will.

The financial statements of the fiduciary component unit is reported as Pension Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

B. Government-Wide and Fund 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. For the most part, the effect of interfund activity has been removed from these statements.

TOWN OF MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

General Fund

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.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources for the acquisition, expansion, betterments and construction of major capital facilities. The major source of revenue is from bond proceeds and General Fund transfers.

Sewer Assessment and Fee Fund

The Sewer Assessment and Fee Fund accounts for all of the financial resources required for extending sewers within the Town. The major source of revenue for the fund is sewer assessment charges and sewer use charges.

Additionally, the Town reports the following fund types:

Internal Service Fund

The Internal Service Fund accounts for the self-insured activities related to employee medical insurance.

Pension Trust Fund

The Pension Trust Fund accounts for the fiduciary activities of the Town of Middlebury Pension System, which accumulates resources for pension benefit payments to qualified Town employees.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges for benefits. Operating expenses for the internal service funds include the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Cash, Cash Equivalents, and Investments

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.

State Statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens on real property are filed on May 1 following the due date. Interest on delinquent taxes accrues at the rate of 1.5% per month.

F. 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.

G. Leases

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

TOWN OF MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value rather than fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 to 50 Years
Building Improvements	20 Years
Distribution and Collection Systems	50 Years
Infrastructure	50 Years
Machinery, Equipment, and Vehicles	5 to 20 Years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports 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 or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension and OPEB result from differences between expected and actual experience, change in assumptions and other inputs. These amounts are deferred and included in pension and OPEB 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 employees and inactive employees).

TOWN OF MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position reports 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 or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources for advance property tax collections in the government-wide statement of net position and in the governmental funds. A deferred inflow of resources from advance property tax collections represent taxes inherently associated with a future period. The Town reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions and other inputs. These amounts are deferred and included in pension and OPEB 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 benefits through the pension and OPEB plan (active employees and inactive employees). In the governmental funds, in addition to advance property tax collections and fee collections, the Town reports a deferred inflow of resources for unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, sewer assessments and loans receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Under various agreements, employees may accumulate unused sick leave to be paid upon retirement. Sick leave and vacation leave expenditures are recognized in the fund financial statements in the current year to the extent they are paid during the year or expected to be paid with available resources. The liability for accrued vacation and sick leave earned is reported in the government-wide statements. Although the liability is liquidated by the General Fund, the only portion of the liability that would be reported by the General Fund at year-end would be the amount of unused reimbursable leave payable to employees following their resignation or retirement.

K. Long-Term Obligations

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

TOWN OF MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations (Continued)

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

L. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's 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 pension 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.

M. Total OPEB Liability

The total OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service. The total OPEB 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.

N. Fund Equity

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 reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position – Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

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

Nonspendable Fund Balance – This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance – This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance).

Assigned Fund Balance – This represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned Fund Balance – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

O. Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues and expenditures during the fiscal year.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budget for the General Fund. On or before January 15 of each year, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by vote of the Annual Town Meeting.
- The Town Charter provides the manner which is to be utilized by Town Meeting in acting upon the budget. The budget as adopted by Town meeting provides for departmental appropriations. Transfers and additional appropriations can be made subject to restrictions provided by the Charter, following the approval of the Board of Finance and/or Town Meeting.
- Budgets are adopted on the modified accrual basis of accounting.
- The legal budget is a departmental level budget.

All General Fund appropriations lapse at year-end. Appropriations for Capital Projects Funds and several Special Revenue Funds are continued until completion of the project, even when projects extend for more than one fiscal year. If three years lapse without any expenditure or any encumbrance of said funds, the appropriation will lapse.

Subject to certain restrictions, additional appropriations may be approved by the Board of Finance. There were no additional appropriations to the General Fund operating budget during the fiscal year 2023.

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

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for various special revenue funds are utilized to account for specific grant programs in accordance with requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Legal authorization for expenditures of the capital project funds are provided by Town ordinance and/or intergovernmental grant agreements or Connecticut General Statutes. Capital appropriations do not lapse until completion of the applicable projects.

Fund Deficits

The Water Revolving Fund has an unassigned fund balance deficit of \$650,403. The deficit will be funded through future revenue from water assessments and transfers from other funds.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Overexpended Appropriations

The Town overexpended the final budget for the education department by \$5, capital expenditures by \$417, and transfers to capital projects by \$778,435.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. 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 do 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.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the 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 a market-average rate of return throughout budgetary and economic cycles. Investors accrue 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 MIDDLEBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town has a formal deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$17,251,566 of the Town's bank balance of \$17,857,790 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 15,465,787
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	1,785,779
Total Amount Subject to Custodial Credit Risk	\$ 17,251,566

B. Cash Equivalents

At June 30, 2023, the Town's cash equivalents amounted to \$39,222. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

	Standard and Poor's
State Short-Term Investment Fund (STIF)	AAAm
UBS	*

* Not Rated

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

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Investments

As of June 30, 2023, the Town had the following investments:

	<u>Investment Type</u>	<u>Fair Value</u>
Mutual Funds		\$ 18,662,447
Common Stock		99,340
Total Investments		<u>\$ 18,761,787</u>

Interest Rate Risk

The Town limits its maximum final stated maturities to 15 years. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk – Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk

The Town has a policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to 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 investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2023, the Town did not have any uninsured and unregistered securities held by the counter party or by its trust department or agent that were not in the Town's name.

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town had no financial assets measured at Level 2 or Level 3 at June 30, 2023.

	June 30, 2023	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Mutual Funds	\$ 18,662,447	\$ 18,662,447	\$ -	\$ -
Common Stock	99,340	99,340	-	-
Total Investments by Fair Value Level	<u>\$ 18,761,787</u>	<u>\$ 18,761,787</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTE 4 RECEIVABLES

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

	General	Capital Projects	Sewer Assessment and Fee Fund	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 450,720	\$ -	\$ -	\$ -	\$ 450,720
Taxes	597,186	-	-	-	597,186
Accounts	12,448	-	-	116,725	129,173
Loans - Small Cities	-	-	-	723,087	723,087
Sewer Benefit	-	-	421,982	-	421,982
Leases	-	1,321,982	-	-	1,321,982
Intergovernmental	-	55,976	-	-	55,976
Gross Receivables	<u>1,060,354</u>	<u>1,377,958</u>	<u>421,982</u>	<u>839,812</u>	<u>3,700,106</u>
Less: Allowance for Uncollectibles	539,776	-	-	-	539,776
Total Receivables, Net	<u>\$ 520,578</u>	<u>\$ 1,377,958</u>	<u>\$ 421,982</u>	<u>\$ 839,812</u>	<u>\$ 3,160,330</u>

NOTE 5 LEASES

The Town, acting as lessor, leases a cell phone tower under a long-term, noncancelable lease agreement. The lease expires November 30, 2023 and provide for an automatic extension for five successive additional terms of five years.

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

<u>Year Ending June, 30,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 35,222	\$ 39,178
2025	36,294	38,106
2026	37,397	37,003
2027	38,535	35,865
2028	39,707	34,693
2028-2032	217,403	154,597
2033-2037	252,538	119,462
2038-2042	293,353	78,647
2043-2047	340,764	31,236
2048-2052	30,769	231
Total Minimum Lease Payments	<u>\$ 1,321,982</u>	<u>\$ 569,018</u>

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

NOTE 6 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 7,369,267	\$ 205,300	\$ -	\$ 7,574,567
Construction in Progress	3,344,973	1,154,851	3,344,973	1,154,851
Total Capital Assets Not Being Depreciated	10,714,240	1,360,151	3,344,973	8,729,418
Capital Assets Being Depreciated:				
Buildings	20,380,293	2,319,326	-	22,699,619
Improvements	1,385,190	-	-	1,385,190
Machinery and Equipment	3,566,608	255,553	-	3,822,161
Furniture and Computer Equipment	2,541,381	17,741	-	2,559,122
Transportation Equipment	6,543,805	177,644	-	6,721,449
Infrastructure	48,612,199	4,111,761	-	52,723,960
Total Capital Assets Being Depreciated	83,029,476	6,882,025	-	89,911,501
Less Accumulated Depreciation for:				
Buildings	11,930,094	341,941	-	12,272,035
Improvements	1,094,601	83,565	-	1,178,166
Machinery and Equipment	2,725,006	232,962	-	2,957,968
Furniture and Computer Equipment	710,126	42,939	-	753,065
Transportation Equipment	5,566,813	250,746	-	5,817,559
Infrastructure	29,416,005	1,095,427	-	30,511,432
Total Accumulated Depreciation	51,442,645	2,047,580	-	53,490,225
Total Capital Assets Being Depreciated, Net	31,586,831	4,834,445	-	36,421,276
Governmental Activities Capital Assets, Net	<u>\$ 42,301,071</u>	<u>\$ 6,194,596</u>	<u>\$ 3,344,973</u>	<u>\$ 45,150,694</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 223,186
Public Safety	157,664
Public Works	1,435,353
Health and Welfare	2,048
Parks and Recreation	63,475
Library	165,854
Total Depreciation Expense - Governmental Activities	<u>\$ 2,047,580</u>

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

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2023, the interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects	\$ 787,268
General Fund	Nonmajor Governmental Funds	264,170
General Fund	Sewer Assessment and Fee Fund	46,647
Capital Projects	General Fund	105,000
Capital Projects	Nonmajor Governmental Funds	233,568
Sewer Assessment and Fee Fund	Nonmajor Governmental Funds	248,000
Nonmajor Governmental Funds	General Fund	4,938
Total		<u>\$ 1,689,591</u>

The balances reflect recurring reimbursement-type transactions expected to be repaid in the current period.

Interfund transfers:

	Transfers In		
	General Fund	Capital Projects Fund	Total Transfers In
Transfers Out:			
General Fund	\$ -	\$ 1,086,996	\$ 1,086,996
Sewer Assessment and Fee Fund	133,389	-	133,389
Nonmajor Governmental Funds	124,914	-	124,914
Total Transfers Out	<u>\$ 258,303</u>	<u>\$ 1,086,996</u>	<u>\$ 1,345,299</u>

All transfers are for regularly recurring operational transfers.

NOTE 8 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 17,605,000	\$ -	\$ 1,295,000	\$ 16,310,000	\$ 985,000
Bond Premiums	829,225	-	99,758	729,467	
Total Bonds Payable	<u>18,434,225</u>	<u>-</u>	<u>1,394,758</u>	<u>17,039,467</u>	<u>985,000</u>
Financing Arrangement	-	1,154,851	-	1,154,851	95,785
Compensated Absences	280,179	28,982	33,293	275,868	104,830
Net Pension Liability	5,310,938	-	364,626	4,946,312	-
Total OPEB Liability	<u>6,653,758</u>	<u>585,755</u>	<u>-</u>	<u>7,239,513</u>	<u>398,424</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 30,679,100</u>	<u>\$ 1,769,588</u>	<u>\$ 1,792,677</u>	<u>\$ 30,656,011</u>	<u>\$ 1,584,039</u>

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities (Continued)

General obligation bonds currently outstanding are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2023
Governmental Activities:					
General Obligation	2018	2040	3-4.0%	\$ 6,950,000	\$ 5,900,000
General Obligation	2020	2041	1-3.0%	8,905,000	8,435,000
General Obligation	2020	2033	2-4.0%	2,730,000	1,975,000
Total Governmental Activities					<u>\$ 16,310,000</u>

Annual maturities of bonds and notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 985,000	\$ 423,913	\$ 1,408,913
2025	990,000	389,213	1,379,213
2026	1,000,000	354,313	1,354,313
2027	1,005,000	320,763	1,325,763
2028	1,015,000	288,763	1,303,763
2029-2033	5,165,000	1,002,719	6,167,719
2034-2038	4,065,000	482,097	4,547,097
2039-2042	2,085,000	62,223	2,147,223
Total	<u>\$ 16,310,000</u>	<u>\$ 3,324,004</u>	<u>\$ 19,634,004</u>

Overlapping Debt

The Town is a member of Regional School District #15, which provides education facilities for grades kindergarten through 12 for the Towns of Middlebury and Southbury. As of June 30, 2023, the District has bonds outstanding of \$1,550,000. The Town of Middlebury's share will be approximately 34% or \$523,032. These are general obligations of Regional School District #15 and its member towns.

The Town's indebtedness does not exceed the legal debt limitations as established by Connecticut General Statutes as reflected in the following schedule (in thousands):

Category	Debt Limitation	Indebtedness*	Balance
General Purpose	\$ 78,461	\$ 11,161	\$ 67,301
Schools	156,923	523	156,400
Sewers	130,769	5,149	125,619
Urban Renewal	113,333	-	113,333
Pension Deficit	104,615	-	104,615

* Portion of Regional School District #15 indebtedness as described above. Also includes bonds authorized unissued when debt has been issued.

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Overlapping Debt (Continued)

In no case shall total indebtedness exceed seven times annual receipts from taxation \$244,101,970.

Financing Arrangements

The Town entered into a financing arrangement for the year ended June 30, 2023 for the purchase of a fire truck. Annual maturities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 95,785	\$ 42,464	\$ 138,249
2025	102,770	35,479	138,249
2026	106,213	32,036	138,249
2027	109,771	28,478	138,249
2028	113,449	24,800	138,249
2029-2033	626,863	43,383	670,246
Total	<u>\$ 1,154,851</u>	<u>\$ 206,640</u>	<u>\$ 1,361,491</u>

NOTE 9 FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2023 are as follows:

	<u>General Fund</u>	<u>Major Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
		<u>Capital Projects</u>	<u>Sewer Assessment and Fee Fund</u>		
Fund Balances:					
Nonspendable:					
Prepaid Expenditures	\$ 1,454,431	\$ -	\$ -	\$ -	\$ 1,454,431
Restricted for:					
Unspent Grant Balances	-	-	-	710	710
Health and Welfare	-	-	-	72,986	72,986
Committed to:					
Assessments	-	-	2,112,611	-	2,112,611
General Government	-	-	-	188,057	188,057
Public Safety	-	-	-	331,900	331,900
Public Works	-	3,816,403	-	117,072	3,933,475
Parks and Recreation	-	-	-	8,461	8,461
Health and Welfare	-	-	-	134,422	134,422
Library	-	-	-	50,783	50,783
Assigned to:					
General Government	112,287	-	-	-	112,287
Unassigned	5,740,195	-	-	(650,403)	5,089,792
Total Fund Balances	<u>\$ 7,306,913</u>	<u>\$ 3,816,403</u>	<u>\$ 2,112,611</u>	<u>\$ 253,988</u>	<u>\$ 13,489,915</u>

There are no encumbrances outstanding at year-end.

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

The Town of Middlebury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide retirement, disability and death benefits for its employees. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. There is no separate report for the pension plan available. The Town has the authority to establish and amend the plan.

Management of the plan rests with the Retirement Board, which consists of three members appointed by the Board of Selectmen. One member is selected as an employee representative, one as a Board of Finance representative and one as a representative of the taxpayers at large.

The PERS covers full-time employees and any part-time employees who work in excess of 20 hours per week. A participant, excluding the exceptions listed below, is eligible for normal retirement at the age of 60 or completion of 10 years of service, but not later than age 65. Normal retirement for police department employees shall be age 47 and completion of 20 years of service, whichever comes later. Normal retirement for teamsters is the earliest of (a) "Rule of 80" combined years of age and service (minimum age 55), (b) age 60 with 10 years of service, or (c) age 65. The monthly benefit is 2% of the average monthly salary multiplied by the employee's credited service not in excess of 30 years. Police department employees retiring after 20 years of service shall receive credit for 2.5% of the average pay per year of service for the first 20 years of service and 2% for each year of service over 20 years, but no more than 30 years. The plan contains additional provisions for early retirement at a reduced level of benefits and disability retirement benefits. Vesting occurs once an employee completes 10 years of service, except for police union personnel where vesting occurs at 5 years of service. As of July 1, 2011, the plan is closed to new participants.

The membership of the plan consisted of the following at July 1, 2021, the date of the latest actuarial valuation:

Retirees and Beneficiaries Currently Receiving Benefits	53
Terminated Plan Members Entitled to Benefits but Not Yet Receiving Them	6
Current Plan Members	<u>22</u>
Total	<u><u>81</u></u>

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Summary of Significant Accounting Policies

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments: Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

C. Funding Policy

The Town is required to contribute the amounts necessary to fund the PERS and cover all administrative charges. Currently, teamster and clerical employees contribute 4.1% of pay, police department employees contribute 4.6% of pay, and all other employees contribute 2.9% of pay. All amounts are determined by annual actuarial valuations and are included as part of the annual budgeted expenditures.

D. Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
U.S. Cash	2.00%
U.S. Core Fixed Income	25.00
U.S. High Yield Bonds	11.00
U.S. Broad Equity Market	50.00
Foreign Developed Equity	10.00
Commodities	2.00
Total	100.00%

Rate of Return: For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Net Pension Liability of the Town

The Town's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

The components of the net pension liability of the Town at June 30, 2023 were as follows:

Pension Liability	\$ 23,613,490
Plan Fiduciary Net Position	18,667,178
Net Pension Liability	<u>\$ 4,946,312</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.05%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortization of unfunded liability with 2.00% per year increase, closed
Remaining Amortization Period	13 years remaining as of July 1, 2021
Asset Valuation Method	Expected asset value
Actuarial Assumptions:	
Investment Rate of Return	6.75%
Projected Salary Increases	3.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Tables projected generationally with Scale MP-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Net Pension Liability of the Town (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	0.20%
U.S. Core Fixed Income	1.84
U.S. High Yield Bonds	3.70
U.S. Broad Equity Market	4.10
Foreign Developed Equity	5.56
Commodities	1.18

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

F. Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of July 1, 2022	\$ 23,457,785	\$ 18,146,847	\$ 5,310,938
Changes for the Year:			
Service Cost	170,987	-	170,987
Interest on Total Pension Liability	1,543,202	-	1,543,202
Benefit Payments	(1,558,484)	(1,558,484)	-
Employer Contributions	-	580,482	(580,482)
Member Contributions	-	61,897	(61,897)
Net Investment Income (Loss)	-	1,436,436	(1,436,436)
Net Changes	<u>155,705</u>	<u>520,331</u>	<u>(364,626)</u>
Balances as of June 30, 2023	<u>\$ 23,613,490</u>	<u>\$ 18,667,178</u>	<u>\$ 4,946,312</u>

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

**G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate
(Continued)**

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 7,210,389	\$ 4,946,312	\$ 3,016,385

H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Town recognized pension expense of \$821,377. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions and Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,436,159
Total	\$ -	\$ 1,436,159

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

Year Ending June 30,	Amount
2024	\$ 312,223
2025	245,988
2026	926,418
2027	(48,470)
Total	\$ 1,436,159

Town of Middlebury Defined Contribution Retirement Plan

The Town of Middlebury Defined Contribution Retirement Plan was adopted on August 25, 2011 by the Board of Selectmen and Town Meeting. The plan can be amended by the Board of Selectmen through similar action.

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Town of Middlebury Defined Contribution Retirement Plan (Continued)

All full-time Town employees are eligible for the plan if they work more than 20 hours a week and are not already participating in the Town's PERS mentioned above or otherwise excluded per other bargaining agreements. In order to become a participant in the plan, the employee must irrevocably agree to contribute 6% of their compensation to the plan, for which the Town will make a matching contribution of 100% of the mandatory contribution. Benefits are vested at 20% for the first year of service and increases incrementally by 20% until fully vested after five years of service. Normal retirement age occurs when the employee reaches their 65th birthday and early retirement is eligible at age 59 1/2 if the employee has attained five years of service with the Town. There are currently 18 participants in the plan as of June 30, 2023. Contributions of \$132,583 have been made during the fiscal year ended June 30, 2023.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with the various collective bargaining agreements, is required to provide health benefits to certain eligible retirees and/or their spouses. The Other Postemployment Benefit (OPEB) program covers most Town employees. Police officers are eligible for medical coverage upon retiring at age 60 with 10 years of service or after age 47 with 20 years of service. Other employees are eligible for medical coverage upon retiring at age 60 with 10 years of service. The contribution requirement of plan members and the Town are established and may be amended by the Town. The Town does not issue a separate stand-alone financial statement for this program. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

At July 1, 2022, plan membership consisted of the following:

	<u>Postretirement Medical Program</u>
Retired Members	32
Active Plan Members	31
Total Participants	<u><u>63</u></u>

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the General Fund. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits. The Town currently contributes enough money to the plan to satisfy the current obligations on a pay-as-you-go basis. Appointed/elected employees pay 100% of the premium if retired prior to age 65 and none of the premium if retired after age 65. Police employees pay 5% to 11% of the premium based on the date hired and retired. All other plan members pay 100% of the premium.

C. Total OPEB Liability of the Town

The Town's Total OPEB liability of \$7,239,513 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal, level percent of salary
Salary Increases	3.50%
Health Care Cost Trend Rates	Non-Medicare Plans – 7.0%, reduced by 0.25% per year, 4.5% ultimate rate Medicare Plans – 6.0%, reduced by 0.25% per year, 4.5% ultimate rate. Dental – 4.0% (prior 3.0%)

Mortality rates were based on the RP-2014 (adjusted back to 2006) Employee and Healthy Annuitant Mortality Tables projected generationally with Scale MP-2021.

The plan has not had an actuarial experience study performed.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% (prior 3.54%). Since the plan is unfunded, the discount rate was based on the 20-year tax exempt GO municipal bond index rates.

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Total OPEB Liability of the Town (Continued)

Changes in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balances as of July 1, 2022	\$ 6,653,758
Changes for the Year:	
Service Cost	104,257
Interest	232,878
Change of Benefit Terms	432,889
Changes in Assumptions	(166,327)
Benefit Payments	(362,204)
Net Changes	585,755
Balances as of June 30, 2023	\$ 7,239,513

As of June 30, 2023, the plan had the following changes from the prior year:

Changes in Actuarial Assumptions:

- The discount rate was increased from 3.54% to 3.65%
- The per capita health costs were updated to reflect current experience
- The trend assumptions were revised to better reflect current experience and future expectations
- The mortality projection scale was updated
- The participation and coverage election assumption for future Clerk retirees was revised to better reflect future expectations due to the recent plan change

Changes in Plan Provisions:

- Clerks now receive the same benefits as Appointed and Elected

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.65%)	Current Discount (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 8,313,139	\$ 7,239,513	\$ 6,374,654

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 6,319,020</u>	<u>\$ 7,239,513</u>	<u>\$ 8,386,748</u>

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$911,161. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 802,381
Changes of Assumptions and Other Inputs	1,467,920	6,094
Total	<u>\$ 1,467,920</u>	<u>\$ 808,475</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (159,222)
2025	(165,316)
2026	(201,222)
2027	(153,595)
2028	19,910
Total	<u>\$ (659,445)</u>

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

NOTE 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; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

The Town participates in a Cooperative Agreement with the Town of Southbury and the Regional School District #15 Board of Education, to facilitate the group purchase of health benefits for active employees and non-Medicare eligible retirees. Under the program, the Town is obligated for claim payments. A schedule of changes in the claims liability for the year ended June 30, 2023 is presented below:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2022-2023	\$ 52,993	\$ 1,012,298	\$ 995,642	\$ 69,649
2021-2022	26,500	661,848	635,355	52,993

NOTE 13 RELATED PARTY

The Chairperson of the Water Pollution Control Authority, the Sewer Assessment and Fee Fund, is providing legal services to the Town of Middlebury as a sole practitioner and through the Middlebury Law Firm. Total payments amounted to \$103,246 as a sole practitioner. The outstanding amount owed as of June 30, 2023 was \$810.

NOTE 14 CONTINGENT LIABILITIES

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

NOTE 15 RESTATEMENT

Management did not correctly recognize \$168,874 of revenue in the prior year in the Capital Projects Fund resulting in an increase to fund balance in the fund and net position in governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property Taxes:				
Current Year Levy	\$ 35,832,279	\$ 35,832,279	\$ 36,330,088	\$ 497,809
Prior Years' Collection	175,000	175,000	175,461	461
Supplemental Auto	300,000	300,000	392,232	92,232
Interest and Lien Fees	75,000	75,000	126,485	51,485
Assessor Personal Property Audits	10,000	10,000	-	(10,000)
Total Property Taxes	<u>36,392,279</u>	<u>36,392,279</u>	<u>37,024,266</u>	<u>631,987</u>
Intergovernmental Revenues:				
State of Connecticut:				
Payments in Lieu of Taxes on				
State-Owned Property	40,784	40,784	41,560	776
Disability Exemption	-	-	675	675
Veterans Exemption	-	-	3,604	3,604
Region 15 School Security	-	-	85,877	85,877
Equalized Cost Sharing Grant	1,026,996	1,026,996	1,253,060	226,064
Telecommunications	20,000	20,000	20,774	774
Total Intergovernmental Revenues	<u>1,087,780</u>	<u>1,087,780</u>	<u>1,405,550</u>	<u>317,770</u>

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

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Local Revenues:				
Licenses, Fees, Permits and Charges for Services:				
Room Rental	\$ 4,000	\$ 4,000	\$ 30,356	\$ 26,356
Tax Collector	750	750	1,208	458
Assessor	250	250	-	(250)
Town Clerk	183,900	183,900	262,685	78,785
Building Department	226,650	226,650	342,360	115,710
Donation/Tower Rental	26,000	26,000	-	(26,000)
Water Commission	3,600	3,600	1,201	(2,399)
Police Department	184,300	184,300	12,677	(171,623)
Fire Department	200	200	180	(20)
Waste Removal	36,000	36,000	56,864	20,864
Park and Recreation	169,957	169,957	199,703	29,746
Elderly Services	18,000	18,000	16,378	(1,622)
Library	2,500	2,500	2,127	(373)
Total Local Revenues	<u>856,107</u>	<u>856,107</u>	<u>925,739</u>	<u>69,632</u>
Investment Income	20,000	20,000	476,166	456,166
Transfers from Other Funds:				
Capital Nonrecurring Fund	-	-	124,914	124,914
Sewer Assessment and Fee Fund	133,389	133,389	133,389	-
Total Transfers from Other Funds	<u>133,389</u>	<u>133,389</u>	<u>258,303</u>	<u>124,914</u>
 Total	 <u>\$ 38,489,555</u>	 <u>\$ 38,489,555</u>	 <u>\$ 40,090,024</u>	 <u>\$ 1,600,469</u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Board of Selectmen	\$ 163,143	\$ 163,143	\$ 153,960	\$ 9,183
Department of Finance	279,976	279,976	211,365	68,611
Town Treasurer	5,421	5,421	5,421	-
Department of Assessment	180,518	180,518	160,191	20,327
Tax Collector	94,713	94,713	85,867	8,846
Town Clerk	143,185	143,185	136,162	7,023
Registrar of Voters	43,784	43,784	35,935	7,849
Board of Finance	43,700	43,700	46,777	(3,077)
Board of Assessment Appeals	1,725	1,725	1,287	438
Legal	138,000	138,000	233,162	(95,162)
Probate Court	3,000	3,000	3,055	(55)
Town Hall	39,452	39,452	37,558	1,894
Building Department	152,153	152,153	156,127	(3,974)
Payment to Other Jurisdictions	54,233	54,233	50,922	3,311
Planning and Zoning	32,758	32,758	41,300	(8,542)
Zoning Board of Appeals	3,605	3,605	458	3,147
Conservation Commission	14,541	14,541	19,198	(4,657)
Economic Development Commission	2,000	2,000	1,781	219
Historical Society	5,045	5,045	5,085	(40)
Beautification Commission	1,500	1,500	1,318	182
Contingency	45,000	45,000	-	45,000
Computer Equipment/Technology	141,860	141,860	154,773	(12,913)
Employee Benefits	2,146,323	2,146,323	2,150,606	(4,283)
Insurance	519,428	519,428	517,958	1,470
Refunds of Excess Tax Payments	12,000	12,000	4,039	7,961
Total General Government	<u>4,267,063</u>	<u>4,267,063</u>	<u>4,214,305</u>	<u>52,758</u>
Public Safety:				
Water Commission	101,880	101,880	109,410	(7,530)
Fire Department	312,692	312,692	294,668	18,024
Fire Marshal	13,223	13,223	10,503	2,720
Civil Preparedness	14,307	14,307	13,746	561
Police Department	1,932,155	1,932,155	1,884,071	48,084
Communications Center	265,339	265,339	243,258	22,081
Consulting	17,000	17,000	16,062	938
Dog Pound	5,303	5,303	4,751	552
Total Public Safety	<u>2,661,899</u>	<u>2,661,899</u>	<u>2,576,469</u>	<u>85,430</u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Public Works:				
Building and Grounds	\$ 734,568	\$ 734,568	\$ 764,137	\$ (29,569)
Shepardson Community Center	32,815	32,815	38,892	(6,077)
Public Works	1,841,851	1,841,851	1,779,784	62,067
Waste Removal	429,629	429,629	426,005	3,624
Total Public Works	<u>3,038,863</u>	<u>3,038,863</u>	<u>3,008,818</u>	<u>30,045</u>
Health and Welfare:				
Social Services	53,747	53,747	45,789	7,958
Elderly Services	115,122	115,122	102,298	12,824
Total Health and Welfare	<u>168,869</u>	<u>168,869</u>	<u>148,087</u>	<u>20,782</u>
Parks and Recreation:				
Parks and Recreation - Self-Sustaining	105,000	105,000	101,276	3,724
Parks and Recreation Department	294,939	294,939	296,761	(1,822)
Total Parks and Recreation	<u>399,939</u>	<u>399,939</u>	<u>398,037</u>	<u>1,902</u>
Education:				
Payment to Regional School District #15	26,234,267	26,234,267	26,234,272	(5)
Total Education	<u>26,234,267</u>	<u>26,234,267</u>	<u>26,234,272</u>	<u>(5)</u>
Libraries:				
Library	458,072	458,072	363,143	94,929
Library Improvement Fund	-	-	-	-
Total Libraries	<u>458,072</u>	<u>458,072</u>	<u>363,143</u>	<u>94,929</u>
Debt Service:				
Principal and Interest	1,190,584	1,190,584	1,190,584	-
Total Debt Service	<u>1,190,584</u>	<u>1,190,584</u>	<u>1,190,584</u>	<u>-</u>
Capital Expenditures:				
Extraordinary Items Expenditures	70,000	70,000	-	70,000
Capital Expenditures	-	-	70,417	(70,417)
Total Capital Expenditures	<u>70,000</u>	<u>70,000</u>	<u>70,417</u>	<u>(417)</u>
Total Expenditures	38,489,556	38,489,556	38,204,132	285,424
Transfers to Other Funds:				
Capital Projects	-	-	778,435	(778,435)
Total Transfers to Other Funds	<u>-</u>	<u>-</u>	<u>778,435</u>	<u>(778,435)</u>
Total	<u>\$ 38,489,556</u>	<u>\$ 38,489,556</u>	38,982,567	<u>\$ (493,011)</u>
Accrued Payroll is Recorded for GAAP but Not Budgeted			<u>24,605</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds - Exhibit IV			<u>\$ 39,007,172</u>	

TOWN OF MIDDLEBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service Cost	\$ 170,987	\$ 165,211	\$ 260,291	\$ 254,563	\$ 328,496	\$ 320,484	\$ 332,462	\$ 344,507	\$ 324,036
Interest	1,543,202	1,528,457	1,589,889	1,553,850	1,559,893	1,503,325	1,443,325	1,360,008	1,287,837
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(1,274,245)	-	(385,762)	-	(267,962)	12,026	-
Changes of Assumptions	-	-	918,859	-	335,295	-	292,420	831,399	-
Benefit Payments, Including Refunds of Member Contributions	(1,558,484)	(1,428,970)	(1,508,225)	(1,090,385)	(1,073,390)	(1,029,761)	(891,612)	(885,056)	(834,197)
Net Change in Total Pension Liability	155,705	264,698	(13,431)	718,028	764,532	794,048	908,633	1,662,884	777,676
Total Pension Liability - Beginning	23,457,785	23,193,087	23,206,518	22,488,490	21,723,958	20,929,910	20,021,277	18,358,393	17,580,717
Total Pension Liability - Ending	23,613,490	23,457,785	23,193,087	23,206,518	22,488,490	21,723,958	20,929,910	20,021,277	18,358,393
Plan Fiduciary Net Position:									
Contributions - Employer	580,482	562,015	679,401	629,350	610,819	565,877	546,741	512,913	490,826
Contributions - Member	61,897	69,479	77,905	89,568	105,614	118,363	127,942	129,520	124,990
Net Investment Income (Loss)	1,436,436	(3,393,551)	4,665,500	907,903	975,454	1,444,822	2,049,452	(113,108)	672,892
Benefit Payments, Including Refunds of Member Contributions	(1,558,484)	(1,428,970)	(1,508,225)	(1,090,385)	(1,073,390)	(1,029,761)	(891,612)	(885,056)	(834,197)
Administrative Expense	-	-	-	-	-	(136,726)	(115,125)	(115,125)	(117,400)
Net Change in Plan Fiduciary Net Position	520,331	(4,191,027)	3,914,581	536,436	618,497	962,575	1,717,398	(470,856)	337,111
Plan Fiduciary Net Position - Beginning	18,146,847	22,337,874	18,423,293	17,886,857	17,268,360	16,305,785	14,588,387	15,059,243	14,722,132
Plan Fiduciary Net Position - Ending	18,667,178	18,146,847	22,337,874	18,423,293	17,886,857	17,268,360	16,305,785	14,588,387	15,059,243
Net Pension Liability - Ending	\$ 4,946,312	\$ 5,310,938	\$ 855,213	\$ 4,783,225	\$ 4,601,633	\$ 4,455,598	\$ 4,624,125	\$ 5,432,890	\$ 3,299,150
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.05%	77.36%	96.31%	79.39%	79.54%	79.49%	77.91%	72.86%	82.03%
Covered Payroll	1,834,025	1,834,025	1,834,025	2,804,730	2,804,730	3,194,374	3,194,374	3,157,080	3,385,155
Net Pension Liability as a Percentage of Covered Payroll	269.70%	289.58%	46.63%	170.54%	164.07%	139.48%	144.76%	172.09%	97.46%

**TOWN OF MIDDLEBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 466,327	\$ 626,401	\$ 612,617	\$ 626,089	\$ 610,819	\$ 565,877	\$ 546,741	\$ 512,913	\$ 490,826	\$ 573,603
Contributions in Relation to the Actuarially Determined Contribution	<u>580,482</u>	<u>562,015</u>	<u>679,401</u>	<u>629,350</u>	<u>610,819</u>	<u>565,877</u>	<u>546,741</u>	<u>512,913</u>	<u>490,826</u>	<u>573,603</u>
Contribution Deficiency (Excess)	<u>\$ (114,155)</u>	<u>\$ 64,386</u>	<u>\$ (66,784)</u>	<u>\$ (3,261)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,834,025	\$ 1,834,025	\$ 1,834,025	\$ 2,804,730	\$ 2,804,730	\$ 3,194,374	\$ 3,194,374	\$ 3,157,080	\$ 3,385,155	\$ 3,239,383
Contributions as a Percentage of Covered Payroll	31.65%	30.64%	37.04%	22.44%	21.78%	17.71%	17.12%	16.25%	14.50%	17.71%

Notes to Schedule:

Valuation Date: July 1, 2021
 Measurement Date: June 30, 2023

Actuarial Cost Method: Entry age
 Amortization Method: Amortization of unfunded liability with 2.00% per year increase, closed
 Remaining Amortization Period: 13 years remaining as of July 1, 2021
 Asset Valuation Method: Expected asset value and add or subtract 20% of the difference between the expected assets and the market value of assets. The final value is adjusted to be within 20% of market value
 Inflation: 2.50%
 Salary Increases: 3.50%, includes 1.00% allowance for merit increases
 Investment Rate of Return: 6.75%, net of pension plan investment expense, including inflation

**TOWN OF MIDDLEBURY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST NINE FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.49%	-15.16%	26.13%	-2.66%	5.71%	11.40%	12.50%	-0.80%	3.75%

TOWN OF MIDDLEBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS*

	2023	2022	2021	2020	2019
Total OPEB Liability:					
Service Cost	\$ 104,257	\$ 171,095	\$ 201,232	\$ 141,390	\$ 123,333
Interest	232,878	205,914	198,617	266,372	276,182
Changes of Benefit Terms	432,889	(1,225,559)	-	-	-
Differences Between Expected and Actual Experience	344,262	-	1,111,587	-	-
Changes of Assumptions	(166,327)	(1,655,020)	(565,235)	1,224,662	364,291
Benefit Payments, Including Refunds of Member Contributions	(362,204)	(407,077)	(333,717)	(299,465)	(315,969)
Net Change in Total OPEB Liability	585,755	(2,910,647)	612,484	1,332,959	447,837
Total OPEB Liability - Beginning	6,653,758	9,564,405	8,951,921	7,618,962	7,171,125
Total OPEB Liability - Ending	<u>\$ 7,239,513</u>	<u>\$ 6,653,758</u>	<u>\$ 9,564,405</u>	<u>\$ 8,951,921</u>	<u>\$ 7,618,962</u>
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Notes:

Benefit Changes

Clerks not receive the same benefits as Appointed and Elected

Changes of Assumptions

The discount rate increased from 3.54% to 3.65%.

The per capital health costs were updated to reflect current experience.

The trend assumptions were revised to better reflect current experience and future expectations.

**COMBINING, INDIVIDUAL FUND, AND ACCOUNT
GROUP STATEMENTS AND SCHEDULES**

**TOWN OF MIDDLEBURY, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2023**

Grand List	Uncollected Taxes July 1, 2022	Current Year	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2023
			Additions	Deductions			Taxes	Interest	Liens	Total	
2020	\$ -	\$ 37,027,430	\$ 101,421	\$ 129,318	\$ 11,688	\$ 36,987,845	\$ 36,713,414	\$ 80,565	\$ 1,763	\$ 36,795,742	\$ 274,431
2020	248,993	-	1,075	8,258	14,321	227,489	124,312	22,299	1,060	147,671	103,177
2019	109,885	-	-	562	19,096	90,227	25,494	9,814	177	35,485	64,733
2018	54,288	-	-	-	18,802	35,486	11,431	4,766	125	16,322	24,055
2017	32,881	-	-	-	10,335	22,546	2,703	1,612	48	4,363	19,843
2016	24,161	-	-	-	7,935	16,226	482	641	-	1,123	15,744
2015	115,627	-	-	-	96,470	19,157	4,227	3,027	24	7,278	14,930
2014	18,522	-	-	-	8,208	10,314	457	14	24	495	9,857
2013	17,396	-	-	-	8,276	9,120	-	-	-	-	9,120
2012	17,033	-	-	-	7,951	9,082	-	-	-	-	9,082
2011	16,623	-	-	-	7,434	9,189	-	-	-	-	9,189
2010	17,455	-	-	-	7,295	10,160	-	-	-	-	10,160
2009	17,463	-	-	-	7,165	10,298	-	-	-	-	10,298
2008	17,841	-	-	-	7,245	10,596	-	-	-	-	10,596
2007	19,087	-	-	-	7,116	11,971	-	-	-	-	11,971
Total	\$ 727,255	\$ 37,027,430	\$ 102,496	\$ 138,138	\$ 239,337	\$ 37,479,706	\$ 36,882,520	\$ 122,738	\$ 3,221	\$ 37,008,479	\$ 597,186

NONMAJOR GOVERNMENTAL FUNDS

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

	Special Revenue Funds						
	Police Special Duty	Performance Bond Fund	Dog License Fund	Library Special Fund	Town Clerk Nominee Fund	Small Cities Repayment Fund	Municipal Infrastructure Trust Fund
ASSETS							
Cash and Cash Equivalents	\$ 259,879	\$ 68,560	\$ 19,603	\$ 50,783	\$ 1,547	\$ 73,598	\$ 117,072
Receivables, Net	116,725	-	-	-	-	723,087	-
Due From Other Funds	-	-	3,896	-	100	-	-
Total Assets	\$ 376,604	\$ 68,560	\$ 23,499	\$ 50,783	\$ 1,647	\$ 796,685	\$ 117,072
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ 67,850	\$ 4,033	\$ -	\$ -	612	\$ -
Due to Other Funds	64,170	-	-	-	-	-	-
Total Liabilities	64,170	67,850	4,033	-	-	612	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Loans Receivable	-	-	-	-	-	723,087	-
Total Deferred Inflows of Resources	-	-	-	-	-	723,087	-
FUND BALANCES							
Restricted	-	710	-	-	-	72,986	-
Committed	312,434	-	19,466	50,783	1,647	-	117,072
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	312,434	710	19,466	50,783	1,647	72,986	117,072
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 376,604	\$ 68,560	\$ 23,499	\$ 50,783	\$ 1,647	\$ 796,685	\$ 117,072

**TOWN OF MIDDLEBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Land Protection Fund	Town Clerk Preservation Fund	Senior Fund	Park and Recreation Revenue Fund	Water Revolving Fund	Middlebury Emergency Fund	
ASSETS							
Cash and Cash Equivalents	\$ 181,680	\$ 3,788	\$ 17,625	\$ 8,889	\$ 31,165	\$ 116,797	\$ 950,986
Receivables, Net	-	-	-	-	-	-	839,812
Due From Other Funds	714	228	-	-	-	-	4,938
Total Assets	\$ 182,394	\$ 4,016	\$ 17,625	\$ 8,889	\$ 31,165	\$ 116,797	\$ 1,795,736
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ 428	\$ -	\$ -	\$ 72,923
Due to Other Funds	-	-	-	-	681,568	-	745,738
Total Liabilities	-	-	-	428	681,568	-	818,661
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Grants	-	-	-	-	-	-	723,087
Total Deferred Inflows of Resources	-	-	-	-	-	-	723,087
FUND BALANCES							
Restricted	-	-	-	-	-	-	73,696
Committed	182,394	4,016	17,625	8,461	-	116,797	830,695
Unassigned	-	-	-	-	(650,403)	-	(650,403)
Total Fund Balances	182,394	4,016	17,625	8,461	(650,403)	116,797	253,988
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 182,394	\$ 4,016	\$ 17,625	\$ 8,889	\$ 31,165	\$ 116,797	\$ 1,795,736

**TOWN OF MIDDLEBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds						
	Police Special Duty	Performance Bond Fund	Dog License Fund	Library Special Fund	Town Clerk Nominee Fund	Small Cities Repayment Fund	Municipal Infrastructure Trust Fund
REVENUES							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 11,550	\$ -	\$ -	\$ 99,331
Charges for Services	902,627	-	6,064	-	1,070	10,200	-
Income on Investments	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>902,627</u>	<u>-</u>	<u>6,064</u>	<u>11,550</u>	<u>1,070</u>	<u>10,200</u>	<u>99,331</u>
EXPENDITURES							
Current:							
General Government	-	-	-	-	3,000	-	-
Public Safety	528,438	-	4,343	-	-	-	-
Public Works	-	-	-	-	-	-	320,171
Health and Welfare	-	-	-	-	-	29,140	-
Parks and Recreation	-	-	-	-	-	-	-
Library	-	-	-	9,781	-	-	-
Total Expenditures	<u>528,438</u>	<u>-</u>	<u>4,343</u>	<u>9,781</u>	<u>3,000</u>	<u>29,140</u>	<u>320,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	374,189	-	1,721	1,769	(1,930)	(18,940)	(220,840)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	(124,914)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(124,914)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	249,275	-	1,721	1,769	(1,930)	(18,940)	(220,840)
Fund Balances - Beginning of Year	<u>63,159</u>	<u>710</u>	<u>17,745</u>	<u>49,014</u>	<u>3,577</u>	<u>91,926</u>	<u>337,912</u>
FUND BALANCES - END OF YEAR	<u>\$ 312,434</u>	<u>\$ 710</u>	<u>\$ 19,466</u>	<u>\$ 50,783</u>	<u>\$ 1,647</u>	<u>\$ 72,986</u>	<u>\$ 117,072</u>

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

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Land Protection Fund	Town Clerk Preservation Fund	Senior Fund	Park and Recreation Revenue Fund	Water Revolving Fund	Middlebury Emergency Fund	
REVENUES							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,881
Charges for Services	-	949	-	-	-	-	920,910
Income on Investments	-	-	-	-	1,116	-	1,116
Miscellaneous	9,804	7,399	3,047	-	-	43,426	63,676
Total Revenues	<u>9,804</u>	<u>8,348</u>	<u>3,047</u>	<u>-</u>	<u>1,116</u>	<u>43,426</u>	<u>1,096,583</u>
EXPENDITURES							
Current:							
General Government	-	12,864	-	-	-	-	15,864
Public Safety	-	-	-	-	-	-	532,781
Public Works	-	-	-	-	-	-	320,171
Health and Welfare	-	-	963	-	-	37,378	67,481
Parks and Recreation	-	-	-	12,841	-	-	12,841
Library	-	-	-	-	-	-	9,781
Total Expenditures	<u>-</u>	<u>12,864</u>	<u>963</u>	<u>12,841</u>	<u>-</u>	<u>37,378</u>	<u>958,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,804	(4,516)	2,084	(12,841)	1,116	6,048	137,664
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	(124,914)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,914)</u>
NET CHANGE IN FUND BALANCES	9,804	(4,516)	2,084	(12,841)	1,116	6,048	12,750
Fund Balances - Beginning of Year	<u>172,590</u>	<u>8,532</u>	<u>15,541</u>	<u>21,302</u>	<u>(651,519)</u>	<u>110,749</u>	<u>241,238</u>
FUND BALANCES - END OF YEAR	<u>\$ 182,394</u>	<u>\$ 4,016</u>	<u>\$ 17,625</u>	<u>\$ 8,461</u>	<u>\$ (650,403)</u>	<u>\$ 116,797</u>	<u>\$ 253,988</u>

CAPITAL PROJECTS FUNDS

**TOWN OF MIDDLEBURY, CONNECTICUT
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
JUNE 30, 2023**

ASSETS	Capital Nonrecurring	Capital Projects	Capital Reserve	Library Improvements	Library Endowment	Fenn Farm	Interfund Elimination	Total
Cash and Cash Equivalents	\$ 674,119	\$ 1,132,188	\$ 2,613,551	\$ 25,753	\$ 38,238	\$ 33,653	\$ -	\$ 4,517,502
Investments	-	-	-	99,340	-	-	-	99,340
Lease Receivable	1,321,982	-	-	-	-	-	-	1,321,982
Due from Other Governments	-	55,976	-	-	-	-	-	55,976
Due from Other Funds	233,568	-	105,000	-	84,695	-	(84,695)	338,568
Total Assets	\$ 2,229,669	\$ 1,188,164	\$ 2,718,551	\$ 125,093	\$ 122,933	\$ 33,653	\$ (84,695)	\$ 6,333,368
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 184,311	\$ 6,710	\$ 73,819	\$ -	\$ -	\$ -	\$ -	\$ 264,840
Unearned Revenue	81,699	-	-	5,200	-	-	-	86,899
Due to Other Funds	-	702,268	-	84,695	85,000	-	(84,695)	787,268
Total Liabilities	266,010	708,978	73,819	89,895	85,000	-	(84,695)	1,139,007
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Grants	-	55,976	-	-	-	-	-	55,976
Lease Related	1,321,982	-	-	-	-	-	-	1,321,982
Total Deferred Inflows of Resources	1,321,982	55,976	-	-	-	-	-	1,377,958
FUND BALANCES								
Committed	641,677	423,210	2,644,732	35,198	37,933	33,653	-	3,816,403
Total Fund Balances	641,677	423,210	2,644,732	35,198	37,933	33,653	-	3,816,403
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,229,669	\$ 1,188,164	\$ 2,718,551	\$ 125,093	\$ 122,933	\$ 33,653	\$ (84,695)	\$ 6,333,368

**TOWN OF MIDDLEBURY, CONNECTICUT
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Capital Nonrecurring	Capital Projects	Capital Reserve	Library Improvements	Library Endowment	Fenn Farm	Interfund Elimination	Total
REVENUES								
Intergovernmental Revenues	\$ 498,529	\$ 222,760	\$ 541,747	\$ -	\$ -	\$ -	\$ -	\$ 1,263,036
Charges for Services	82,995	175,924	21,164	-	-	-	-	280,083
Income (Loss) on Investments	72	42,018	52	11,384	5	-	-	53,531
Miscellaneous	34,792	-	14,475	-	1,750	-	-	51,017
Total Revenues	<u>616,388</u>	<u>440,702</u>	<u>577,438</u>	<u>11,384</u>	<u>1,755</u>	<u>-</u>	<u>-</u>	<u>1,647,667</u>
EXPENDITURES								
Current:								
General Government	498,529	575	447,333	5,560	-	-	-	951,997
Capital Outlay	222,761	2,195,734	459,195	-	422	-	-	2,878,112
Total Expenditures	<u>721,290</u>	<u>2,196,309</u>	<u>906,528</u>	<u>5,560</u>	<u>422</u>	<u>-</u>	<u>-</u>	<u>3,830,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(104,902)	(1,755,607)	(329,090)	5,824	1,333	-	-	(2,182,442)
OTHER FINANCING SOURCES (USES)								
Financing Arrangement	-	1,154,851	-	-	-	-	-	1,154,851
Transfers In	247,243	430,314	636,561	-	-	-	(227,122)	1,086,996
Transfers Out	-	-	(227,122)	-	-	-	227,122	-
Total Other Financing Sources (Uses)	<u>247,243</u>	<u>1,585,165</u>	<u>409,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,241,847</u>
NET CHANGE IN FUND BALANCES	142,341	(170,442)	80,349	5,824	1,333	-	-	59,405
Fund Balances - Beginning of Year	<u>499,336</u>	<u>593,652</u>	<u>2,564,383</u>	<u>29,374</u>	<u>36,600</u>	<u>33,653</u>	<u>-</u>	<u>3,756,998</u>
FUND BALANCES - END OF YEAR	<u>\$ 641,677</u>	<u>\$ 423,210</u>	<u>\$ 2,644,732</u>	<u>\$ 35,198</u>	<u>\$ 37,933</u>	<u>\$ 33,653</u>	<u>\$ -</u>	<u>\$ 3,816,403</u>

OTHER SCHEDULES

**TOWN OF MIDDLEBURY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2023**

Total Tax Collections (Including Interest
and Lien Fees) Received by Treasurer:
Year Ended June 30, 2022:

\$ 34,871,710

Base for Establishing Debt
Limit

\$ 34,871,710

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 Times Base	\$ 78,461,348	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	156,922,695	-	-	-
3-3/4 Times Base	-	-	130,768,913	-	-
3-1/4 Times Base	-	-	-	113,333,058	-
3 Times Base	-	-	-	-	104,615,130
Total Debt Limitation	78,461,348	156,922,695	130,768,913	113,333,058	104,615,130
Indebtedness:					
Bonds Outstanding	11,160,560	-	5,149,440	-	-
Regional School District #15	-	523,032	-	-	-
Total indebtedness	11,160,560	523,032	5,149,440	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 67,300,788</u>	<u>\$ 156,399,663</u>	<u>\$ 125,619,473</u>	<u>\$ 113,333,058</u>	<u>\$ 104,615,130</u>

Note 1: In no case shall total indebtedness exceed \$244,101,970 or seven times annual receipts from taxation.

Note 2: The Town of Middlebury is a member of Regional School District #15, which provides education facilities for grades kindergarten through 12 for the Towns of Middlebury and Southbury. As of June 30, 2023, the District has bonds outstanding of \$1,550,000. The Town of Middlebury's share is approximately 34% or \$532,032. These are the general obligation of Regional School District #15 and its member towns.