

**Durham-Middlefield Interlocal
Agreement Advisory Board
Financial Statements
and
Report of Independent
Certified Public Accountants**

**For the Fiscal Year Ended
June 30, 2025**

Durham-Middlefield Interlocal Agreement Advisory Board
Table of Contents
For the Fiscal Year Ended June 30, 2025

	Exhibit/ Schedule	Page
Auditor's Report and Management's Discussion and Analysis		
Independent Auditor's Report.....		<i>i</i>
Management's Discussion and Analysis.....		1
Government-Wide Financial Statements		
Statement of Net Position.....	I	5
Statement of Activities.....	II	6
Fund Financial Statements		
Balance Sheet-Governmental Funds	III	7
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	IV	8
Notes to the Financial Statements		
Notes to the Financial Statements.....		9
Required Supplementary Information		
General Fund-Schedule of Revenues-Budgetary Basis-Budget and Actual.....	RSI-1	16
General Fund-Schedule of Expenditures-Budgetary Basis-Budget and Actual.....	RSI-2	17
Supplemental Schedules		
General Fund		
Schedule of the Calculation of the Constituent Towns Fund Balance.....	1	18



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

Independent Auditor's Report

To the Directors of the
Durham-Middlefield Interlocal Agreement Advisory Board

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Durham-Middlefield Interlocal Agreement Advisory Board, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Durham-Middlefield Interlocal Agreement Advisory Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Durham-Middlefield Interlocal Agreement Advisory Board, as of June 30, 2025, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Durham-Middlefield Interlocal Agreement Advisory Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Durham-Middlefield Interlocal Agreement Advisory Board's 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 Durham-Middlefield Interlocal Agreement Advisory Board's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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, 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 Durham-Middlefield Interlocal Agreement Advisory Board'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 Durham-Middlefield Interlocal Agreement Advisory Board'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 and budgetary comparison information on pages 1-4 and 16-17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Durham-Middlefield Interlocal Agreement Advisory Board's basic financial statements. The supplemental schedule Calculation of the Constituent Tows Fund Balance (the schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Maletta & Company
Certified Public Accountants

Bristol, Connecticut
February 16, 2026

**Durham-Middlefield Interlocal Agreement Advisory Board
Management's Discussion and Analysis
For the year ended June 30, 2025**

As management of the Durham-Middlefield Interlocal Agreement Advisory Board (DMIAAB) we offer readers of the financial statements this narrative overview and analysis of the financial activities of DMIAAB for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here along with DMIAAB's basic financial statements.

Financial Highlights

On a government-wide basis, the assets of DMIAAB exceeded its liabilities resulting in total net position of \$193,112. The total unrestricted net position at June 30, 2025 was \$56,681.

On a government-wide basis, during the year, DMIAAB's net position decreased by \$1,534, from \$194,646 to \$193,112.

Governmental activities expenses were \$889,288.

At the end of the fiscal year the general fund had a balance of \$56,681.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of DMIAAB's finances, in a manner similar to a private-sector business. These statements include all assets and liabilities on the accrual basis of accounting. All of DMIAAB's revenues and expenses are recorded regardless of when received or paid.

The statement of net position presents information on all of DMIAAB's assets and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as an indicator that the DMIAAB's financial position is either improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the current fiscal year. Revenues and expenses are reported regardless of when received or paid and thus might be a future source or use of cash.

The statement of net position and statement of activities can be found at Exhibit I and II.

**Durham-Middlefield Interlocal Agreement Advisory Board
Management's Discussion and Analysis
For the year ended June 30, 2025**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources. DMIAAB only has a governmental type fund.

Governmental Funds

Governmental funds are used to account for basically the same functions reported as governmental activities in the government-wide financial statements. Governmental funds, unlike government-wide financial statements, focus on the short-term inflows and outflows of expendable resources, as well as on balances of expendable resources at the end of the year. These funds are reported on the modified accrual basis. The differences between governmental activities and governmental funds are reflected on the bottom of the fund financial statements.

The governmental fund financial statements are reflected at Exhibit III and IV.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

The analysis below reflects net position and changes in net position.

Net Position

	2025	2024	Change
Current and Other Assets	\$ 119,133	\$ 106,973	\$ 12,160
Capital Assets	136,431	140,690	(4,259)
Total Assets	<u>255,564</u>	<u>247,663</u>	<u>7,901</u>
Current Liabilities	62,452	53,017	9,435
Long-Term Liabilities	-	-	-
Total Liabilities	<u>62,452</u>	<u>53,017</u>	<u>9,435</u>
Investment in Capital Assets, Net of Debt	136,431	140,690	(4,259)
Unrestricted	56,681	53,956	2,725
Total Net Position	<u>\$ 193,112</u>	<u>\$ 194,646</u>	<u>\$ (1,534)</u>

Net position of DMIAAB's governmental activities decreased by \$1,534. Unrestricted net position of \$56,681 may be used to meet DMIAAB's ongoing obligations.

**Durham-Middlefield Interlocal Agreement Advisory Board
Management's Discussion and Analysis
For the year ended June 30, 2025**

Changes in Net Position

	2025	2024
Revenue		
Program Revenues		
Charges for Services	\$ 324,180	\$ 313,809
General Revenues		
Municipal Assessments	554,950	493,801
Miscellaneous	8,624	8,173
Total Revenues	887,754	815,783
Program Expenses Transfer Station Operations	889,288	869,311
Increase (Decrease) in Net Position	\$ (1,534)	\$ (53,528)

DMIAAB's total revenues were \$887,754. The total cost of all programs was \$889,288.

Governmental Activities

For governmental activities, approximately 37% of the revenues were derived from program revenues, approximately 62% from municipal assessments, and approximately 1% from investment earnings and other sources. 100% of DMIAAB's expenditures were related to the operation of a transfer station and recycling center.

Fund Financial Analysis

Governmental Funds

At the end of the year the governmental funds reported a fund balance of \$56,681. This was an increase of \$2,725 from last year's total of \$53,956. Of the fund balance \$-0- has been assigned for the 2026/2027 budget. The general fund is the chief operating fund of DMIAAB.

General Fund Budgetary Highlights

The final amended budget was \$848,450. This reflected no increase over the original budget. During the current fiscal year, actual revenues, excluding the use of any assigned prior year surplus, were \$887,756 which was more than budgetary estimates by \$39,306. Actual expenditures on a budgetary basis totaled \$885,031, which were more than budgetary estimates by \$36,581 and which were less than actual revenues on a budgetary basis (including the use of any assigned prior year surplus) by \$2,725.

**Durham-Middlefield Interlocal Agreement Advisory Board
Management's Discussion and Analysis
For the year ended June 30, 2025**

Capital Assets and Debt Administration

DMIAAB's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$136,431, net of accumulated depreciation. This investment in capital assets includes buildings, land improvements, and machinery, equipment, and vehicles. This represents a net decrease of \$4,258 during the year.

Capital Assets (Net of Depreciation)

	2025	2024	Change
Land Improvements	\$ 31,771	\$ 35,358	\$ (3,587)
Equipment	50,189	52,953	(2,764)
Containers	-	1,714	(1,714)
Vehicles	54,472	50,665	3,807
Total Fund Balances	<u>\$ 136,432</u>	<u>\$ 140,690</u>	<u>\$ (4,258)</u>

Long-Term Debt

At June 30, 2025 and 2024 the DMIAAB had no outstanding debt.

Economic Factors and Next Year's Budgets and Rates

DMIAAB has not been affected by state and/or national economic trends. DMIAAB has not had to cut employment levels and expects Town funding to remain consistent.

Requests for Information

The financial report is designed to provide an overview of the DMIAAB's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Durham-Middlefield Interlocal Agreement Advisory Board, P.O. Box 38, Durham, CT 06422.

Durham-Middlefield Interlocal Agreement Advisory Board
Statement of Net Position
As of June 30, 2025

Exhibit I

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 119,133
Capital Assets, Net	136,431
Total Assets	<u>\$ 255,564</u>
Liabilities	
Accounts Payable and Accrued Expenses	\$ 62,452
Total Liabilities	<u>62,452</u>
Net Position	
Investment in Capital Assets, Net of Related Debt	136,431
Unrestricted	<u>56,681</u>
Total Net Position	<u>\$ 193,112</u>

*The accompanying notes are an integral
part of these financial statements.*

**Durham-Middlefield Interlocal Agreement Advisory Board
Statement of Activities
For the Fiscal Year Ended June 30, 2025**

Exhibit II

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
Governmental Activities		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Transfer Station Operations	\$ 889,288	\$ 324,180	\$ -	\$ -	\$ (565,108)
Total Governmental Activities	\$ 889,288	\$ 324,180	\$ -	\$ -	(565,108)
General Revenues					
					554,950
					8,624
					Total General Revenues 563,574
					Change in Net Position (1,534)
					Beginning Net Position 194,646
					Ending Net Position \$ 193,112

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

**Durham-Middlefield Interlocal Agreement Advisory Board
Governmental Funds – Balance Sheet
For the Fiscal Year Ended June 30, 2025**

Exhibit III

	General Fund	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 119,132	\$ 119,132
Total Assets	\$ 119,132	\$ 119,132
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 62,451	\$ 62,451
Total Liabilities	62,451	62,451
Fund Balances		
Town of Durham		
Assigned	-	-
Unassigned	33,702	33,702
Total Town of Durham	33,702	33,702
Town of Middlefield		
Assigned	-	-
Unassigned	22,979	22,979
Total Town of Middlefield	22,979	22,979
Total Fund Balances	56,681	56,681
Total Liabilities and Fund Balances	\$ 119,132	\$ 119,132

Amounts reported for *governmental activities* in the statements of net position are different because:

Fund Balances - Total Governmental Funds		\$ 56,681
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		136,431
Net Position of Governmental Activities		\$ 193,112

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

Durham-Middlefield Interlocal Agreement Advisory Board
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2025

Exhibit IV

	General Fund	Total Governmental Funds
Revenue		
Intergovernmental		
Town of Durham	\$ 349,175	\$ 349,175
Town of Middlefield	205,775	205,775
	554,950	554,950
Operating		
Recycling Revenues	30,422	30,422
Site Revenues	293,760	293,760
	324,182	324,182
Reimbursed Goods and Services	8,624	8,624
Total Revenue	887,756	887,756
Expenditures		
Municipal Solid Waste	318,020	318,020
Containers	4,885	4,885
Recycling Disposal	8,514	8,514
Composting Equipment for Resale	1,619	1,619
Bulky Waste	83,296	83,296
Equipment	108,180	108,180
Site	40,678	40,678
Utilities	16,324	16,324
Payroll Expense	253,921	253,921
Administrative	49,594	49,594
Total Expenditures	885,031	885,031
Excess (Deficiency) of Revenue Over Expenses	2,725	2,725
Fund Balance, Beginning of Year	53,956	53,956
Fund Balance, End of Year	\$ 56,681	\$ 56,681
Amounts reported for the <i>governmental activities</i> in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.		(4,259)
Change in Net Position of Governmental Activities		\$ (1,534)

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

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Durham-Middlefield Interlocal Agreement Advisory Board (DMIAAB) 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 standards setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the DMIAAB are described below:

Nature of Activities

The Durham-Middlefield Interlocal Agreement Advisory Board (DMIAAB) was established in 1971 by and between the Towns of Durham and Middlefield, Connecticut. Pursuant to Sections 7-339a through 7-339l and Section 8-35d of the Connecticut State Statutes, as amended, the DMIAAB was created to operate a sanitary landfill and coordinate refuse collection for the Towns of Durham and Middlefield. The sanitary landfill has subsequently been closed, and the DMIAAB now operates a solid and bulky waste transfer station and recycling center for the Towns of Durham and Middlefield.

For financial reporting purposes the DMIAAB is considered a joint venture, as defined by GASB Statement Number 14, between the Towns of Durham and Middlefield, Connecticut. Accordingly, under the criteria established by GASB Statement Number 14, DMIAAB need not be combined with any other component unit(s) to form the reporting entity. The financial statements of the DMIAAB consist of only the funds of the DMIAAB.

Basis of Accounting and Presentation

The DMIAAB is considered a single-program governmental organization for financial reporting purposes. GASB Statement Number 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*” requires the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of a statement of net assets and a statement of activities. The governmental fund financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The DMIAAB has no business type activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements report on all of the non-fiduciary activities of the DMIAAB. For the most part, the effect of inter-fund activity has been removed from these statements. Capital assets, net of accumulated depreciation, are included along with long-term obligations. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment and (2) grants and contributions (intergovernmental revenues) that are restricted to meeting the operational or capital requirements of a particular function or segment. Municipal assessments and other items not properly included among program revenues are reported instead as general revenues. Information presented in the government-wide statement of activities demonstrates the degree to which DMIAAB’s expenses are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. For DMIAAB’s purposes, all revenue and expenses are related to a single program, transfer station operations. For the year ended June 30, 2025, the DMIAAB had no business-type activities.

Fund financial statements – provide information about the DMIAAB’s governmental funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have budgetary orientation, and therefore use a modified accrual basis of accounting. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. For the fiscal year ended June 30, 2025, the only governmental fund of the DMIAAB was the general fund.

The DMIAAB reports the following major governmental fund:

General Fund – This fund is the DMIAAB’s primary operating fund. It accounts for all financial resources of DMIAAB, except those required to be accounted for in another fund. Revenues are derived primarily from municipal assessments, charges for services, and interest income.

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Required supplementary information – in addition to the government-wide and governmental fund financial statements, budgetary comparison schedules are presented for the DMIAAB as a whole. The DMIAAB does not adopt an annual budget by governmental fund but rather adopts an annual budget for the organization as a whole. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments from member towns are recognized as revenues in the year for which they are levied. Grants and similar items, if applicable, are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the DMIAAB 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 are recorded only when payment is due.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to municipalities or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include municipal assessments.

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

Deposits and Investments

The DMIAAB'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 DMIAAB to invest in obligations of the United States Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as more fully described in Note 4.

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Inventories and Prepaid Expenses

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At June 30, 2025, the DMIAAB had no inventory.

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. At June 30, 2025, there were \$-0- of prepaid items.

Capital Assets

Capital assets, which include land and related improvements, buildings and related improvements, and equipment and furnishings, are reported in the applicable governmental columns in the government-wide financial statements.

Fixed assets used in governmental fund operations are accounted for as capital outlays in the fund financial statements upon acquisition.

Capital assets are defined by the DMIAAB as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and related improvements, land improvements, equipment and furnishings are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 20
Land Improvements	10 - 20
Equipment	10 - 15
Containers	6
Vehicles	7 - 10

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest are reported as expenditures.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The DMIAAB has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The DMIAAB has no items that qualify for reporting in this category.

Fund Equity

DMIAAB has adopted GASB Statement Number 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” which had a required implementation date of June 2011. This Statement establishes criteria for classifying governmental fund balances into specifically defined categories.

Classifications are hierarchical and are based primarily on the extent to which DMIAAB is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of this Statement requires DMIAAB to classify and report amounts in the appropriate fund balance classification.

DMIAAB’s accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

DMIAAB reports the following classifications:

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the DMIAAB’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by DMIAAB’s Board of Directors which has the authority to assign, modify, or rescind amounts to be used for specific purposes.

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

Appropriated Assigned Fund Balance is an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues. At June 30, 2025 \$-0- of the General Fund Balance had been so assigned.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Depreciation Expense	(27,982)
Capital Outlays	23,723
 Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position - governmental activities	 <u><u>\$ (4,259)</u></u>

Note 3 – Stewardship, Compliance and Accountability

The DMIAAB establishes an organization-wide budget in accordance with provisions of its interlocal agreement. In accordance with the interlocal agreement DMIAAB shall prepare and submit, on or before a set date, an itemized budget of estimated revenues and expenditures for the next fiscal year, including each participant Town’s estimated prorated share of expenditures, to the Boards of Finance of each member Town for approval and/or modification. Expenditures of the DMIAAB shall not, in the aggregate, exceed funds allocated by the approved budget. Annual appropriated budgets are prepared for the General Fund. All General Fund appropriations lapse at year-end.

The DMIAAB, as necessary, may amend the budget during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for the DMIAAB. There were no additional appropriations approved during the year.

Note 4 – Cash and Cash Equivalents

The deposit of public funds is controlled by Connecticut General Statutes. Cash equivalents are defined as those liquid investments having original maturities of three months or less. The following is a summary of cash and cash equivalents at June 30, 2025:

Deposits	
Demand Accounts	\$ 2,296
Money Market Accounts	114,601
Total Deposits	<u>116,897</u>
Cash on Hand	2,236
	<u><u>\$ 119,133</u></u>

Deposits

At June 30, 2025, the carrying amount of the DMIAAB’s deposits with financial institutions was \$161,141. Custodial credit risk is the risk that, in the event of a bank failure, the DMIAAB would not be able to recover its deposits or would not be able to recover collateral securities that are in possession of an outside party. The DMIAAB does not have a policy for custodial risk. At June 30, 2025, up to \$250,000 of the bank balance was covered by Federal Depository Insurance.

Cash Equivalents

Cash equivalents are defined as those highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2025, the DMIAAB had no cash equivalents.

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 5 – Receivables

Receivables as of year-end for the DMIAAB generally consist of balances due from waste and recycling haulers. The DMIAAB monitors all such balances for potential receivable losses and, it is the opinion of management that any potential loss would not be significant to the DMIAAB. There were no receivables as of June 30, 2025.

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2025 is as follows:

	Beginning	Increases	Decreases	Ending
Governmental Activities				
Depreciable Assets				
Buildings	\$ 14,497	\$ -	\$ -	\$ 14,497
Land Improvements	427,384	-	-	427,384
Equipment	618,396	12,382	-	630,778
Containers	176,251	-	-	176,251
Vehicles	407,135	11,341	-	418,476
Total Assets Being Depreciated	<u>1,643,663</u>	<u>23,723</u>	<u>-</u>	<u>1,667,386</u>
Less: Accumulated Depreciation For				
Buildings	14,497	-	-	14,497
Land Improvements	392,026	3,587	-	395,613
Equipment	565,443	15,146	-	580,589
Containers	174,537	1,715	-	176,252
Vehicles	356,470	7,534	-	364,004
Total Accumulated Depreciation	<u>1,502,973</u>	<u>27,982</u>	<u>-</u>	<u>1,530,955</u>
Total Governmental Activities Capital Assets Being Depreciated, Net	<u>140,690</u>	<u>(4,259)</u>	<u>-</u>	<u>136,431</u>
Total Government-Wide Capital Assets, Net	<u>\$ 140,690</u>	<u>\$ (4,259)</u>	<u>\$ -</u>	<u>\$ 136,431</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Transfer Station Operations	\$ 27,982
Total Depreciation Expense-Governmental Activities	<u>\$ 27,982</u>

Note 7 – Risk Management

The DMIAAB is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters for which the DMIAAB carries commercial insurance. During the year ended June 30, 2025, there were no significant deductibles paid by the DMIAAB. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

Durham-Middlefield Interlocal Agreement Advisory Board
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 – Allocation of General Fund Balance and General Fixed Assets

In accordance with the Interlocal Agreement, the DMIAAB expenditures are divided between the constituent Towns based on the estimated population of the Towns as of July 1, of the previous fiscal year as determined by the State of Connecticut Department of Public Health. Population figures used in the calculation of the budget for the year ended June 30, 2025 and the proration percentages between the Towns is as follows:

	Town of Durham July 1, 2023	Town of Middlefield July 1, 2023	Total
Estimated Population	7,204	4,257	11,461
Proration Percentages	62.86%	37.14%	100.00%

These percentages are also used to calculate each Town's portion of any excess of contributions over net expenditures. Surpluses in excess of 5% of the approved budget shall be used to reduce the contributions of the Towns in the following year based on the percentage of contribution. The total surpluses in excess of the 5% are reflected in the Assigned Fund Balance.

Fixed asset ownership, net of related debt, has been allocated between the towns using the same method. At June 30, 2025 investment in net fixed assets is as follows:

Town of Durham	\$	85,761
Town of Middlefield		50,670
	\$	136,431

Note 9 – Explanation of Differences Between Budget and GAAP

Fund Balance is a budgetary resource but is not a current year revenue for financial reporting purposes.

Note 10 – Subsequent Events

Subsequent events were evaluated through February 16, 2026, which is the date that the financial statements were available to be issued.

**Durham-Middlefield Interlocal Agreement Advisory Board
 Required Supplementary Information
 General Fund – Schedule of Revenues - Budgetary Basis-Budget and Actual
 For the Fiscal Year Ended June 30, 2025**

Schedule RSI 1

General Fund & Local Governments				
	Original Budget	Revised Budget	Actual (<i>Budgetary Basis See Note 9</i>)	Variance Favorable (Unfavorable)
Intergovernmental Revenues				
Town of Durham	\$ 349,175	\$ 349,175	\$ 349,175	\$ -
Town of Middlefield	205,775	205,775	205,775	-
	<u>554,950</u>	<u>554,950</u>	<u>554,950</u>	<u>-</u>
Other Revenues				
Hauler Fees	1,200	1,200	-	(1,200)
Recycling Revenue	24,800	24,800	30,422	5,622
Site Revenues	261,500	261,500	293,760	32,260
Total Revenue	<u>287,500</u>	<u>287,500</u>	<u>324,182</u>	<u>36,682</u>
Reimbursed Goods and Services				
Reimbursed Expenses	6,000	6,000	8,624	2,624
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>8,624</u>	<u>2,624</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 848,450</u>	<u>\$ 848,450</u>	<u>\$ 887,756</u>	<u>\$ 39,306</u>

**Durham-Middlefield Interlocal Agreement Advisory Board
 Required Supplementary Information
 General Fund – Schedule of Expenditures - Budgetary Basis-Budget and Actual
 For the Fiscal Year Ended June 30, 2025**

Schedule RSI 2

General Fund & Local Governments				
	Original Budget	Revised Budget	Actual <i>(Budgetary Basis See Note 9)</i>	Variance Favorable (Unfavorable)
Expenditures				
Municipal Solid Waste	\$ 330,000	\$ 330,000	\$ 318,020	\$ 11,980
Containers	5,000	5,000	4,885	115
Recycling Disposal	6,250	6,250	8,514	(2,264)
Composting	2,250	2,250	1,619	631
Bulky Waste	69,000	69,000	83,296	(14,296)
Equipment	87,000	87,000	108,180	(21,180)
Site	25,500	25,500	40,678	(15,178)
Utilities	16,550	16,550	16,324	226
Payroll Expense	258,800	258,800	253,921	4,879
Administrative	48,100	48,100	49,594	(1,494)
Total Expenditures	\$ 848,450	\$ 848,450	\$ 885,031	\$ (36,581)

**Durham-Middlefield Interlocal Agreement Advisory Board
General Fund
Schedule of the Calculation of the Constituent Towns Fund Balance
For the Fiscal Year Ended June 30, 2025**

Schedule 1

Calculation of Net Expenditures

Total General Fund Expenditures		\$ 885,031
Less: Operating Revenues		(324,182)
Less: Reimbursed Goods and Services		(8,624)
General Fund Expenditures Net of Operating and Other Revenue		\$ 552,225

Calculation of the Constituent Towns Fund Balances

	Town of Durham	Town of Middlefield	Total
Town Contributions	\$ 349,175	\$ 205,775	\$ 554,950
	349,175	205,775	554,950
General Fund Expenditures Net of Operating and Other Revenues			
Durham 62.86%	347,129	-	347,129
Middlefield 37.14%	-	205,096	205,096
Subtotal	347,129	205,096	552,225
Current Year Excess (Deficiency) of Town Contributions Over Net Expenses	2,046	679	2,725
Fund Balance, June 30, 2024	31,656	22,300	53,956
Total Fund Balance, June 30, 2025	\$ 33,702	\$ 22,979	\$ 56,681
Assigned	\$ -	\$ -	\$ -
Unassigned	33,702	22,979	56,681
	\$ 33,702	\$ 22,979	\$ 56,681