

CITY OF SHELTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

June 30, 2023

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CITY OF SHELTON, CONNECTICUT
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Shelton, Connecticut
Shelton, CT 06484

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Shelton, 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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut as of June 30, 2023, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, which raise substantial doubt about the City of Shelton, 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.

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

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

- Exercise professional judgement 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 City of Shelton, 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 judgement, there are conditions or events considered in aggregate, which raise substantial doubt about the City of Shelton, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4a through 4g and the required supplemental information on pages 51-54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024 reporting 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 City of Shelton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Shelton, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES, LLC
Waterbury, Connecticut



January 31, 2024

CITY OF SHELTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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

Financial Highlights

- The net position of our governmental activities decreased by \$2.3 million.
- The net position of our business-type activities decreased by \$143 thousand.
- The General Fund reported a fund balance this year of \$5.3 million; \$5.0 million less than the General Fund balance reported in the prior 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 A and B, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits C and D. 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 City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. In addition, the City maintains the Water Pollution Control Authority as a proprietary fund (Exhibit G, H, and I). The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits A and B. The Statement of Net Position and the Statement of Activities reports information about the City 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 City's net position and changes within them. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

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

- *Governmental activities* - The City's basic services are reported here, including general government, public safety, community services, public works, education, public library, and municipal facilities. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-type activities* – The Water Pollution Control Authority's activity is reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the Board of Aldermen establishes many other 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 for education from the State and Federal governments). The City's funds are divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental funds (Exhibits C and D)* - Most of the City'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 City'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 City'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 at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits G, H, and I)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities, such as the City's Worker's Compensation Internal Service Fund.
- *Fiduciary funds (Exhibits J and K)* - The City is the trustee, or fiduciary, for its employees' pension plans. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities and business-type activities. The City's net position for governmental activities decreased \$2.4 million from \$184.1million in 2022 to \$181.7 million in 2023. The majority of this decrease was attributed to the use of prior years surpluses in the general fund.

The City's net position for the business-type activities decreased \$143 thousand for the fiscal year ending June 30, 2023, which was due to depreciation expense. The net position was \$31.9 million at June 30, 2023.

TABLE 1 - NET POSITION

		Governmental Activities	
		2023	2022
Current and other assets	\$	25,342,490	27,659,253
Capital assets		202,865,585	203,888,186
Deferred outflows		6,360,453	2,571,835
Total assets & deferred outflows	\$	234,568,528	234,119,274
Current and other liabilities	\$	12,581,752	13,028,602
Deferred inflows		5,345,619	5,695,564
Long-term liabilities		34,928,306	31,294,588
Total liabilities & deferred inflows	\$	52,855,677	50,018,754
Net position:			
Investment in capital assets	\$	192,450,874	187,325,894
Restricted		5,202,527	3,508,967
Unrestricted		(15,940,550)	(6,734,341)
Total net position	\$	181,712,851	184,100,520

		Business-type Activities	
		2023	2022
Current and other assets	\$	5,672,213	6,732,450
Capital assets		34,909,008	36,512,877
Total assets	\$	40,581,221	43,245,327
Current and other liabilities	\$	3,121,633	4,613,510
Long-term liabilities		5,539,446	6,568,494
Total liabilities	\$	8,661,079	11,182,004
Net position:			
Investment in capital assets, net of related debt	\$	29,369,562	29,944,383
Unrestricted		2,550,580	2,118,940
Total net position	\$	31,920,142	32,063,323

TABLE 2 - CHANGE IN NET ASSETS

		Governmental Activities	
		2023	2022
Revenues:			
Program revenues:			
Charges for services	\$	5,258,193	5,221,859
Operating grants and contributions		34,323,431	33,012,401
Capital grants and contributions		6,846,473	-
General revenues:			
Property taxes		106,875,354	110,123,782
Grants and contributions not restricted to specific purposes		1,518,198	-
Unrestricted investment earnings		2,283,990	83,198
Other general revenues (and transfers)		(93,347)	(47,345)
Total revenues	\$	157,012,292	148,393,895
Program expenses:			
General government	\$	18,493,498	19,055,324
Public safety		14,899,775	9,389,970
Public works		14,168,297	16,633,214
Health and welfare		1,390,299	361,733
Culture and recreation		4,716,203	5,952,701
Education		105,570,929	93,883,584
Interest and fiscal charges		160,960	237,125
Total program expenses	\$	159,399,961	145,513,651
(Decrease) increase in net position	\$	(2,387,669)	2,880,244
		Business-type Activities	
		2023	2022
Revenues:			
Operating revenues:			
Charges for services	\$	3,282,257	2,971,380
Non-operating revenues:			
Capital contributions			-
Other general revenues (and transfers)		1,151,019	1,151,019
Total revenues	\$	4,433,276	4,122,399
Operating expenses:			
Salaries and benefits	\$	1,140,867	1,108,053
Materials and supplies		119,912	95,480
Utilities		356,390	404,898
Depreciation		1,603,869	2,269,025
Administration		1,233,900	1,087,843
Interest and fiscal charges		121,519	142,331
Total expenses	\$	4,576,457	5,107,630
(Decrease) increase in net position	\$	(143,181)	(985,231)

City Funds Financial Analysis

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$9.7 million, which is a \$4.9 million decrease from the previous year. Included in this year's total includes a decrease of \$5.0 million in general fund balance is a decrease of \$1.8 million in the City's Capital projects and a 1.9 million in the City's increase in Other Governmental Funds.

The General Fund deficit was a result of higher than anticipated healthcare costs. As well as higher than anticipated education costs. These losses in expenditures were netted against the anticipated tax revenue, grants, and investments to produce a \$5.0 million operating deficit on a budgetary basis. \$6.6 million of prior year surplus was appropriated by the Board of Alderman to reduce taxes in the subsequent year's budget, which was limited by the available fund balance of 5.2\$ million No unassigned fund balance remained at the yearend.

Proprietary Funds

The City reports the Water Pollution Control Authority as a proprietary fund (Exhibit G, H, and I). Under this presentation, the loss was \$145 thousand as the W.P.C.A. builds capital for future capital projects, \$431 thousand was available after the payment of debt before depreciation expense.

The Internal Service Fund recorded a positive change in net fund position. Operating expenses were over the operating revenues by \$331 thousand. Management is aware of the accumulated net deficits in the workers' compensation and medical self-insurance funds and has a long-term financing plan to fund this through growing employer contributions, reducing the worker's compensation expenses and reorganizing the funding structure. The loss was attributed to accrued expenses in reserves due to the increase in medical expenses.

General Fund Budgetary Highlights

Exhibit F shows the summary information of budget to actual revenues, expenditures, and changes in undesignated, unreserved fund balance (funds available to be appropriated).

- Investment income was more than expected due to the interest rate increase.
- Charges for services were more than expected as new construction continues within the City.
- The medical expenses and educational expenses increased, which was funded by savings in the City departments as well as prior year surpluses.

Capital Assets

At June 30, 2023, the City's governmental activities had \$203 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines. In separating the Water Pollution Control Authority from the government funds, \$37.1 million in capital assets, which mainly includes sewers and the newly constructed facility. The City's total amount represents a net decrease (including additions and deductions) of \$5.5 million, net of depreciation expenses. The construction in progress includes a school construction program and a bridge program.

TABLE 3 - CAPITAL ASSETS (Net of Depreciation)

		Governmental Activities	
		2023	2022
Land	\$	36,998,480	34,365,440
Buildings and improvements		112,865,201	115,503,225
Furniture, fixtures, and equipment		7,839,491	8,046,897
Infrastructure		41,129,356	41,939,566
Construction in progress		4,033,057	4,033,058
Totals	\$	<u>202,865,585</u>	<u>203,888,186</u>

		Business-type Activities	
		2023	2022
Buildings and improvements	\$	12,084,353	13,670,913
Infrastructure		22,361,986	22,379,296
Construction in progress		462,669	462,669
Totals	\$	<u>34,909,008</u>	<u>36,512,878</u>

The City continues to support economic development through state programs and the improvement of lands and roads as well as balancing this growth with a substantial investment in open space. In the June 30, 2023, fiscal year, the City invested \$2.6 million into land purchases for these programs.

TABLE 4 - OUTSTANDING DEBT

Long-Term Liabilities

At June 30, 2023, the City had \$41.2 million in long term liabilities versus \$38.1 million last year, a decrease of 17%, as shown in Table 4.

TABLE 4

		2023	2022
Debt obligations	\$	16,718,290	23,130,784
Other long-term liabilities		24,513,595	14,939,361
Total long-term liabilities	\$	41,231,885	38,070,147

General obligation bonds and banknotes decreased by \$6.4 million as the City uses the General Fund surplus and intergovernmental grants to fund major capital projects to reduce the outstanding debt. Included in the business-type activities is \$6.3 million in notes payable, which was the State of Connecticut's Clean Water Notes for the construction of the new water pollution control facilities.

Other obligations include accrued vacation pay and sick leave and the state administered pension plan for the police. The pension incurred the largest increase of \$9.4 million. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2023-2024 budget tax rates. One of those factors is the economy and the benefits of continual development within the City.

These indicators along with a projected modest inflationary increase were considered when adopting the General Fund budget for 2023-2024.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Shelton, 54 Hill Street, Shelton, Connecticut, 06484.

STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 15,221,947	2,432,439	17,654,386
Investments	5,235,689		5,235,689
Receivables, net	7,958,016	49,331	8,007,347
Prepaid assets	6,000		6,000
Inventory	111,281		111,281
Internal balances	(3,190,443)	3,190,443	-
Capital assets:			
Capital assets, not being depreciated	41,031,537	462,669	41,494,206
Capital assets, being depreciated, net	161,834,048	34,446,339	196,280,387
Total assets	<u>\$ 228,208,075</u>	<u>40,581,221</u>	<u>268,789,296</u>
Deferred outflows of resources:			
Deferred pension expense	\$ 6,360,453	-	6,360,453
Total deferred outflows of resources	<u>\$ 6,360,453</u>	<u>-</u>	<u>6,360,453</u>
Liabilities:			
Accounts payable and other current liabilities	\$ 3,704,589	2,845,043	6,549,632
Accrued interest	100,735		100,735
Claims incurred, but not reported	4,022,706		4,022,706
Unearned revenue	4,753,722	276,590	5,030,312
Noncurrent liabilities:			
Due within one year	4,611,433	1,049,819	5,661,252
Due in more than one year	30,316,873	4,489,627	34,806,500
Total liabilities	<u>\$ 47,510,058</u>	<u>8,661,079</u>	<u>56,171,137</u>
Deferred inflows of resources:			
Resources from pension	\$ 826,279		826,279
Advance tax collections	4,519,340		4,519,340
Total deferred inflows of resources	<u>\$ 5,345,619</u>	<u>-</u>	<u>5,345,619</u>
Net position:			
Invested in capital assets, net of related debt	\$ 192,450,874	29,369,562	221,820,436
Restricted for:			
Donor's intentions	5,202,527		5,202,527
Unrestricted	(15,940,550)	2,550,580	(13,389,970)
Total net position	<u>\$ 181,712,851</u>	<u>31,920,142</u>	<u>213,632,993</u>

* After internal balances have been eliminated

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 18,493,498	1,988,685	67,671	5,349,259	(11,087,883)		(11,087,883)
Public safety	14,899,775	1,917,604	14,782		(12,967,389)		(12,967,389)
Public works	14,168,297	278,279	498,426	1,497,214	(11,894,378)		(11,894,378)
Health and welfare	1,390,299	14,599	20,262		(1,355,438)		(1,355,438)
Culture and recreation	4,716,203	402,977			(4,313,226)		(4,313,226)
Education	105,570,929	656,049	33,722,290		(71,192,590)		(71,192,590)
Interest on long-term debt	160,960				(160,960)		(160,960)
Total governmental activities	<u>\$ 159,399,961</u>	<u>5,258,193</u>	<u>34,323,431</u>	<u>6,846,473</u>	<u>(112,971,864)</u>	<u>-</u>	<u>(112,971,864)</u>
Business-type activities:							
Water Pollution Control Authority	\$ 4,454,938	3,282,257			-	(1,172,681)	(1,172,681)
Interest on long-term debt	121,519				-	(121,519)	(121,519)
Total business-type activities	<u>\$ 4,576,457</u>	<u>3,282,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,294,200)</u>	<u>(1,294,200)</u>
Total primary government	<u>\$ 163,976,418</u>	<u>8,540,450</u>	<u>34,323,431</u>	<u>6,846,473</u>	<u>(112,971,864)</u>	<u>(1,294,200)</u>	<u>(114,266,064)</u>
General revenues and transfers:							
Property taxes					\$ 106,875,354		106,875,354
Grants and contributions not restricted for specific programs					1,518,198		1,518,198
Unrestricted investment earnings					2,283,990		2,283,990
Other unrestricted income					1,057,672		1,057,672
Transfers					(1,151,019)	1,151,019	-
Total general revenues and transfers					<u>\$ 110,584,195</u>	<u>1,151,019</u>	<u>111,735,214</u>
Change in net position					\$ (2,387,669)	(143,181)	(2,530,850)
Net position, beginning					<u>184,100,520</u>	<u>32,063,323</u>	<u>216,163,843</u>
Net position, ended					<u>\$ 181,712,851</u>	<u>31,920,142</u>	<u>213,632,993</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHELTON, CONNECTICUT

EXHIBIT C

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General	Capital Projects	American Recovery	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,990,297			10,231,650	15,221,947
Investments	965,802	1,077		3,706,521	4,673,400
Receivables, net	4,340,595	70,209		2,998,677	7,409,481
Due from other funds	17,326,411	16,063	4,285,087	717,781	22,345,342
Inventories	57,293			53,988	111,281
Prepaid expenses	6,000				6,000
Total assets	\$ 27,686,398	87,349	4,285,087	17,708,617	49,767,451
Liabilities:					
Accounts and other payables	\$ 2,184,134	768,220	66,327	677,997	3,696,678
Payments in advance		105,938	4,197,260	450,524	4,753,722
Due to other funds	11,618,423	1,314,106		10,106,531	23,039,060
Total liabilities	\$ 13,802,557	2,188,264	4,263,587	11,235,052	31,489,460
Deferred inflows of resources:					
Unavailable receipts	\$ 4,061,317			1,939	4,063,256
Tax payments in advance	4,519,340				4,519,340
Total deferred inflows of resources	\$ 8,580,657	-	-	1,939	8,582,596
Fund balances:					
Nonspendable	\$ 63,293			53,988	117,281
Restricted for:					
Donor's intentions			21,500	5,181,027	5,202,527
Committed for:					
Subsequent fiscal year	5,237,024				5,237,024
Specific use	2,867			39,689	42,556
Assigned				911,008	911,008
Unassigned	-	(2,100,915)		285,914	(1,815,001)
Total fund balances	\$ 5,303,184	(2,100,915)	21,500	6,471,626	9,695,395
Total liabilities, deferred inflows of resources and fund balances	\$ 27,686,398	87,349	4,285,087	17,708,617	

Amounts reported for governmental activities in the Statement of Net Position (**Exhibit A**) are different because:

Capital assets used in the governmental activities are not financial resources, and therefore, are not reported in the funds.	202,865,585
Other long-term assets, deferred inflows and outflows are not available to pay for current period expenditures, and therefore, are deferred in the funds.	9,597,430
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 included in the governmental activities column in the Statement of Net Position.	(5,416,518)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(35,029,041)
Net position of governmental activities (Exhibit A)	<u>\$ 181,712,851</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Capital Projects	American Recovery	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes and assessments	\$ 106,084,471				106,084,471
Intergovernmental	26,232,507	1,497,214	5,366,201	9,541,448	42,637,370
Charges for services	4,261,649			561,459	4,823,108
Investment income	842,425		21,500	1,420,065	2,283,990
Miscellaneous	1,808,193			52,671	1,860,864
Total revenues	\$ 139,229,245	1,497,214	5,387,701	11,575,643	157,689,803
Expenditures:					
Current:					
General government	\$ 16,965,319			-	16,965,319
Public safety	8,609,393			396,894	9,006,287
Public works	6,869,241			17,709	6,886,950
Public health	292,439				292,439
Culture and recreation	3,842,600			368,145	4,210,745
Education	96,004,363			8,945,371	104,949,734
Other	4,111,628			41	4,111,669
Capital outlay		3,279,337	5,366,201		8,645,538
Debt service	6,398,058				6,398,058
Total expenditures	\$ 143,093,041	3,279,337	5,366,201	9,728,160	161,466,739
Excess (deficiency) of revenues over (under) expenditures	\$ (3,863,796)	(1,782,123)	21,500	1,847,483	(3,776,936)
Other financing sources (uses):					
Transfer from other funds	\$				-
Transfer to other funds	(1,151,019)				(1,151,019)
Proceeds from sale of bonds					-
Total other financing sources (uses)	\$ (1,151,019)	-	-	-	(1,151,019)
Net changes in fund balances	\$ (5,014,815)	(1,782,123)	21,500	1,847,483	(4,927,955)
Fund balances (deficits) - beginning	10,317,999	(318,792)	-	4,624,143	14,623,350
Fund balances (deficits) - ended	\$ 5,303,184	(2,100,915)	21,500	6,471,626	9,695,395

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Differences in amounts reported for government-wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (4,927,955)
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,022,601)
Noncurrent assets previously recognized in the Statement of Activities that provided current financial resources in the current year.	7,438,260
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,544,201)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(331,172)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (2,387,669)</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 106,288,010	106,288,010	106,084,471	(203,539)
Intergovernmental	8,932,822	8,932,822	8,300,615	(632,207)
Charges for services	7,302,793	7,302,793	7,582,388	279,595
Investment income	75,000	75,000	842,425	767,425
Other revenues	2,154,944	2,154,944	1,808,193	(346,751)
Total revenues	\$ 124,753,569	124,753,569	124,618,092	(135,477)
Expenditures:				
Current:				
General government	\$ 16,702,261	18,223,207	16,965,319	1,257,888
Public safety	10,123,965	10,123,965	8,609,393	1,514,572
Public works	7,732,980	7,732,980	6,872,108	860,872
Health and welfare	292,439	292,439	292,439	-
Culture and recreation	4,139,004	4,139,004	3,842,600	296,404
Education	78,405,038	81,393,210	81,393,210	-
Other	4,445,626	4,445,626	4,111,628	333,998
Debt service:				
Principal retirements	5,937,043	5,937,043	5,873,866	63,177
Capital lease payments	270,520	270,520	270,519	1
Interest and other charges	253,673	253,673	253,673	-
Payment on behalf of W.P.C.A.	1,151,020	1,151,020	1,151,019	1
Total expenditures	\$ 129,453,569	133,962,687	129,635,774	4,326,913
Revenues over (under) expenditures	\$ (4,700,000)	(9,209,118)	(5,017,682)	4,191,436
Other financing sources (uses):				
Appropriation of fund balance	\$ 4,700,000	9,209,118	4,700,000	(4,509,118)
Total other financing sources (uses)	\$ 4,700,000	9,209,118	4,700,000	(4,509,118)
Revenues over expenditures and other financing sources (uses)	\$ -	-	(317,682)	(317,682)
Less:				
Subsequent year's operating budget			(5,237,024)	
Net change in unassigned fund balance			\$ (5,554,706)	
Unassigned fund balance, July 1, 2022			5,554,706	
Unassigned fund balance, June 30, 2023			\$ -	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET FUND POSITION
 PROPRIETARY FUNDS
 June 30, 2023

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,432,439	
Investments		562,289
Receivables, net of allowance	49,331	548,535
Due from other funds	3,191,443	277,755
Total current assets	\$ 5,673,213	1,388,579
Noncurrent assets:		
Capital assets, not being depreciated	\$ 462,669	-
Capital assets, net of accumulated depreciation	34,446,339	-
Total noncurrent assets	\$ 34,909,008	-
Total assets	\$ 40,582,221	1,388,579
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,845,041	7,913
Payments in advance	276,590	
Due to other funds	1,002	2,774,478
Notes payable - current	1,049,819	
Total current liabilities	\$ 4,172,452	2,782,391
Noncurrent liabilities:		
Claims incurred, but not reported	\$	
Notes payable, less current portion	4,489,627	4,022,706
Total noncurrent liabilities	\$ 4,489,627	4,022,706
Total liabilities	\$ 8,662,079	6,805,097
Net fund position:		
Invested in capital assets, net of related debt	\$ 29,369,562	
Unrestricted	2,550,580	(5,416,518)
Total net fund position	\$ 31,920,142	(5,416,518)

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION (DEFICIT)
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2023

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services and other revenues	\$ 3,276,992	
Employer's contribution		17,027,909
Employee's contribution		548,535
Other	5,265	2,473,509
Total operating revenues	\$ 3,282,257	20,049,953
Operating expenses:		
Salaries and benefits	\$ 1,140,867	
Material and supplies	119,912	
Utilities	356,390	
Depreciation	1,603,869	
Administration and operation	1,233,900	20,397,108
Total operating expenses	\$ 4,454,938	20,397,108
Operating income (loss)	\$ (1,172,681)	(347,155)
Nonoperating revenues (expenses):		
Gain (loss) on investments	\$	15,983
Interest expense	(121,519)	
Total nonoperating revenues (expenses)	\$ (121,519)	15,983
Transfer from other funds	\$ 1,151,019	-
Change in net fund position	\$ (143,181)	(331,172)
Net fund position (deficit), beginning	32,063,323	(5,085,346)
Net fund position (deficit), ended	\$ 31,920,142	(5,416,518)

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2023

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,491,485	
Payments to suppliers	(2,847,710)	19,501,418
Payments to employees and benefits	(1,140,867)	(19,859,580)
Net cash flows provided by (used in) operating activities	\$ (497,092)	(358,162)
Cash flows from capital and related financing activities:		
Principal payments on capital debt	\$ (1,029,500)	
Interest paid on capital debt	(121,519)	
Net cash provided by (used in) capital and related financing activities	\$ (1,151,019)	-
Cash flows from noncapital and related financing activities:		
Transfer in and payments made through governmental activities	\$ 1,151,019	283,162
Net cash provided by (used in) noncapital and related financing activities	\$ 1,151,019	283,162
Cash flows from investing activities:		
Gain (loss) on investments	\$ -	15,983
Net cash provided by (used in) investing activities	\$ -	15,983
Net increase (decrease) in cash and cash equivalents	\$ (497,092)	(59,017)
Cash and cash equivalents, beginning	2,929,531	621,306
Cash and cash equivalents, ended	\$ 2,432,439	562,289
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,172,681)	(347,155)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,603,869	-
Changes in assets and liabilities:		
Decrease (increase) in receivable accounts	4,325	(548,535)
Decrease (increase) in due from other funds	559,274	
Increase (decrease) in accounts payable	(1,696,782)	
Increase (decrease) in payments in advance	204,903	
Increase (decrease) in claims incurred but not reported		537,528
Net cash flows from operating activities	\$ (497,092)	(358,162)

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2023

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 1,396,146
Total assets	<u>\$ 1,396,146</u>
 Net position:	
Held in deposit for employees	\$ 95,280
Held in deposit for contractors	631,302
Held in deposit for organizations	160,359
Held in deposit for students	<u>509,205</u>
Held in trust for benefits and other purposes	<u>\$ 1,396,146</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
Additions:	
Contributions:	
Contributions and donations	\$ 124,502
Other	<u>28,153</u>
Total contributions	<u>\$ 152,655</u>
Investment earnings:	
Interest and dividends	<u>5,890</u>
Total investment earnings	<u>\$ 5,890</u>
Total additions	<u>\$ 158,545</u>
Deductions:	
Other deductions	<u>\$ 35,467</u>
Total deductions	<u>\$ 35,467</u>
Change in net position	\$ 123,078
Net position, beginning	<u>1,273,068</u>
Net position, ended	<u><u>\$ 1,396,146</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The City of Shelton, Connecticut, (the City), was settled in 1789 and incorporated as a City in 1919. It operates under an elected mayor and an eight-member Board of Aldermen.

The City 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.

Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the City report government-wide and fund financial statements, which are described below.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of, are 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*.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds 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.

The 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. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property tax revenue to be available if it is collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments, and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenues, grants, and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

The City reports the following major governmental funds:

The **general fund** is the general operating fund of the City's government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the City, which were not paid through a special fund.

The **capital projects fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and equipment. Most of the capital outlays are financed by the issuance of general obligation bonds and capital grants. Other sources include current tax revenues and low interest state loans.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

The City reports the following major proprietary funds:

The ***Water Pollution Control Authority (W.P.C.A.)*** accounts for the operations of the City's wastewater treatment system. The City operates its own sewage treatment plant, sewage pumping stations, and collection system. Its operations are financed from direct charges to the users of the service.

Additionally, the City reports the following fund types:

The ***internal service funds*** account for employee heart and hypertension and workers' compensation insurance provided to departments of the City.

The ***private-purpose trust fund*** is used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. An example includes the Plumb Memorial Library, which maintains the assets received through contributions, fees, and charges of the library.

The ***custodial funds*** account for monies held as a custodian for outside groups and agencies such as student activity funds, senior trip funds, and performance bonds.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, liabilities and net assets or equity

Cash and cash equivalents

The City considers cash on hand, deposits, and short-term investments, with an original maturity of three months or less, to be cash and cash equivalents.

Investments

Investments are stated at fair value using quoted market prices.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Inventories

Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable as financial resources.

All trade and property tax receivables, including those for W.P.C.A. funds, are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$20,000 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 estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets 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 of the business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Deferred outflows/inflows of resources

The statement of net position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The City reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt. A deferred outflow of resources related to pension and other post-employment benefits other than pension ("OPEB") results from differences between expected and actual experience and earnings, changes in proportionate share, and other factors. These amounts are deferred and will be included as pension expenses in a systematic and rational manner.

The statement of net position (Exhibit A) and the balance sheet for the government funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to a future period and will not be recognized as revenue until that time. The City reports advance tax collections in the statement of net position and the balance sheet for the government funds. If applicable, the City reports a deferred inflow of resources related to pensions in the statement of net position.

A deferred inflow of resources related to pension and OPEB can result from differences between expected and actual experience and other inputs. These amounts are deferred and will be included in pension expenses in a systematic and rational manner, if applicable. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for the recognition in the current period.

Compensated absences

Under the terms of its various union contracts, City and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The City recognizes liability in the government-wide financial statements for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

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.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Net OPEB liability

The net 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 (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net 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.

Long-term obligations

In the government-wide financial statements and proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

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 the debt issued is reported as other financial 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.

Fund equity and net position

In the government-wide financial statements, net position is classified in the following categories:

Investment in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

The ***restricted net position*** represents amounts of external restrictions imposed by creditors, grantors, contributors, and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

The ***unrestricted net position*** represents the net position of the City which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified into five separate categories. The five categories and their general meanings are as follows:

The ***nonspendable*** are those net assets that are not in expendable form or are legally or contractually required to be maintained.

The ***restricted fund balances*** are defined in the same manner as for the restricted government-wide net assets.

Committed fund balances are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the *City of Shelton*, that was considered to be the Board of Aldermen.

Assigned fund balances are amounts that are contained by the government's intent to be used as a specific purpose.

Unassigned fund balance is defined as the residual classification for the general fund and includes those remaining balances that cannot be categorized in the above four categories.

Fair value of financial instruments

In accordance with GASB 72, the City is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liabilities;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and ***unobservable inputs*** reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Investments are carried at fair value based on quoted market prices and are presented in Note 4.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Note 2 - Budgets and Budgetary Accounting

General fund

The statement of revenues and expenditures and change in fund balance - budgetary basis - budget to actual presented in the financial statements for the general fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the City's general budget policies are as follows:

- A. The manager of each department, office and agency submits to the Mayor, by February 15, estimates of revenues and expenditures for the following year.
- B. The Mayor reviews these estimates and may revise them as he deems advisable, except that in the case of the Department of Education, he has the authority to revise only the total estimated expenditures.
- C. On or before March 22, the Mayor, with the assistance of the Director of Finance, submits to the Board of Apportionment and Taxation. The Board, by majority vote of full membership, approves the budget and submits it to the Board of Aldermen by May 1.
- D. The City's Board of Apportionment and Taxation is authorized to transfer budgeted amounts within one department. However, any transfers between departments or additional appropriations, must be approved by the City Aldermen. Additional appropriations by the Aldermen may be approved from any contingency fund or the general fund's undesignated fund balance, without levying a special tax.
- E. All unencumbered appropriations lapse at year-end except those for capital projects and nonrecurring special revenue funds. Appropriations for these funds are continued until completion of applicable projects, which generally last more than one year.
- F. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.
- G. The legal level of budgetary control is at the department level.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

A reconciliation of general fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America (GAAP) is as follows:

	Revenues	Expenditures and Encumbrances
Balance, budgetary basis	\$ 124,618,092	129,635,774
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	15,925,460	15,925,460
In accordance with State Statutes, the City's Board of Education recognizes the following receipts net of expenses for budgetary purposes:		
Excess costs grant	2,006,432	2,006,432
Shelton bus contract is funds received by the City from the City's Board of Education to operate and maintain the school buses	(3,320,739)	(3,320,739)
Encumbrances as of: June 30, 2023		(2,867)
Payment on-behalf of W.P.C.A. was made through the operating budget, but was recorded as a transfer for budgetary purposes, netted against capital grants		(1,151,019)
Balance, GAAP basis	\$ 139,229,245	143,093,041

Special revenue funds

The City does not have legally adopted annual budgets for the special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants, and therefore, may comprise more than one fiscal year.

Capital projects funds

Legal authorization for expenditures of the capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the government fund balance sheet and the government-wide statement of net position

The details of the components included in Exhibit C are as follows:

Capitalized assets are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	\$	36,998,480
Construction in progress		4,033,057
Net capital assets being depreciated		<u>161,834,048</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>202,865,585</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds. The detail of this difference is as follows:

Net long-term debt	\$	(10,414,711)
Compensated absences		(7,730,278)
Accrued interest on debt		(100,735)
Net pension obligation		<u>(16,783,317)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(35,029,041)</u>

Other long-term assets, deferred outflows and deferred inflows are not available to pay for current period expenditures, and therefore, are deferred in the funds. This amount includes the following:

Delinquent property tax and interest	\$	3,745,832
Deferred outflows (inflows) of pension charges		5,534,174
Notes receivable – assessments		<u>317,424</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>9,597,430</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes 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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Acquisitions	\$ 5,911,718
Depreciation	<u>(6,934,319)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>(1,022,601)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Payments of debt	6,147,581
Net change in compensated absences	(414,130)
Net pension obligation	(9,467,169)
Accrued interest	89,517
Litigation settlement	<u>100,000</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>(3,544,201)</u>

Note 4 - Deposits and Investments

The City's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental activities	\$ 17,654,386		17,654,386
Business-type activities	2,432,439		2,432,439
Fiduciary funds	1,396,146		1,396,146
Less: overdraft in pooled cash	(3,008,316)		(3,008,316)
Investments:		4,673,400	4,673,400
Governmental activities		<u>562,289</u>	<u>562,289</u>
Total deposits and investments	\$ <u>18,474,655</u>	<u>5,235,689</u>	<u>23,710,344</u>

Custodial credit risk

As of June 30, 2023, the carrying amount of the City's deposits had bank balances of approximately \$14,436,810. The amount of the bank balance covered under federal depository insurance was approximately \$1,500,000. The remaining deposits were uninsured; however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2023, approximately \$900 thousand of uninsured deposits were collateralized under the provision.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Investments

As of June 30, 2023, the City held the following investments:

Investment Type	Fund	Fair Value (Level 1 hierarchy)	Weighted Average to Maturity (years)	Risk
State Investment Fund	General Fund	\$ 965,802	.2	Na
Mutual Funds*	Nonmajor	3,706,521	.2	Na
Mutual Funds*	Internal Service	563,366	.2	Na
Total investments		\$ 5,235,689		

* Held in the Plumb Library Trust Fund

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates which will adversely affect the fair value of an investment. The City has no formal policy specifically related to interest rate risk. The City minimizes its exposure to interest rate risk by investing its operating funds in short-term investments.

Credit risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by General State Statute Chapter 112, Section 7-400, which is described below in the Investment policies of the City.

Investment policies

The City maintains an investment policy, which excludes certain private purpose fund investments. The City's investment policy strictly prohibits all funds to invest in investments not included in Chapter 12, Section 7-400 of the State of Connecticut's General Statutes, which permits municipalities to invest in (a) obligations of the United States and its agencies, (b) highly rated obligations of any state of the United States or of any political subdivision, authority of agency thereof, and (c) shares of interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligation. Other provisions of the Statutes regarding the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2023, for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Government Funds			Total
	General Fund	Capital Projects	Non-major Funds	
Property taxes	\$ 2,738,888			2,738,888
Interest and liens	1,192,344			1,192,344
Intergovernmental		70,209	2,996,738	3,066,947
Accounts	94,045			94,045
Assessments	315,318		1,939	317,257
Net total receivables	\$ 4,340,595	70,209	2,998,677	7,409,481

Payments unavailable and unearned

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of deferred revenue and unearned revenues reported in the governmental fund were as follows:

	Unavailable	Unearned
General fund:		
Delinquent property taxes and interest	\$ 3,745,832	
Delinquent accounts		
Overpayment of taxes		4,206
Advanced payment of taxes		4,515,134
Assessments	315,485	
Capital Projects		
Payments in advance		105,938
American Recovery		
Payments in advance		4,197,260
Other governmental funds:		
Grants paid in advance		450,524
Assessments	1,939	
Total unavailable & unearned revenue	\$ 4,063,256	9,273,062

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Payables

Payables as of June 30, 2023, for the City's individual major funds and non-major funds were as follows:

	Vendors	Payroll	Cash Overdraft*	Total
General fund	\$ 1,356,188	827,946		2,184,134
Capital projects fund	768,220			768,220
American recovery	66,327			66,327
Non-major funds	346,060		321,937	667,997
Total governmental funds	\$ 2,536,795	827,946	321,937	3,686,678
Internal service funds	7,913			7,913
W.P.C.A.	158,662		2,686,379	2,845,041
Total payables	\$ 2,703,370	827,946	3,008,316	6,539,632

*Overdrafts include negative cash balances in the pooled cash account

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2023 consisted of the following:

Receivable Fund	Payable Fund	Amount
General fund	Internal service funds	\$ 2,774,478
General fund	Nonmajor funds	8,968,803
General fund	Capital projects	1,298,043
American Recovery	General fund	4,285,087
W.P.C.A.	General Fund	3,190,441
Internal Service fund	General Fund	277,755
Nonmajor funds	General Fund	3,865,140
	Total	\$ 24,659,747

Inter-fund transfers

The follow inter-fund payments were also made:

- The government subsidized the activities of the W.P.C.A. through the payments to the clean water loan on behalf of the W.P.C.A. in an amount of \$1,151,019.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Note 7 - Capital Assets

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 34,365,440	2,633,040	-	36,998,480
Construction in progress	4,033,057	-	-	4,033,057
Total capital assets not being deprec.	\$ 38,398,497	2,633,040	-	41,031,537
Capital assets being depreciated:				
Buildings and improvements	\$ 196,539,472	149,488	-	196,688,960
Machinery and equipment	29,430,465	1,557,846	-	30,988,311
Infrastructure	93,093,593	1,571,344	-	94,664,937
Total capital assets being deprec.	\$ 319,063,530	3,278,678	-	322,342,208
Less: accumulated depreciation:				
Buildings and improvements	\$ 81,036,247	2,787,512	-	83,823,759
Machinery and equipment	21,383,568	1,765,252	-	23,148,820
Infrastructure	51,154,027	2,381,554	-	53,535,581
Total accumulated depreciation	\$ 153,573,842	6,934,318	-	160,508,160
Net capital assets being depreciated	\$ 165,489,688	(3,655,640)	-	161,834,048
Total capital assets, governmental	\$ 203,888,186	(1,022,600)	-	202,865,585

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 68,572
Education	2,315,100
Public works	3,429,288
Public safety	988,129
Culture and recreation	133,229
Total depreciation expense	
governmental activities	\$ 6,934,318

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 462,669	-	-	462,669
Capital assets being depreciated:				
Buildings and improvements	\$ 51,531,760	-	-	51,531,760
Sewers	40,578,832	-	-	40,578,832
Total capital assets being depreciated	\$ 92,110,592	-	-	92,110,592
Less: accumulated depreciation:				
Buildings and improvements	\$ 37,860,847	1,586,560	-	39,447,407
Sewers	18,199,536	17,310	-	18,216,846
Total accumulated depreciation	\$ 56,060,383	1,603,870	-	57,664,253
Net capital assets being depreciated	\$ 36,050,209	(1,603,870)	-	34,446,339
Total capital assets, business-type	\$ 36,512,878	(1,603,870)	-	34,909,008

Note 8 - Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 14,444,465		5,057,667	9,386,798	3,964,659
G.O.B. refunding bonds	1,205,000		825,000	380,000	380,000
Bank promissory notes	912,827		264,914	647,913	266,774
Total long-term debt	\$ 16,562,292	-	6,147,581	10,414,711	4,611,433
Other long-term liabilities:					
Net pension obligation	7,316,148	9,467,169		16,783,317	
Claims and judgments	100,000	150,000	250,000	-	
Compensated absences	7,523,213	207,065		7,730,278	
Total governmental activities long-term liabilities	\$ 31,501,653	9,824,234	6,397,581	34,928,306	
Business-type activities:					
Clean water fund notes	\$ 6,568,492		264,913	6,303,579	
Total business-type activities long-term liabilities	\$ 6,568,492		264,913	6,303,579	
Total long-term liabilities	\$ 38,070,145	9,824,234	6,662,494	41,231,885	4,611,433

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 5 year and 10-year serial bonds with equal amounts of principal maturing each year. As of June 30, 2023, the outstanding general obligation bonded indebtedness of the City was as follows:

	<u>General</u>	<u>Refunding</u>
\$8,815,000 G.O. Bond 2014 , issue of 8/1/2014, due 8/1/2024, interest at 2.0% to 5.0%, annual principal and interest payments	\$ 1,450,000	-
\$2,750,000 G.O. Bank loan 2015, lot B , issue of 8/10/2015, due 8/1/2025, interest at 2.0% to 5.0%, annual principal and interest payments	920,000	-
\$5,500,000 G.O. Bank note , issue of 8/10/2018, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments		-
\$4,200,000 G.O. Bank loan 2018, refunding , issue of 8/10/2018, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments	-	380,000
\$6,101,000 G.O. Bank loan 2018 , issue of 11/29/2018, due 11/24/2024, interest at 2.6% to 2.7%, annual principal and interest payments	1,948,000	-
\$3,100,000 G.O. Bank loan 2019 , issue of 12/10/2019, due 1/10/2025, interest at 1.72%, annual principal and interest payments	1,024,798	-
\$5,055,000 G.O. Bank loan 2021 , issue of 12/9/2021, due 1/10/2025, interest at 1.72%, annual principal and interest payments	<u>4,044,000</u>	<u>-</u>
Total general obligation bond and loans	<u>\$ 9,386,798</u>	<u>380,000</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2024	\$ 4,344,659	120,881
2025	3,090,139	40,106
2026	1,321,000	3,120
2027	1,011,000	-
Total	\$ 9,766,798	164,107

Bonds authorized but unissued

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditure on these projects.

The City has authorized but unissued bonds relating to capital projects at June 30, 2023, as follows:

Sewer	\$ 4,259,171
General purpose	4,650,164
Schools	<u>729,145</u>
Total	\$ <u>9,638,480</u>

A portion of bonds authorized and unissued will be reduced by grants received.

Bank promissory note

The City has an outstanding balance of \$647,914 on a bank promissory note due to Newton Savings. The note was issued on November 30, 2020 and requires 60 equal monthly payments of combined principal and interest (rate of .70%) until the maturity date of December 16, 2025. The note is secured by, among other things, a security interest in certain assets of the City.

Debt service requirements until maturity are as follows:

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2024	\$ 266,774	3,681
2025	268,646	1,807
2026	<u>112,493</u>	<u>197</u>
Total	\$ <u>647,913</u>	<u>5,685</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Clean water fund loans payable

The City has an outstanding balance on loans payable to the State of Connecticut's Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects. The individual loans were as follows:

Note		Balance
165-C	\$	4,881,439
104-C		<u>658,007</u>
Total clean water fund loans	\$	<u>5,539,446</u>

These loans bear interest at 2% per annum and the annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activity	
	Principal	Interest
2024	1,049,819	101,200
2025	1,071,009	80,010
2026	1,092,626	58,393
2027	1,114,681	36,339
2028	1,045,823	14,322
2029-2030	<u>165,488</u>	<u>387</u>
	\$ 5,539,446	<u>290,651</u>

Note 9 - Commitments and Contingencies

Lawsuits

There were several personal injuries, negligence, and personnel related lawsuits pending against the City. The outcome and eventual liability of the City, if any in these cases, is not known at this time. Based upon consultation with counsel, the City's management estimates that potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City received federal and state grants for specific purposes and is subject to review and audit by the grantor agency for compliance and disallowed expenses under the grant. Management believes that such disallowances, if any, will not be material to the financial position of the City.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

The spread of the COVID-19 virus has caused business disruption throughout the United States and in the State of Connecticut specifically through the State of Connecticut Executive Orders. While disruption is expected to be temporary, there is considerable uncertainty concerning the duration and financial impact of this disruption. Although the City does not expect this matter to negatively impact its financial condition, results of operation, or cash flow, the extent of the financial impact and duration cannot be reasonably estimated.

Municipal solid waste management services contract

The City has entered into a ten-year municipal solid waste management services contract on December 1, 2014, with Wheelabrator Bridgeport, L.P. The City agrees to pay \$60.25 per short ton (2,000 lb.) of acceptable waste delivered to the facility with a minimum charge of 1 ton per delivery. The tip fee will escalate by 75% of the consumer price index each year on July 1.

Risk management and self-insurance

The City is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; employee health; and natural disasters. The City generally obtains commercial insurance for these risks but has chosen to retain the risks for workers' compensation, including heart and hypertension, and physical damage of the City's vehicles.

The worker's compensation fund purchases a self-insured retention worker's compensation excess policy for claims exceeding \$500,000. All other claims are funded by the General Fund. Payments to the fund are estimated based on payroll amounts, job classification rates, experience, and second injury fund assessments.

Under Public Act 9-342, health insurance for retired teachers, subsidy equal to the equivalent's flat dollar premium amount of Blue Cross 65/Blue Shield 65 is paid by the State directly to the local school districts. Where it is applied to reduce premium payments of the retired members' 1% supplemental contributions, since July 1, 1989, have been directly applied to a dedicated health insurance fund. There is no cost to the City.

Changes in the balance of claim liabilities for the worker's compensation and heart and hypertension were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Worker's Compensation				
2022	\$ 1,204,640	2,204,797	1,432,260	1,977,177
2023	1,977,177	637,102	1,409,631	1,204,648
Medical				
2022	1,542,023	12,027,455	12,061,477	1,508,001
2023	1,508,001	18,963,415	18,449,949	2,021,467
Total Internal Service				
2022	2,746,671	14,232,252	13,493,737	3,485,178
2023	3,485,178	19,600,517	19,859,580	3,226,115

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Note 10 - Employee Retirement Plans

Merit employee's retirement plan

The City of Shelton maintains a contributory money purchase defined contribution pension plan, (City of Shelton Money Purchase Plan), which covers merit employees and Board of Education non-certified employees who work more than 20 hours per week and more than 5 months per year, except policemen who participate in a defined benefit pension plan administered by the Connecticut Municipal Employees' Retirement Fund, and teachers who participate in a contributory retirement plan administered by the Connecticut State Teachers' Retirement System.

The defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

Employees are eligible to participate once they have completed one year of continuous service, with no minimum age requirement. The City contributes an amount equal to 6% of the employees' annual base wages, while employees must contribute 3%. Employees may also make voluntary contributions up to 10% of annual wages.

Contributions made by an employee vest immediately and contributions made by the City for each employee (and interest allocated to the employee's account) are 20% vested for each year of service until 100% vested after 5 years of service. Both participant and employer contributions are invested per employee direction.

The City's total covered payroll under the plan, excluding the Board of Education, for the fiscal year ended June 30, 2023, was approximately \$6.6 million. The City's matching contribution for city employees was \$478,276 and \$422,070 for Board of Education employees.

No pension provision changes occurred during the year that affected the required contributions to be made by the City or its employees. The City of Shelton's Money Purchase Plan held no securities of the City or other related parties during, or as of the close of, the fiscal year.

Connecticut municipal employees' retirement system – defined benefit plan

Plan description

The City's police officers participate in Connecticut's Municipal Employees' Retirement System (CMERS), a cost-sharing, multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement, disability, and death benefits to the employees and beneficiaries of participating municipalities. Title 7, Chapter 113 of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capital Ave, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Summary of significant accounting policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense information about CMERS net position and additions to/deductions from CMERS net position have been determined on the same basis they are reported by CMERS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefit provisions

The benefits provided by CMERS to its participants include retirement, disability, and death benefits.

General Employees: Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service. Employees under the age of 55 are eligible to retire with 25 years of service.

Police Officers and Firefighters: Compulsory retirement age for police and fire members is age 65.

Normal Retirement: Members not covered by social security receive a benefit of 2% of average final compensation times years of service. Members covered by social security receive a benefit of 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality, provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of police officers and firefighters, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated based on compensation and service to the date of the disability with a minimum benefit of 50% of compensation at the time of disability. Non-service-related disability benefits are provided to employees with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

Contribution requirements

Contributions are established by State Statutes as follows:

Employer

The City, as a participating municipality, makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of CMERS not met by member contributions. There is also an annual administrative fee per active and retired members.

The current rate is 25.03% of the annual covered payroll. The contribution requirements of the City are established and may be amended by the State Retirement Commission. The City's contributions to CMERS for the years ended June 30, 2023, 2022 and 2021 were \$1,665,364, \$1,270,407, and \$1,157,426 respectively, equal to the required contributions for each year.

Employee

Plan members not covered by social security are required to contribute 5% of compensation. Employees covered by social security are required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2023, the City reported an asset for its proportionate share of the net pension liability (asset) in the government-wide statement of net position. The amount recognized by the City for its proportionate share of the net pension liability (asset) was \$16,783,317 based on the City's allocation percentage of 3.629673%.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The changes in assumptions that affected the measurement of the total pension liability since the prior measurement date, were updating rates of inflation, real investment return mortality, withdrawal, disability, retirement, and salary increase to more closely reflect actual and anticipated experience.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

The City recognized its proportionate share of the collective pension expense in the amount of \$3,431,221 for the year ended June 30, 2023.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to CMERS pension benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 2,047,290	
Change of assumptions	-	
Change in proportionate share		-
Net difference between employers expected and actual experience	1,120,743	(536,953)
	3,192,420	(289,326)
Total	\$ 6,360,453	(826,279)

Net deferred outflows and inflows of resources for pensions is amortized and recognized in the net pension expense each year as follows:

Year Ended June 30,	Net Pension Expense Increase
2023	\$ 1,336,112
2024	1,242,376
2025	1,097,603
2026	1,858,083
Thereafter	-
	\$ 5,534,174

Actuarial assumptions

The total pension liability is based upon the June 30, 2022 actuarial valuation. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017. The key actuarial assumptions used in the valuation were as follows:

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

For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in actuary judgment.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Future Cost-of-Living Adjustments for members who retire on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%, and the maximum is 6%.

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using statistical analysis 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarial determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$ 23,427,213	\$ 16,783,317	11,263,932

Teachers' retirement

All City of Shelton Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit provisions

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefits are reduced for those retiring before the normal retirement age.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full-time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of the average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement deductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the Plan.

Employees

Effective July 1, 1992, participants are required to contribute 6.00% of their pensionable salary to the pension System as required by CGS Section 10-183b (7). Effective January 1, 2018, the required contribution increased to 7.00% of pensionable salary. For the year ended June 30, 2023, \$2,781,537 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the City was \$39,736,237.

Administrative expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The State has a statutory requirement to pay 100% of the required plan contribution, therefore as of June 30, 2023; the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>156,238,141</u>
Total net pension liability	\$	<u>156,238,141</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2023 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$15,100,591 as payments made by the State of Connecticut on behalf of the City for teachers' pension.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with the MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on

January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity fund	20.0%	5.4%
Developed market intl. stock	11.0%	6.4%
Emerging markets – non-U.S.	9.0%	8.6%
Core fixed income	13.0%	0.8%
Emerging market debt fund	5.0%	3.8%
High yield bond fund	3.0%	3.4%
Real estate fund	19.0%	5.2%
Private equity	10.0%	9.4%
Private credit	5.0%	6.5%
Alternative investment	3.0%	3.1%
Liquidity fund	2.0%	-0.4%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 6.90%. 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 State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Sensitivity of the net pension liability to changes in the discount rate

The City's proportionate share of the net pension liability is \$0. Any change in the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 11 - Other Post-Employment Benefit Plan

Teachers' retirement OPEB plan

All City of Shelton Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Ave, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit provisions

The plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member currently receiving retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A or Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

The choices and premiums charged as of July 1, 2022 as follows:

- | | |
|---|----------|
| • Medicare Supplement with Prescriptions | \$ 269 |
| • Medicare Supplement with Prescriptions and Dental | 319 |
| • Medicare Supplement with Prescriptions, Dental, Vision, and Hearing | Included |

Survivor Health Care Coverage: Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Normal Retirement: Eligible after age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Early Retirement: Eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

Proratable Retirement: Eligible after age 60 with 10 years of credited service.

Disability Retirement: Eligible after 5 years of credited service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of Employment: Eligible after 10 or more years of credited service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (School Districts)

School district employers are not required to make contributions to the Plan.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Employees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows:

- Active teachers' pay 1.25% of annual salaries in excess of \$500,000.
- Retired teachers pay one third of the Plan costs through monthly premiums.

For the year ended June 30, 2023, \$174,229 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the City was \$.39,736,237.

Administrative expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

The State has a statutory requirement to pay 100% of the required plan contribution; therefore, as of June 30, 2023, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows. The amount recognized by the City as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability associated with the City were as follows:

City's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the City		<u>13,682,878</u>
Total net OPEB liability	\$	<u><u>13,682,878</u></u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2023, the City has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$824,769 as payments made by the State of Connecticut on behalf of the City for teachers' OPEB.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	0.50%
Wage inflation	2.50%
Municipal bond index rate	3.54%, (2.16% at prior measurement date)
Single equivalent interest rate	3.53% net of OPEB plan investment expense, including inflation (2.17% at prior measurement date)
Healthcare cost trend rates	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly
Year fund net position will be depleted	2027

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with the MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

Long-term rate of return

The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Treasuries (cash equivalents)	100.0%	3.00%

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Discount rate

The discount rate used to measure the total OPEB was 3.53%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to have been made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the net OPEB liability to changes in the discount rate

The City's proportionate share of the net OPEB liability is \$0. Any change in the health care cost trend rate or the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 12 - Fund Balance and Net Position

Restricted Fund Balance

The City has the following restricted fund balances at June 30, 2023,

<u>Fund</u>	<u>Balance</u>	<u>Plan For Elimination</u>
American Recovery Act	\$ 21,500	Federal regulation restrictions
Nonmajor programs	5,181,027	Donor's Intentions
Total	<u>5,202,527</u>	

Committed Fund balance

The 2023/ 2024 committed \$6,600,000 in unassigned general fund balance to be used in the 2023/2024 fund balance. The balance was limited to the availability of the unassigned fund balance.

Fund deficits

The City has the following fund deficits at June 30, 2023, and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit</u>	<u>Plan For Elimination</u>
Conservation and Open Space	\$ 12,519	Future contributions
Summer School	153,959	Future contributions
School Rental	166,494	Future contributions
Police PVET Grant	885	Future grant receipts
Homeland Security Grant	26,236	Future grant receipts
Worker's Compensation	4,255,323	Future employer payments
Medical Insurance	1,161,195	Future employer payments
Capital Projects	2,100,915	Future general obligation bonds
DUI Grant	35,323	Future grant receipts

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023, Continued

Note 13 - Subsequent Events

On December 19, 2023, the City of Shelton entered into a tax-exempt note agreement with Newton Saving Bank in the amount of \$5,285,000. The funds will be used to reimburse the City of Shelton for capital projects and purchases authorized by the Board of Alderman. The note will be paid over five years by annual payments made December 15 of each year. Interest payments will be made semiannually at a fixed rate of 4.30%.

Management has evaluated events subsequent to the date of the financial statements through January 31, 2024, the date the financial statements were available to be issued. No other events have occurred subsequent to the Statement of Net Position date through January 31, 2024, that would require readjustment to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Last Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	3.629673%	3.105665%	3.295676%	3.495627%	3.866734%	3.481790%	3.481790%	3.753945%
City's proportionate share of the net pension liability (asset)	\$ <u>16,783,317</u>	<u>7,316,148</u>	<u>11,187,259</u>	<u>11,362,066</u>	<u>10,535,204</u>	<u>(2,672,834)</u>	<u>(1,961,193)</u>	<u>(3,158,806)</u>
City's covered payroll	\$ <u>6,653,085</u>	<u>5,644,365</u>	<u>5,598,181</u>	<u>5,953,782</u>	<u>6,071,799</u>	<u>5,812,452</u>	<u>5,323,127</u>	<u>5,276,705</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	252.26%	129.62%	199.84%	190.84%	173.51%	-45.98%	-36.84%	-59.86%
Plan fiduciary net position as a percentage of total pension liability	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%

Changes in benefit terms None

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	18 years
Asset valuation method	5-year smoothed market (20% write up)

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

CITY OF SHELTON, CONNECTICUT

RSI-2

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF CITY CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Last Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,665,364	1,270,407	1,157,426	932,980	1,027,956	984,048	914,347	790,450
Contributions in relation to the contractually required contribution	<u>1,665,364</u>	<u>1,270,407</u>	<u>1,157,426</u>	<u>932,980</u>	<u>1,027,956</u>	<u>984,048</u>	<u>914,347</u>	<u>790,450</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ <u>6,653,085</u>	<u>5,644,365</u>	<u>5,598,181</u>	<u>5,953,782</u>	<u>6,071,799</u>	<u>5,812,452</u>	<u>6,103,787</u>	<u>5,276,705</u>
Contributions as a percentage of covered payroll	25.03%	22.51%	20.68%	15.67%	16.93%	16.93%	14.98%	14.98%

Notes to Schedule

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date.

Changes in benefit terms None

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	18 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of investment related expense

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

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
TEACHERS' RETIREMENT PLAN

Last Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	-	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the City (thousands)	156,238	131,739	166,335	154,855	119,402	118,187	124,688	95,054
Total	\$ 156,238	131,739	166,335	154,855	119,402	118,187	124,688	95,054
City's covered payroll	\$ 39,736,237	38,631,032	36,758,643	36,758,643	37,696,000	36,700,000	36,364,599	31,569,440
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms In 2022, legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of salary closed, grading to a level dollar amortization method for June 30, 2024 valuation
Single equivalent amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

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

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS' RETIREMENT PLAN

Last Five Fiscal Years

	2023	2022	2021	2020	2019
City's proportion of the net OPEB liability	0%	0%	0%	0%	0%
City's proportionate share of the net OPEB liability	\$ -	-	-	-	-
State's proportionate share of the net OPEB liability associated with the City	13,682,878	14,352,712	24,808,903	23,869,248	23,869,248
Total	\$ 13,682,878	14,352,712	24,808,903	23,869,248	23,869,248
City's covered payroll	\$ 39,736,237	38,631,032	36,758,643	36,758,643	37,696,000
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB lia	9.46%	6.11%	2.50%	208%	1.49%

Notes to Schedule

Changes in benefit terms	In June 2022, There was a change in the maximum monthly subsidy amounts offered to retirees and their dependants from \$110/\$220 to \$220/\$440.
Changes in assumptions	The single equivalent interest rate was updated to 3.53% as of June 30, 2022. The expected annual per capita claims cost were updated to reflect anticipated medical and prescription drug claim experience; The assumed age related annual percentage increases in expected annual per capita health care claim costs were updated; Long-term health care cost trend rates were updated; and The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	3.00%, net of investment related expense, including inflation

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

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GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current years' levy	\$ 104,893,010	104,893,010	104,673,673	(219,337)
Prior years' levies	# 970,000	970,000	796,327	(173,673)
Interest and penalties	475,000	475,000	610,696	135,696
Statutory refunds	(200,000)	(200,000)	(171,393)	28,607
Personal property tax audits	150,000	150,000	175,168	25,168
Total property taxes	<u>\$ 106,288,010</u>	<u>106,288,010</u>	<u>106,084,471</u>	<u>(203,539)</u>
Intergovernmental:				
State grants for education	\$ 7,843,629	7,843,629	6,782,417	(1,061,212)
Other state grants	1,089,193	1,089,193	1,518,198	429,005
Total intergovernmental	<u>\$ 8,932,822</u>	<u>8,932,822</u>	<u>8,300,615</u>	<u>(632,207)</u>
Charges for services:				
Licenses and permits	\$ 2,524,975	2,524,975	1,982,784	(542,191)
Charges for services	4,765,418	4,765,418	5,581,993	816,575
Fines and forfeits	12,400	12,400	17,611	5,211
Total charges for services	<u>\$ 7,302,793</u>	<u>7,302,793</u>	<u>7,582,388</u>	<u>279,595</u>
Investment income	<u>\$ 75,000</u>	<u>75,000</u>	<u>842,425</u>	<u>767,425</u>
Miscellaneous revenues	<u>\$ 2,154,944</u>	<u>2,154,944</u>	<u>1,808,193</u>	<u>(346,751)</u>
Total revenues	<u>\$ 124,753,569</u>	<u>124,753,569</u>	<u>124,618,092</u>	<u>(135,477)</u>
Other financing sources:				
Appropriation of fund balance	\$ 4,700,000	9,209,118	9,209,118	-
Total other financing sources	<u>\$ 4,700,000</u>	<u>9,209,118</u>	<u>9,209,118</u>	<u>-</u>
Total revenue & other financing sources	<u>\$ 129,453,569</u>	<u>133,962,687</u>	<u>133,827,210</u>	<u>(135,477)</u>

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Administrative	\$ 721,831	721,831	674,199	47,632
Employee resources	7,301,310	8,722,620	8,825,021	(102,401)
Legislative	162,454	168,188	168,188	-
Board of Ethics	600	600	-	600
Elections	168,724	200,915	200,915	-
Inland wetlands	98,337	106,184	106,184	-
Economic development committee	88,900	88,900	73,510	15,390
Economic development	128,000	128,000	128,000	-
Planning and zoning	528,765	528,765	447,635	81,130
Probate court	14,700	14,700	13,925	775
Elected/appointed officials	18,450	18,450	15,300	3,150
Conservation commission	79,983	79,983	58,655	21,328
City/Town clerk	460,818	460,818	359,398	101,420
Drug and alcohol commission	-	-	-	-
Appeals board	200	200	-	200
Zoning appeals board	24,540	24,540	19,302	5,238
Legal services corporate counsel	229,132	229,132	223,310	5,822
Management information systems	666,718	666,718	534,357	132,361
Assessor	651,067	651,067	477,652	173,415
Tax collector	349,382	349,382	310,692	38,690
Purchasing	388,878	388,878	223,102	165,776
Public risk management	2,348,531	2,348,531	2,040,834	307,697
Accounting and control	670,135	670,135	575,188	94,947
Miscellaneous	1,400,806	1,454,670	1,454,670	-
Contingency	200,000	200,000	35,282	164,718
Total general government	\$ 16,702,261	18,223,207	16,965,319	1,257,888
Public safety:				
Public safety and energy services	\$ 127,291	127,291	102,479	24,812
EMS commission	108,325	108,325	103,824	4,501
Fire marshal	320,967	320,967	314,949	6,018
Animal control	317,668	317,668	269,405	48,263
Fire department	1,142,837	1,142,837	950,307	192,530
Police department	8,106,877	8,106,877	6,868,429	1,238,448
Total public safety	\$ 10,123,965	10,123,965	8,609,393	1,514,572
Public works:				
Building department	\$ 379,267	379,267	329,683	49,584
Highways and bridges	3,791,416	3,791,416	3,302,135	489,281
Road repair	25,000	25,000	10,679	14,321
Public works director	52,051	52,051	37,300	14,751
Engineering	394,650	394,650	300,324	94,326
Tree warden	120,145	120,145	113,857	6,288
Recycling program	47,291	47,291	38,049	9,242
Sanitation	2,923,160	2,923,160	2,740,081	183,079
Total public works	\$ 7,732,980	7,732,980	6,872,108	860,872

(Continued)

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Health and welfare:				
Public health	\$ 292,439	292,439	292,439	-
Total health and welfare	<u>\$ 292,439</u>	<u>292,439</u>	<u>292,439</u>	<u>-</u>
Culture and recreation:				
Recreation	\$ 1,763,589	1,763,589	1,711,985	51,604
Senior center	423,315	423,315	345,428	77,887
Youth service bureau	234,969	234,969	180,979	53,990
Library	1,234,575	1,234,575	1,184,603	49,972
Community development	84,708	84,708	39,721	44,987
Outside agency contributions	397,848	397,848	379,884	17,964
Total culture and recreation	<u>\$ 4,139,004</u>	<u>4,139,004</u>	<u>3,842,600</u>	<u>296,404</u>
Education:				
Board of Education	\$ 75,009,538	77,760,612	77,760,612	-
Shelton bus transportation	3,395,500	3,632,598	3,632,598	-
Total education	<u>\$ 78,405,038</u>	<u>81,393,210</u>	<u>81,393,210</u>	<u>-</u>
Other:				
Utilities	\$ 2,766,943	2,766,943	2,508,941	258,002
Municipal property maintenance	1,678,683	1,678,683	1,602,687	75,996
Total other	<u>\$ 4,445,626</u>	<u>4,445,626</u>	<u>4,111,628</u>	<u>333,998</u>
Debt service:				
Principal	\$ 5,937,043	5,937,043	5,873,866	63,177
Interest	253,673	253,673	253,673	-
W.P.C.A. transfer	1,151,020	1,151,020	1,151,019	1
Capital leases	270,520	270,520	270,519	1
Total debt service	<u>\$ 7,612,256</u>	<u>7,612,256</u>	<u>7,549,077</u>	<u>63,179</u>
Total expenditures and financial uses	<u>\$ 129,453,569</u>	<u>133,962,687</u>	<u>129,635,774</u>	<u>4,326,913</u>

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
ASSETS			
Cash and cash equivalents	\$ 503,769		105,904
Investments			
Receivables, net			
Due from other funds	65,683	11,500	
Inventory			
Total assets	\$ 569,452	11,500	105,904
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ 13,948	24,019	
Payments in advance			
Due to other funds			6,424
Total liabilities	\$ 13,948	24,019	6,424
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	555,504	-	-
Committed for:			
Specific purposes	-	-	-
Assigned		(12,519)	99,480
Unassigned	-	-	-
Total fund balance (deficits)	\$ 555,504	(12,519)	99,480
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 569,452	11,500	105,904

Special Revenue						
Valley Street Crime B	Emergency Medical Service Training	Police Seizure Fund	Surface Transportation	Gristmill Lane Maintenance	Asset Seizure Account	Affordable Housing Grant
45,038	4,430		512	1,874		10,545
		10,000			65,887	
<u>45,038</u>	<u>4,430</u>	<u>10,000</u>	<u>512</u>	<u>1,874</u>	<u>65,887</u>	<u>10,545</u>
		7,023			11,809	
		1,397				
-	-	8,420	-	-	11,809	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	54,078	10,545
45,038	4,430	1,580	512	1,874	-	
-	-	-	-	-	-	
<u>45,038</u>	<u>4,430</u>	<u>1,580</u>	<u>512</u>	<u>1,874</u>	<u>54,078</u>	<u>10,545</u>
<u>45,038</u>	<u>4,430</u>	<u>10,000</u>	<u>512</u>	<u>1,874</u>	<u>65,887</u>	<u>10,545</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
June 30, 2023

	Special Revenue		
	Pine Rock	Pine Rock Improvements	Adult Education
ASSETS			
Cash and cash equivalents	\$ 292,257	6,462	3,760,178
Investment	-	-	-
Receivables, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
Total assets	\$ 292,257	6,462	3,760,178
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	10,524
Advanced from other funds	-	-	-
Due to other funds	-	-	3,645,379
Total liabilities	\$ -	-	3,655,903
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific purposes	-	-	-
Assigned	292,257	6,462	104,275
Unassigned	-	-	-
Total fund balance (deficits)	\$ 292,257	6,462	104,275
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 292,257	6,462	3,760,178

Special Revenue

Small Cities Grant	Trails Committee	Sewer Assessments	One Time Use Grant	CRRA Consent Order	COVID Grant	Opiods Settlement
57,592	5,307	77,199		139,640	-	53,991
-	-	-	-	-	-	-
-	-	1,939	-	-	-	-
-	-	167	34,963	-	208,600	-
-	-	-	-	-	-	-
<u>57,592</u>	<u>5,307</u>	<u>79,305</u>	<u>34,963</u>	<u>139,640</u>	<u>208,600</u>	<u>53,991</u>
-	-	13,657	33,532	-	208,600	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13,657	33,532	-	208,600	-
-	-	1,939	-	-	-	-
-	-	-	-	-	-	-
57,592	-	63,709	-	-	-	53,948
-	-	-	-	-	-	-
-	5,307	-	1,431	139,640	-	42
-	-	-	-	-	-	-
<u>57,592</u>	<u>5,307</u>	<u>63,709</u>	<u>1,431</u>	<u>139,640</u>	<u>-</u>	<u>53,990</u>
<u>57,592</u>	<u>5,307</u>	<u>79,305</u>	<u>34,963</u>	<u>139,640</u>	<u>208,600</u>	<u>53,990</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2023

	Special Revenue			
	DUI Grant	Senior Center	Homeland Security Grant	Recreation Path Grants
ASSETS				
Cash and cash equivalents	\$	71,228		966
Investments				
Receivables, net				
Due from other funds				
Inventory				
Total assets	\$ -	71,228	-	966
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable and accrued liabilities	\$ 35,323		26,236	
Advanced from other funds				
Due to other funds				
Total liabilities	\$ 35,323	-	26,236	-
Deferred inflows of resources:				
Unavailable receipts	\$ -	-	-	-
Fund balance (deficits):				
Nonspendable	\$			
Restricted for:				
Donor's intentions				
Committed for:				
Specific purposes				
Assigned		71,228	(26,236)	966
Unassigned	(35,323)			
Total fund balance (deficits)	\$ (35,323)	71,228	(26,236)	966
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	71,228	-	966

Special Revenue

COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants	Plumb Library
79,411	2,061	1,697	1,205,016	3,182,853	222,190
			-	-	3,706,521
			458,294	2,538,444	-
1			-	-	-
			53,988	-	-
<u>79,412</u>	<u>2,061</u>	<u>1,697</u>	<u>1,717,298</u>	<u>5,721,297</u>	<u>3,928,711</u>
			190,724	98,801	
			-	450,524	
			830,011	5,013,056	
-	-	-	1,020,735	5,562,381	-
-	-	-	-	-	-
			53,988		
				158,916	3,928,711
79,412	2,061	1,697	642,575		
<u>79,412</u>	<u>2,061</u>	<u>1,697</u>	<u>696,563</u>	<u>158,916</u>	<u>3,928,711</u>
<u>79,412</u>	<u>2,061</u>	<u>1,697</u>	<u>1,717,298</u>	<u>5,721,297</u>	<u>3,928,711</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2023

	Special Revenue			
	Tech Repair	Summer School	School Rental	Comp Voice Stress Analyzer
ASSETS				
Cash and cash equivalents	\$ 41,720	41,224	52,830	1,088
Investments				
Receivables, net				
Due from other funds				
Inventory				
Total assets	<u>\$ 41,720</u>	<u>41,224</u>	<u>52,830</u>	<u>1,088</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable and accrued liabilities	\$			
Advanced from other funds				
Due to other funds		195,183	219,324	
Total liabilities	<u>\$ -</u>	<u>195,183</u>	<u>219,324</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable receipts	\$ -	-	-	-
Fund balance (deficits):				
Nonspendable	\$ -	-	-	-
Restricted for:				
Donor's intentions	41,720	-	-	-
Committed for:				
Specific use				
Assigned	-	-	-	1,088
Unassigned	-	(153,959)	(166,494)	-
Total fund balance (deficits)	<u>\$ 41,720</u>	<u>(153,959)</u>	<u>(166,494)</u>	<u>1,088</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 41,720</u>	<u>41,224</u>	<u>52,830</u>	<u>1,088</u>

Special Revenue					
Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Special Revenue Funds
38,849	19,443	231,618	840	(885)	10,192,311
					3,706,521
	81,763	49,840			2,998,677
					528,404
					53,988
38,849	101,206	281,458	840	(885)	17,479,901
	3,801				677,997
	6,380				450,524
					9,917,154
-	10,181	-	-	-	11,045,675
-	-	-	-	-	1,939
-	-	-		-	53,988
-	-	281,458		-	5,141,688
38,849	-	-	840	-	39,689
-	91,025	-		-	911,008
-	-	-		(885)	285,914
38,849	91,025	281,458	840	(885)	6,432,287
38,849	101,206	281,458	840	(885)	17,479,901

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
June 30, 2023

	Permanent Funds			
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial	Lucy Beard
ASSETS				
Cash and cash equivalents	\$ 1,721	666	726	1,311
Investments				
Receivables, net				
Due from other funds				
Inventory				
Total assets	<u>\$ 1,721</u>	<u>666</u>	<u>726</u>	<u>1,311</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable and accrued liabilities				
Advanced from other funds				
Due to other funds				
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable receipts	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficits):				
Nonspendable	\$			
Restricted for:				
Donor's intentions	1,721	666	726	1,311
Committed for:				
Specific use				
Assigned				
Unassigned				
Total fund balance (deficits)	<u>\$ 1,721</u>	<u>666</u>	<u>726</u>	<u>1,311</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,721</u>	<u>666</u>	<u>726</u>	<u>1,311</u>

Permanent Funds				
Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Laviertes Memorial	Total Permanent Funds	Nonmajor Governmental Funds
1,050	33,382	483	39,339	10,231,650
			-	3,706,521
			-	2,998,677
			-	528,404
			-	53,988
1,050	33,382	483	39,339	17,519,240
			-	677,997
			-	450,524
			-	9,917,154
-	-	-	-	11,045,675
-	-	-	-	1,939
			-	53,988
1,050	33,382	483	39,339	5,181,027
			-	39,689
			-	911,008
			-	285,914
1,050	33,382	483	39,339	6,471,626
1,050	33,382	483	39,339	17,519,240

CITY OF SHELTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
Revenues:			
Intergovernmental	\$ 498,426		
Charges for services			18,160
Investment income	459		195
Other		11,500	
Total revenues	\$ 498,885	11,500	18,355
Expenditures:			
Public safety	\$ 299,525		
Public works			1,575
Culture and recreation			
Education			
Other			
Total expenditures	\$ 299,525	-	1,575
Revenue over (under) expenditures	\$ 199,360	11,500	16,780
Other financing sources:			
Transfer in from other funds	\$		
Transfer out from other funds			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ 199,360	11,500	16,780
Fund balances (deficits) - beginning	356,144	(24,019)	82,700
Fund balances (deficits) - ended	\$ 555,504	(12,519)	99,480

Special Revenue						
<u>Valley Street Crime B</u>	<u>Emergency Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>	<u>Gristmill Lane Maintenance</u>	<u>Asset Seizure Account</u>	<u>Affordable Housing Grant</u>
					8,648	15,000
93	9	68	1	4	2	
		-				
93	9	68	1	4	8,650	15,000
		39,869			18,000	
						4,455
-	-	39,869	-	-	18,000	4,455
93	9	(39,801)	1	4	(9,350)	10,545
-	-	-	-	-	-	-
93	9	(39,801)	1	4	(9,350)	10,545
44,945	4,421	41,381	511	1,870	63,428	-
45,038	4,430	1,580	512	1,874	54,078	10,545

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
For the Year Ended June 30, 2023

	Special Revenue		
	Pine Rock	Pine Rock Improvement	Adult Education
Revenues:			
Intergovernmental	\$		959,291
Charges for services			8,944
Investment income		13	19
Other			
Total revenues	\$ -	13	968,254
Expenditures:			
Public safety	\$		
Public works			
Culture and recreation			
Education			929,118
Other			
Total expenditures	\$ -	-	929,118
Revenue over (under) expenditures	\$ -	13	39,136
Other financing sources:			
Transfer in from other funds	\$		
Transfer out from other funds			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ -	13	39,136
Fund balances (deficits) - beginning	292,257	6,449	65,139
Fund balances (deficits) - ended	\$ 292,257	6,462	104,275

Special Revenue						
Small Cities Grant	Trails Committee	Sewer Assessment	One Time Use Grant	CRRRA Consent Order	COVID	Opioids Settlement
			6,134	-		
118	11	158	(36)	286		42
			-	-		53,948
118	11	158	6,098	286	-	53,990
			16,134			
		-	16,134			
118	11	158	(10,036)	286	-	53,990
-	-	-	-	-	-	-
118	11	158	(10,036)	286	-	53,990
57,474	5,296	63,551	11,467	139,354	-	-
57,592	5,307	63,709	1,431	139,640	-	53,990

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
For the Year Ended June 30, 2023

	Special Revenue			
	DUI Grant	Senior Center	Homeland Security Grant	Recreation Path Grants
Revenues:				
Intergovernmental	\$ -	-	-	-
Charges for services	-	-	-	-
Investment income		400	-	2
Other		1,725	-	-
Total revenues	\$ -	2,125	-	2
Expenditures:				
Public safety	\$ 39,500	-	-	-
Public works	-	-	-	-
Culture and recreation	-	8,512	-	-
Education	-	-	-	-
Other	41	-	-	-
Total expenditures	\$ 39,541	8,512	-	-
Revenue over (under) expenditures	\$ (39,541)	(6,387)	-	2
Other financing sources:				
Transfer in from other funds	\$		-	-
Transfer out from other funds			-	-
Total other financing sources	\$ -	-	-	-
Changes in fund balances (deficits)	\$ (39,541)	(6,387)	-	2
Fund balances (deficits) - beginning	4,218	77,615	(26,236)	964
Fund balances (deficits) - ended	\$ (35,323)	71,228	(26,236)	966

Special Revenue

COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants	Plumb Library
-	-	-	2,862,147	5,186,540	
-	-	-	355,051		
163	5				1,414,894
					10,530
163	5	-	3,217,198	5,186,540	1,425,424
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	359,633
-	-	-	2,499,147	5,292,604	
-	-	-	-	-	
-	-	-	2,499,147	5,292,604	359,633
163	5	-	718,051	(106,064)	1,065,791
			-	-	-
			-	-	-
			-	-	-
163	5	-	718,051	(106,064)	1,065,791
79,249	2,056	1,697	(21,488)	264,980	2,862,920
79,412	2,061	1,697	696,563	158,916	3,928,711

(Continued)

ON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, (Continued) ended June 30, 2023

	Special Revenue			
	Tech Repair	Summer School	School Rental	Comp Voice Stress Analyzer
Revenues:				
Intergovernmental	\$			
Charges for services	39,182	11,654	52,737	
Investment income			41	
Other				
Total revenues	\$ 39,182	11,654	52,778	-
Expenditures:				
Public safety	\$			
Public works				
Culture and recreation				
Education	30,000	73,972	55,917	
Other				
Total expenditures	\$ 30,000	73,972	55,917	-
Revenue over (under) expenditures	\$ 9,182	(62,318)	(3,139)	
Other financing sources:				
Transfer in from other funds	\$			
Transfer out from other funds				
Total other financing sources	\$ -	-	-	-
Changes in fund balances (deficits)	\$ 9,182	(62,318)	(3,139)	-
Fund balances (deficits) - beginning	32,538	(91,641)	(163,355)	1,088
Fund balances (deficits) - ended	\$ 41,720	(153,959)	(166,494)	1,088

Special Revenue					
Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Special Revenue Funds
	20,262				9,541,448
68,585	7,146				561,459
	35	2,609	11		1,419,560
	1,288	27,628			52,671
68,585	28,731	30,237	11	-	11,575,138
					396,894
					17,709
					368,145
54,381	9,232				8,944,371
					41
54,381	9,232	-	-	-	9,727,160
14,204	19,499	30,237	11	-	1,847,978
					-
					-
-	-	-	-	-	-
14,204	19,499	30,237	11	-	1,847,978
24,645	71,526	251,221	829	(885)	4,584,309
38,849	91,025	281,458	840	(885)	6,432,287

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
For the Year Ended June 30, 2023

	Permanent Funds			
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial	Lucy Beard
Revenues:				
Intergovernmental	\$			
Charges for services				
Investment income	21	8	9	16
Other				
Total revenues	\$ 21	8	9	16
Expenditures:				
Public safety	\$			
Public works				
Culture and recreation				
Education				
Other				
Total expenditures	\$ -	-	-	-
Revenue over (under) expenditures	\$ 21	8	9	16
Other financing sources:				
Transfer in from other funds	\$			
Transfer out from other funds				
Total other financing sources	\$ -	-	-	-
Changes in fund balances (deficits)	\$ 21	8	9	16
Fund balances (deficits) - beginning	1,700	658	717	1,295
Fund balances (deficits) - ended	\$ 1,721	666	726	1,311

Permanent Funds				
Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Laviertes Memorial	Total Permanent Funds	Totals
			-	9,541,448
			-	561,459
13	432	6	505	1,420,065
			-	52,671
13	432	6	505	11,575,643
			-	396,894
			-	17,709
			-	368,145
	1,000		1,000	8,945,371
			-	41
-	1,000	-	1,000	9,728,160
13	(568)	6	(495)	1,847,483
			-	-
			-	-
-	-	-	-	-
13	(568)	6	(495)	1,847,483
1,037	33,950	477	39,834	4,624,143
1,050	33,382	483	39,339	6,471,626

W.P.C.A.
 COMBINING STATEMENT OF NET FUND POSITION
 For The Year Ended June 30, 2023

	Operating	Capital Reserve	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$	2,432,439	2,432,439
Receivables, net of allowance	49,331		49,331
Due from other funds	3,191,443		3,191,443
Total current assets	\$ 3,240,774	2,432,439	5,673,213
Noncurrent assets:			
Capital assets, not being depreciated	\$ 462,669		462,669
Capital assets, net of accumulated depreciation	34,446,339		34,446,339
Total noncurrent assets	\$ 34,909,008	-	34,909,008
Total assets	\$ 38,149,782	2,432,439	40,582,221
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,845,041		2,845,041
Due to other funds		1,002	1,002
Payments in advance	276,590		276,590
Notes payable - current	1,049,819		1,049,819
Total current liabilities	\$ 4,171,450	1,002	4,172,452
Noncurrent liabilities:			
Notes payable, less current portion	\$ 4,489,627		4,489,627
Total noncurrent liabilities	\$ 4,489,627	-	4,489,627
Total liabilities	\$ 8,661,077	1,002	8,662,079
Net position:			
Invested in capital assets, net of related debt	\$ 29,369,562		29,369,562
Unrestricted	119,143	2,431,437	2,550,580
Total net position	\$ 29,488,705	2,431,437	31,920,142

W.P.C.A.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION

For the Year Ended June 30, 2023

	Operating	Capital Reserve	Total
Operating revenues:			
Charges for services	\$ 2,919,569	357,423	3,276,992
Other revenues	5,265		5,265
Total operating revenues	<u>\$ 2,924,834</u>	<u>357,423</u>	<u>3,282,257</u>
Operating expenses:			
Salaries and benefits	\$ 1,140,867		1,140,867
Materials and supplies	119,912		119,912
Utilities	356,390		356,390
Depreciation	1,603,869		1,603,869
Administration and operation	1,025,548	208,352	1,233,900
Total operating expenses	<u>\$ 4,246,586</u>	<u>208,352</u>	<u>4,454,938</u>
Operating income	<u>\$ (1,321,752)</u>	<u>149,071</u>	<u>(1,172,681)</u>
Nonoperating revenues (expense):			
Interest expense	\$ (121,971)	452	(121,519)
Total nonoperating revenues (expense)	<u>\$ (121,971)</u>	<u>452</u>	<u>(121,519)</u>
Transfers to (from) other funds:			
Transfers from general fund - debt	\$ 1,151,019		1,151,019
Transfers to capital reserve	(352,288)	352,288	-
Total transfers to (from) other funds	<u>\$ 798,731</u>	<u>352,288</u>	<u>1,151,019</u>
Changes in fund net position	<u>\$ (644,992)</u>	<u>501,811</u>	<u>(143,181)</u>
Fund net position - beginning	<u>30,133,697</u>	<u>1,929,626</u>	<u>32,063,323</u>
Fund net position - ended	<u><u>\$ 29,488,705</u></u>	<u><u>2,431,437</u></u>	<u><u>31,920,142</u></u>

W.P.C.A REVENUES, EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 3,107,558	3,107,558	2,919,569	(187,989)
Miscellaneous			5,265	5,265
Total operating revenues	<u>\$ 3,107,558</u>	<u>3,107,558</u>	<u>2,924,834</u>	<u>(182,724)</u>
Operating expenses:				
Salaries and benefits	\$ 1,326,394	1,326,394	1,140,867	(185,527)
Supplies and chemicals	135,900	135,900	119,912	(15,988)
Utilities	502,800	502,800	356,390	(146,410)
Administration and operation	1,142,464	1,142,464	1,100,548	(41,916)
Total operating expenses	<u>\$ 3,107,558</u>	<u>3,107,558</u>	<u>2,717,717</u>	<u>(389,841)</u>
Total operating income, budgetary basis	<u>\$ -</u>	<u>-</u>	207,117	

Beginning operating fund balance	
Transfer surplus reserve to capital	\$ <u>(277,288)</u>
Ended operating fund balance	\$ <u>(70,171)</u>

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET FUND POSITION
 June 30, 2023

	Workers' Compensation Fund	Medical Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	-	-
Investments		562,289	562,289
Other receivables		548,535	548,535
Due from other funds		277,755	277,755
Total assets	\$ -	1,388,579	1,388,579
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 7,913	-	7,913
Due to other funds	2,225,943	548,535	2,774,478
Total current liabilities	\$ 2,233,856	548,535	2,782,391
Noncurrent liabilities:			
Claims incurred but not reported	\$ 2,021,467	2,001,239	4,022,706
Total liabilities	\$ 4,255,323	2,549,774	6,805,097
Net position:			
Unrestricted	\$ (4,255,323)	(1,161,195)	(5,416,518)
Total net position	\$ (4,255,323)	(1,161,195)	(5,416,518)

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION

For the Year Ended June 30, 2023

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 1,600,004	15,427,905	17,027,909
Employee contribution		548,535	548,535
Other		2,473,509	2,473,509
Total operating revenues	<u>\$ 1,600,004</u>	<u>18,449,949</u>	<u>20,049,953</u>
Operating expenses:			
Administrative	\$ 67,942		67,942
Salaries, benefits, and claims	1,385,979	18,943,187	20,329,166
Total operating expenses	<u>\$ 1,453,921</u>	<u>18,943,187</u>	<u>20,397,108</u>
Operating income (loss)	<u>\$ 146,083</u>	<u>(493,238)</u>	<u>(347,155)</u>
Nonoperating revenues (expenses):			
Net loss on investments	\$ -	15,983	15,983
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>15,983</u>	<u>15,983</u>
Changes in fund net position	<u>\$ 146,083</u>	<u>(477,255)</u>	<u>(331,172)</u>
Fund net position, beginning	<u>(4,401,406)</u>	<u>(683,940)</u>	<u>(5,085,346)</u>
Fund net position, ended	<u><u>\$ (4,255,323)</u></u>	<u><u>(1,161,195)</u></u>	<u><u>(5,416,518)</u></u>

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 June 30, 2023

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,600,004	17,901,414	19,501,418
Payments for benefits	(1,409,631)	(18,449,949)	(19,859,580)
Net cash provided by (used in) operating activities	\$ 190,373	(548,535)	(358,162)
Cash flows from noncapital and related financing activities:			
Transfers in and payments made through governmental activities	\$ (265,373)	548,535	283,162
Net cash provided by (used in) noncapital and related financing activities	\$ (265,373)	548,535	283,162
Cash flows from investing activities:			
Interest received on investments	\$ -	15,983	15,983
Net cash provided by (used in) investing activities	\$ -	15,983	15,983
Net increase (decrease) in cash and cash equivalents	\$ (75,000)	15,983	(59,017)
Cash and cash equivalents, beginning	75,000	546,306	621,306
Cash and cash equivalents, ended	\$ -	562,289	562,289
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ 146,083	(493,238)	(347,155)
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in other receivables	-	(548,535)	(548,535)
(Decrease) increase in claims payable	44,290	493,238	537,528
Net increase (decrease) in cash and cash equivalents	\$ 190,373	(548,535)	(358,162)

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Assets:				
Cash and cash equivalents	\$ 11,514	444	2,210	1,067
Total assets	<u>\$ 11,514</u>	<u>444</u>	<u>2,210</u>	<u>1,067</u>
Net position:				
Held in deposit for employees	\$ 11,514	444	2,210	1,067
Held in deposit for contractors				
Held in deposit for organizations				
Held in deposit for students				
Total net position	<u>\$ 11,514</u>	<u>444</u>	<u>2,210</u>	<u>1,067</u>

Municipal Parking Lot Improvements	Shelton Park Commission	Gazebo Fund	Project D.A.R.E.	Youth Service Bureau	Constitution Park Donations	Local Schools	Student Activity	Special Response Team
1,433	3,092	63,695	55	822	5,959	2,185	509,205	2,804
1,433	3,092	63,695	55	822	5,959	2,185	509,205	2,804
1,433	3,092	63,695	55	822	5,959	2,185		2,804
							509,205	
1,433	3,092	63,695	55	822	5,959	2,185	509,205	2,804

(Continued)

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Argraves AHO
Assets:					
Cash and cash equivalents	\$ 4,665	51,785	66	103,843	
Total assets	<u>\$ 4,665</u>	<u>51,785</u>	<u>66</u>	<u>103,843</u>	<u>-</u>
Net position:					
Held in deposit for employees	\$				
Held in deposit for contractors					
Held in deposit for organizations	4,665	51,785	66	103,843	
Held in deposit for students					
Total net position	<u>\$ 4,665</u>	<u>51,785</u>	<u>66</u>	<u>103,843</u>	<u>-</u>

<u>Security</u>	<u>Lane Street</u>	<u>SWEROC</u>	<u>Sewer Escrows</u>	<u>Reservoir Associates</u>	<u>Union Highway Pension Escrow</u>	<u>Turro Sewer Assessment</u>	<u>P and Z Developer Bonds</u>	<u>Total</u>
<u>4,161</u>	<u>23,593</u>	<u>2,120</u>	<u>1,616</u>	<u>84,796</u>	<u>9,621</u>	<u>7,342</u>	<u>498,053</u>	<u>1,396,146</u>
<u>4,161</u>	<u>23,593</u>	<u>2,120</u>	<u>1,616</u>	<u>84,796</u>	<u>9,621</u>	<u>7,342</u>	<u>498,053</u>	<u>1,396,146</u>
<u>4,161</u>	<u>23,593</u>	<u>2,120</u>	<u>1,616</u>	<u>84,796</u>	<u>9,621</u>	<u>7,342</u>	<u>498,053</u>	95,280
								631,302
								160,359
								509,205
<u>4,161</u>	<u>23,593</u>	<u>2,120</u>	<u>1,616</u>	<u>84,796</u>	<u>9,621</u>	<u>7,342</u>	<u>498,053</u>	<u>1,396,146</u>

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2023

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range	Municipal Parking Lot Improvements
Additions:					
Contributions	\$ 40				
Other					
Total contributions	<u>\$ 40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment earnings:					
Net (decrease) in fair value	\$ -	-	-	-	-
Interest and dividends	-				
Less: investment expense	145	5	28	13	18
Total investment earnings	<u>\$ 145</u>	<u>5</u>	<u>28</u>	<u>13</u>	<u>18</u>
Deductions:					
Other	\$ -	-	-	-	
Total deductions	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 185</u>	<u>5</u>	<u>28</u>	<u>13</u>	<u>18</u>
Net position - beginning	<u>11,329</u>	<u>439</u>	<u>2,182</u>	<u>1,054</u>	<u>1,415</u>
Net position - ended	<u><u>\$ 11,514</u></u>	<u><u>444</u></u>	<u><u>2,210</u></u>	<u><u>1,067</u></u>	<u><u>1,433</u></u>

<u>Shelton Park Commission</u>	<u>Gazebo Fund</u>	<u>Project D.A.R.E.</u>	<u>Youth Services Bureau Donation</u>	<u>Constitution Park Donations</u>	<u>Local Schools</u>	<u>Student Activity</u>	<u>Special Response Team</u>
	9,150	-	-	-	-	115,312	-
		-	-	-	-		-
-	9,150	-	-	-	-	115,312	-
-		-	-	-	-		-
39	727	1	10	75	28	-	35
39	727	1	10	75	28	-	35
	9,450				-	16,134	-
-	##### ###	-	-	-	-	16,134	-
39	427	1	10	75	28	99,178	35
3,053	63,268	54	812	5,884	2,157	410,027	2,769
3,092	63,695	55	822	5,959	2,185	509,205	2,804

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2023

	O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Argraves AHO
Additions:					
Contributions					
Other				11,303	
Total contributions	-	-	-	11,303	-
Investment earnings:					
Net (decrease) in fair value					
Interest and dividends	59	653		1,251	1,124
Less: investment expense					
Total investment earnings	59	653	-	1,251	1,124
Deductions:					
Other					7,633
Total deductions	-	-	-	-	7,633
Change in net position	59	653	-	12,554	(6,509)
Net position - beginning	4,606	51,132	66	91,289	6,509
Net position - ending	4,665	51,785	66	103,843	-

<u>Security</u>	<u>Lane Street</u>	<u>SWEROC</u>	<u>Sewer Escrows</u>	<u>Reservoir Associates</u>	<u>Union Highway Pension Escrow</u>	<u>Turro Sewer Assessment</u>	<u>P and Z Developer Bonds</u>	<u>Total</u>
							124,502	
							16,850	28,153
-	-	-	-	-	-	-	16,850	152,655
								-
52	297	27	20	1,070	121	92		4,766
								1,124
52	297	27	20	1,070	121	92	-	5,890
							2,250	35,467
-	-	-	-	-	-	-	2,250	35,467
52	297	27	20	1,070	121	92	14,600	123,078
								-
4,109	23,296	2,093	1,596	83,726	9,500	7,250	483,453	1,273,068
4,161	23,593	2,120	1,616	84,796	9,621	7,342	498,053	1,396,146

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2023

Grand List Year	Uncollected Balance & New Levy July 1, 2022	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2007	5,995	-	-	(5,995)	-
2008	7,031	-	-	-	7,031
2009	15,099	-	-	-	15,099
2010	16,361	-	-	-	16,361
2011	14,898	-	-	-	14,898
2012	25,709	-	-	-	25,709
2013	45,226	-	-	-	45,226
2014	63,177	-	-	-	63,177
2015	86,420	-	-	-	86,420
2016	133,211	404	(149)	-	133,466
2017	164,852	-	-	(411)	164,441
2018	282,108	1,494	(2,338)	(7,253)	274,011
2019	446,365	57,141	(10,006)	(5,571)	487,929
2020	1,065,782	118,755	(20,702)	(12,652)	1,151,183
Total	\$ 2,372,234	177,794	(33,195)	(31,882)	2,484,951
2021	105,779,742	411,035	(1,324,890)	(7,471)	104,858,416
Total	\$ 108,151,976	588,829	(1,358,085)	(39,353)	107,343,367

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Balance June 30, 2023
-	-	-	-	-
-	-	-	-	7,031
-	-	-	-	15,099
-	-	-	-	16,361
-	-	-	-	14,898
3,974	4,267	48	8,289	21,735
10,940	19,409	48	30,397	34,286
13,606	24,298	98	38,002	49,571
12,733	9,327	120	22,180	73,687
18,203	35,551	168	53,922	115,263
15,119	15,686	120	30,925	149,322
55,686	27,019	420	83,125	218,325
152,025	62,753	740	215,518	335,904
609,050	117,083	4,013	730,146	542,132
891,336	315,393	5,775	1,212,504	1,593,614
103,713,142	279,812	2,632	103,995,586	1,145,274
104,604,478	595,205	8,407	105,208,090	2,738,888

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2023

	<u>General Purpose</u>
Debt limitation:	
2 1/4 times base	\$ 225,145,313
4 1/2 times base	
3 3/4 times base	
3 1/4 times base	
3 times base	
7 times base	
Total debt limitation	\$ 225,145,313
Indebtedness:	
Bonds payable	\$ 16,787,536
Bonds authorized and unissued	<u>4,484,846</u>
Total indebtedness	\$ 21,272,382
Less: School construction grants receivable	<u>-</u>
Total indebtedness of the City	\$ 21,272,382
Debt limitation in excess of outstanding and authorized debt	\$ <u>203,872,931</u>

Total tax collections (including interest and lien fees)
for the year ended June 30, 2023 \$ 105,208,090

Reimbursement for revenue loss on:
Elderly Tax Relief - Freeze -

Base \$ 105,208,090

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
473,436,406	394,530,338	341,926,293	315,624,270	736,456,631
<u>473,436,406</u>	<u>394,530,338</u>	<u>341,926,293</u>	<u>315,624,270</u>	<u>736,456,631</u>
663,550	-	-	-	17,451,086
<u>729,145</u>	<u>4,259,171</u>	<u>-</u>	<u>-</u>	<u>9,473,162</u>
1,392,695	4,259,171	-	-	26,924,248
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,392,695</u>	<u>4,259,171</u>	<u>-</u>	<u>-</u>	<u>26,924,248</u>
<u>472,043,711</u>	<u>390,271,167</u>	<u>341,926,293</u>	<u>315,624,270</u>	<u>709,532,383</u>