

CITY OF SHELTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

June 30, 2021

CITY OF SHELTON, CONNECTICUT

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CLERMONT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governments Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3a through 3g and the required supplemental information on pages 50-53, 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.

Other 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 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.

The 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules described in the above paragraph 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 December 29, 2021 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
Prospect, Connecticut



December 29, 2021

CITY OF SHELTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

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, 2021. Please read this MD&A in conjunction with the City's financial statements.

Financial Highlights

- Net position of our governmental activities increased by \$7.3 million.
- Net position of our business-type activities increased by \$361 thousand.
- The General Fund reported a fund balance this year of \$8.9 million; \$6.8 million more than the General Fund balance reported in the prior year;
- The surplus resources available for appropriation in the General Fund (unassigned fund balance) was \$7.2 million on June 30, 2021.

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 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 increased \$7.2 million from \$169.6 million in 2020 to \$176.8 million in 2021. The majority of this increase was attributed to surplus from operations in the general fund, which was \$6.8 million.

The City's net position for the business-type activities increased \$360 thousand for the fiscal year ending June 30, 2021. The net position was \$33 million at June 30, 2021.

TABLE 1 - NET POSITION

		Governmental Activities	
		2021	2020
Current and other assets	\$	22,475,242	10,599,374
Capital assets		209,388,818	214,614,982
Deferred outflows		3,269,938	4,200,437
Total assets & deferred outflows	\$	235,133,998	229,414,793
Current and other liabilities	\$	15,559,384	7,717,654
Deferred inflows		6,709,629	8,547,486
Long-term liabilities		36,036,826	43,592,761
Total liabilities & deferred inflows	\$	58,305,839	59,857,901
Net position:			
Investment in capital assets	\$	184,225,902	190,093,975
Restricted		41,400	41,500
Unrestricted		(7,439,143)	(20,578,583)
Total net position	\$	176,828,159	169,556,892

		Business-type Activities	
		2021	2020
Current and other assets	\$	6,261,396	3,474,187
Capital assets		38,842,408	40,385,773
Total assets	\$	45,103,804	43,859,960
Current and other liabilities	\$	4,478,067	2,606,137
Long-term liabilities		7,577,183	8,565,914
Total liabilities	\$	12,055,250	11,172,051
Net position:			
Investment in capital assets, net of related debt	\$	31,265,225	31,819,859
Unrestricted		1,783,329	868,050
Total net position	\$	33,048,554	32,687,909

TABLE 2 - CHANGE IN NET ASSETS

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 4,380,367	5,418,074
Operating grants and contributions	39,698,472	23,746,381
Capital grants and contributions	1,661,577	2,415,554
General revenues:		
Property taxes	109,884,672	108,538,651
Grants and contributions not restricted to specific purposes	852,308	785,869
Unrestricted investment earnings	27,789	241,094
Other general revenues (and transfers)	(76,319)	(1,073,544)
Total revenues	<u>\$ 156,428,866</u>	<u>140,072,079</u>
Program expenses:		
General government	\$ 15,360,925	12,702,314
Public safety	8,496,002	10,446,995
Public works	12,006,614	10,999,736
Health and welfare	328,504	296,657
Culture and recreation	5,792,682	3,413,060
Education	107,070,455	92,187,359
Interest and fiscal charges	102,417	452,266
Total program expenses	<u>\$ 149,157,599</u>	<u>130,498,387</u>
(Decrease) increase in net position	<u>\$ 7,271,267</u>	<u>(9,573,692)</u>
	Business-type Activities	
	2021	2020
Revenues:		
Operating revenues:		
Charges for services	\$ 3,403,949	2,989,741
Non-operating revenues:		
Capital contributions		500,000
Other general revenues (and transfers)	1,151,019	1,151,019
Total revenues	<u>\$ 4,554,968</u>	<u>4,640,760</u>
Operating expenses:		
Salaries and benefits	\$ 972,825	992,207
Materials and supplies	93,774	116,983
Utilities	345,564	395,875
Depreciation	1,603,870	1,478,355
Administration	1,016,002	910,841
Interest and fiscal charges	162,645	181,850
Total expenses	<u>\$ 4,194,680</u>	<u>4,076,111</u>
(Decrease) increase in net position	<u>\$ 360,288</u>	<u>564,649</u>

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 \$4.0 Million, which is a \$6.0 million increase from the previous year. Included in this year's total change in fund balance is an increase of \$6.8 million in the City's General Fund. This is mainly due to capital outlay, which a portion will be funded by state grants and bonding in the subsequent year in the capital projects and a budgeted reduction in General Fund balance.

The General Fund provided savings through the management of payroll and expenses. This savings in expenditures were netted against less than anticipated tax revenue, grants and investments to produce a \$9.3 million operating surplus on a budgetary basis. \$1.6 million of prior year surplus was appropriated by the Board of Alderman to reduce taxes in the subsequent year's budget and an additional \$1.2 thousand was appropriated to enhance the City's capital assets and special programs.

Proprietary Funds

The City reports the Water Pollution Control Authority as a proprietary fund (Exhibit G, H, and I). Under this presentation, the gain was \$361 thousand as the W.P.C.A. builds capital for future capital projects.

The Internal Service Fund recorded a positive change in net fund position. Operating revenues were better than operating expenses by \$887 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. This is the seventh consecutive year of positive changes in fund balance.

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).

- Taxes were more than expected because of the State of Connecticut interest reduction on delinquent property tax program for prior year tax payment due to COVID-19.
- Grants were less than expected because the City did not recognized the excess cost grant as revenue but rather as a net of the education appropriations.
- The general government, public safety and public works expenditures came in below the budget by \$1,799,678, \$2,279,799 and \$927,764 respectively due to cost saving initiatives and the reduction of services due to COVID-19. Additional savings was found in the employee benefit programs.

Capital Assets

At June 30, 2021, the City's governmental activities had \$209 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, \$38.8 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 \$362 thousand, 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	
		2021	2020
Land	\$	34,365,440	36,636,576
Buildings and improvements		116,968,811	118,346,742
Furniture, fixtures and equipment		9,778,230	9,717,966
Infrastructure		44,345,658	46,665,978
Construction in progress		3,930,679	3,247,720
Totals	\$	<u>209,388,818</u>	<u>214,614,982</u>
		Business-type Activities	
		2021	2020
Buildings and improvements	\$	17,056,340	18,065,628
Machinery and equipment		-	13,827
Infrastructure		21,261,994	21,843,649
Construction in progress		462,669	462,669
Totals	\$	<u>38,781,003</u>	<u>40,385,773</u>

TABLE 4 - OUTSTANDING DEBT

Long-Term Liabilities

At June 30, 2021 the City had \$44.3 million in long term liabilities versus \$52.0 million last year, a decrease of 15%, as shown in Table 4.

TABLE 4

	2021	2020
\$	<u>44,266,009</u>	<u>52,158,675</u>

General obligation bonds and bank notes decreased by \$7.4 million as the City uses the General Fund surplus to fund major capital projects in an effort to reduce the outstanding debt. A large portion of the City's long-term liabilities was the State of Connecticut's net pension obligation, which the City participates.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements. Included in the business-type activities is \$8.6 million in notes payable, which was the State of Connecticut's Clean Water Notes for the construction of the new water pollution control facilities.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 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 taken into account when adopting the General Fund budget for 2021-22.

The COVID-19 pandemic has affected the operations and financial results of the City of Shelton during the 2020-2021 fiscal year and we expect this to continue through the 2021-2022 fiscal year.

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, 2021

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 23,012,571	1,521,299	24,533,870
Investments	394,579	-	394,579
Receivables, net	3,598,218	97,054	3,695,272
Prepaid assets	6,000	-	6,000
Inventory	106,917	-	106,917
Internal balances	(4,643,043)	4,643,043	-
Capital assets:			
Capital assets, not being depreciated	38,296,119	462,669	38,758,788
Capital assets, being depreciated, net	171,092,699	38,379,739	209,472,438
Total assets	\$ 231,864,060	45,103,804	276,967,864
Deferred outflows on resources:			
Deferred pension expense	\$ 3,269,938	-	3,269,938
Total deferred outflows on resources	\$ 3,269,938	-	3,269,938
Liabilities:			
Accounts payable and other current liabilities	\$ 4,073,730	4,215,939	8,289,669
Accrued interest	313,349	-	313,349
Claims incurred, but not reported	3,322,104	-	3,322,104
Unearned revenue	7,850,201	262,128	8,112,329
Noncurrent liabilities:			
Due within one year	5,456,067	1,008,688	6,464,755
Due in more than one year	30,580,759	6,568,495	37,149,254
Total liabilities	\$ 51,596,210	12,055,250	63,651,460
Deferred inflows on resources:			
Resources from pension	\$ 1,672,391	-	1,672,391
Advance tax collections	5,037,238	-	5,037,238
Total deferred inflows on resources	\$ 6,709,629	-	6,709,629
Net position:			
Invested in capital assets, net of related debt	\$ 184,225,902	31,265,225	215,491,127
Restricted for:			
Donor's intentions	41,400	-	41,400
Unrestricted	(7,439,143)	1,783,329	(5,655,814)
Total net position	\$ 176,828,159	33,048,554	209,876,713

* 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, 2021

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	\$ 15,360,925	2,497,698	371,042	-	(12,492,185)	-	(12,492,185)
Public safety	8,496,002	1,115,890	10,000	-	(7,370,112)	-	(7,370,112)
Public works	12,006,614	231,705	504,272	1,661,577	(9,609,060)	-	(9,609,060)
Health and welfare	328,504	45,498	26,763	-	(256,243)	-	(256,243)
Culture and recreation	5,792,682	242,570	-	-	(5,550,112)	-	(5,550,112)
Education	107,070,455	247,006	38,786,395	-	(68,037,054)	-	(68,037,054)
Interest on long-term debt	102,417	-	-	-	(102,417)	-	(102,417)
Total governmental activities	\$ 149,157,599	4,380,367	39,698,472	1,661,577	(103,417,183)	-	(103,417,183)
Business-type activities:							
Water Pollution Control Authority	\$ 4,032,035	3,403,949	-	-	-	(628,086)	(628,086)
Interest on long-term debt	162,289	-	-	-	-	(162,289)	(162,289)
Total business-type activities	\$ 4,194,324	3,403,949	-	-	-	(790,375)	(790,375)
Total primary government	\$ 153,351,923	7,784,316	39,698,472	1,661,577	(103,417,183)	(790,375)	(104,207,558)
General revenues:							
Property taxes					\$ 109,884,672	-	109,884,672
Grants and contributions not restricted for specific programs					852,308	-	852,308
Unrestricted investment earnings					27,789	-	27,789
Disposal of assets					68,700	-	68,700
Other unrestricted income					1,006,001	-	1,006,001
Transfers					(1,151,020)	1,151,020	-
Total general revenues and transfers					\$ 110,688,450	1,151,020	111,839,470
Change in net position					\$ 7,271,267	360,645	7,631,912
Net position, beginning					169,556,892	32,687,909	202,244,801
Net position, ending					\$ 176,828,159	33,048,554	209,876,713

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 17,624,516	105,070	4,663,120	22,392,706
Investments	394,579	-	-	394,579
Receivables, net	3,483,816	93,748	20,654	3,598,218
Due from other funds	11,748,225	607,828	7,938,355	20,294,408
Inventories	57,293	-	49,624	106,917
Prepaid expenses	6,000	-	-	6,000
Total assets	\$ 33,314,429	806,646	12,671,753	46,792,828
Liabilities and Fund Balances				
Liabilities:				
Accounts and other payables	\$ 2,979,630	311,007	775,180	4,065,817
Unearned revenue	98,355	-	7,751,846	7,850,201
Due to other funds	13,281,986	6,209,790	3,299,872	22,791,648
Total liabilities	\$ 16,359,971	6,520,797	11,826,898	34,707,666
Deferred inflows of resources:				
Unavailable receipts	\$ 2,970,218	69,604	1,939	3,041,761
Tax payment in advance	5,037,238	-	-	5,037,238
Total deferred inflows of resources	\$ 8,007,456	69,604	1,939	8,078,999
Fund balances:				
Nonspendable	\$ 63,293	-	49,624	112,917
Restricted for:				
Donor's intentions	-	-	41,400	41,400
Committed for:				
Subsequent fiscal year	1,600,000	-	-	1,600,000
Encumbrances	54,291	203,137	1,198,036	1,455,464
Capital projects	-	-	-	-
Specific use	-	-	-	-
Assigned	-	-	1,572,964	1,572,964
Unassigned	7,229,418	(5,986,892)	(2,019,108)	(776,582)
Total fund balances	\$ 8,947,002	(5,783,755)	842,916	4,006,163
Total liabilities, deferred inflows of resources and fund balances	\$ 33,314,429	806,646	12,671,753	

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.	209,388,818
Other long-term assets, deferred inflows and outflows are not available to pay for current period expenditures, and therefore, are deferred in the funds.	4,639,308
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.	(4,855,955)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(36,350,175)
Net position of governmental activities (Exhibit A)	\$ 176,828,159

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, 2021

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes and assessments	\$ 109,949,985	-	-	109,949,985
Intergovernmental	9,531,729	1,514,354	6,122,017	17,168,100
Charges for services	28,901,421	-	285,541	29,186,962
Investment income	26,374	995	420	27,789
Miscellaneous	1,013,691	-	223,192	1,236,883
Total revenues	<u>\$ 149,423,200</u>	<u>1,515,349</u>	<u>6,631,170</u>	<u>157,569,719</u>
Expenditures:				
Current:				
General government	\$ 13,642,937	-	-	13,642,937
Public safety	7,442,504	-	7,459	7,449,963
Public works	6,419,377	-	683,678	7,103,055
Public health	293,158	-	-	293,158
Culture and recreation	2,880,522	-	5,600	2,886,122
Education	98,235,892	-	5,569,103	103,804,995
Other	3,993,646	-	164,434	4,158,080
Capital outlay	468,271	3,763,060	-	4,231,331
Debt service	8,187,488	-	-	8,187,488
Total expenditures	<u>\$ 141,563,795</u>	<u>3,763,060</u>	<u>6,430,274</u>	<u>151,757,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,859,405</u>	<u>(2,247,711)</u>	<u>200,896</u>	<u>5,812,590</u>
Other financing sources (uses):				
Transfer to other funds	\$ (1,443,520)	-	(374,196)	(1,817,716)
Transfer from other funds	342,317	-	324,379	666,696
Proceeds from sale of bonds	-	1,328,500	-	1,328,500
Total other financing sources (uses)	<u>\$ (1,101,203)</u>	<u>1,328,500</u>	<u>(49,817)</u>	<u>177,480</u>
Net changes in fund balances	<u>\$ 6,758,202</u>	<u>(919,211)</u>	<u>151,079</u>	<u>5,990,070</u>
Fund balances (deficits) - beginning	<u>2,188,800</u>	<u>(4,864,544)</u>	<u>691,837</u>	<u>(1,983,907)</u>
Fund balances (deficits) - ending	<u>\$ 8,947,002</u>	<u>(5,783,755)</u>	<u>842,916</u>	<u>4,006,163</u>

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, 2021**

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)	\$ 5,990,070
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.	(5,226,164)
Noncurrent assets previously recognized in the statement of activities that provided current financial resources in the current year.	(1,858,003)
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.	7,478,612
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>886,752</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 7,271,267</u></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, 2021**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 108,977,459	108,977,459	109,949,985	972,526
Intergovernmental	9,620,742	9,649,734	8,160,864	(1,488,870)
Charges for services	6,712,196	6,777,196	7,124,428	347,232
Investment income	50,000	50,000	26,374	(23,626)
Other revenues	1,221,642	1,221,642	1,013,691	(207,951)
Total revenues	\$ 126,582,039	126,676,031	126,275,342	(400,689)
Expenditures:				
Current:				
General government	\$ 15,419,443	15,442,615	13,642,937	1,799,678
Public safety	9,657,303	9,722,303	7,442,504	2,279,799
Public works	7,341,321	7,347,141	6,419,377	927,764
Health and welfare	293,158	293,158	293,158	-
Culture and recreation	3,988,241	3,988,241	2,880,522	1,107,719
Education	76,146,146	76,146,146	74,545,727	1,600,419
Other	5,990,023	5,990,023	3,993,646	1,996,377
Debt service:				
Principal retirements	7,581,807	7,581,807	7,581,807	-
Interest and other charges	613,577	613,577	605,682	7,895
Payment on behalf of W.P.C.A.	1,151,020	1,151,020	1,151,019	1
Total expenditures	\$ 128,182,039	128,276,031	118,556,379	9,719,652
Revenues over (under) expenditures	\$ (1,600,000)	(1,600,000)	7,718,963	9,318,963
Other financing sources (uses):				
Appropriation of fund balance	\$ 1,600,000	1,600,000	1,600,000	-
Total other financing sources (uses)	\$ 1,600,000	1,600,000	1,600,000	-
Revenues over expenditures and other financing sources (uses)	\$ -	-	9,318,963	9,318,963

Less:

Special appropriations of prior years' surplus	(358,440)
Subsequent year's operating budget	(1,600,000)
Reclassify designated funds	(292,500)
Net change in unassigned fund balance	\$ 7,068,023
Unassigned fund balance, July 1, 2020	161,395
Unassigned fund balance, June 30, 2021	\$ 7,229,418

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

STATEMENT OF NET FUND POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,521,299	619,865
Investments	-	-
Receivables, net of allowance	97,054	-
Due from other funds	4,643,043	277,755
Total current assets	\$ 6,261,396	897,620
Noncurrent assets:		
Capital assets, not being depreciated	\$ 462,669	-
Capital assets, net of accumulated depreciation	38,379,739	-
Total noncurrent assets	\$ 38,842,408	-
Total assets	\$ 45,103,804	897,620
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,215,939	7,913
Payments in advance	262,128	-
Due to other funds	-	2,423,558
Notes payable - current	1,008,688	-
Total current liabilities	\$ 5,486,755	2,431,471
Noncurrent liabilities:		
Incurred, but not reported claims	\$ -	3,322,104
Notes payable, less current portion	6,568,495	-
Total noncurrent liabilities	\$ 6,568,495	3,322,104
Total liabilities	\$ 12,055,250	5,753,575
Net fund position:		
Invested in capital assets, net of related debt	\$ 31,265,225	-
Unrestricted	1,783,329	(4,855,955)
Total net fund position	\$ 33,048,554	(4,855,955)

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, 2021

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services and other revenues	\$ 3,403,949	1,779,494
Employer's contribution	-	13,645,500
Employee's contribution	-	1,341,516
Total operating revenues	\$ 3,403,949	16,766,510
Operating expenses:		
Salaries and benefits	\$ 972,825	-
Material and supplies	93,774	-
Utilities	345,564	-
Depreciation	1,603,870	-
Administration and operation	1,016,002	15,920,154
Total operating expenses	\$ 4,032,035	15,920,154
Operating income (loss)	\$ (628,086)	846,356
Nonoperating revenues (expenses):		
Interest income	\$ -	40,396
Interest expense	(162,289)	-
Total nonoperating revenues (expenses)	\$ (162,289)	40,396
Transfer from other funds	\$ 1,151,020	-
Change in net fund position	\$ 360,645	886,752
Net fund position (deficit), beginning	32,687,909	(5,742,707)
Net fund position (deficit), ending	\$ 33,048,554	(4,855,955)

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, 2021

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,531,658	16,488,755
Payments to suppliers	(977,029)	(16,563,755)
Payments to employees	(972,825)	-
Net cash flows from operating activities	\$ 1,581,804	(75,000)
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$ (60,505)	-
Principal payments on capital debt	(988,731)	-
Interest paid on capital debt	(162,289)	-
Net cash provided by (used in) capital and related financing activities	\$ (1,211,525)	-
Cash flows from noncapital and related financing activities:		
Transfer in and payments made through governmental activities	\$ 1,151,020	-
Net cash provided by (used in) noncapital and related financing activities	\$ 1,151,020	-
Cash flows from investing activities:		
Interest received on investments	\$ -	40,396
Net cash provided by investing activities	\$ -	40,396
Net increase (decrease) in cash and cash equivalents	\$ 1,521,299	(34,604)
Cash and cash equivalents, beginning	-	654,469
Cash and cash equivalents, ending	\$ 1,521,299	619,865
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (628,086)	568,601
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,603,870	-
Changes in assets and liabilities:		
Decrease (increase) in receivable accounts	(619)	-
Decrease (increase) in due from other funds	(1,265,291)	-
Increase (decrease) in accounts payable	1,743,602	-
Increase (decrease) in payments in advance	128,328	-
Increase (decrease) in claims incurred but not reported	-	(643,601)
Net cash flows from operating activities	\$ 1,581,804	(75,000)

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	Private Purpose Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 901,285	601,996
Investments, at fair value:		
Mutual funds	<u>4,107,452</u>	<u>-</u>
Total assets	\$ <u>5,008,737</u>	<u>601,996</u>
Liabilities:		
Held for deposit for others	\$ <u>-</u>	<u>601,996</u>
Total liabilities	\$ <u>-</u>	<u>601,996</u>
Net position:		
Held in trust for benefits and other purposes	\$ <u><u>5,008,737</u></u>	<u><u>-</u></u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Private Purpose Trust Funds
Additions:	
Contributions:	
Contributions and donations	\$ 505,351
Other	1,257
Total contributions	<u>\$ 506,608</u>
Investment earnings:	
Net increase in fair value of investments	\$ 1,164,126
Interest and dividends	38,406
Less: investment expenses	(12,413)
Total investment earnings	<u>\$ 1,190,119</u>
Total additions	<u>\$ 1,696,727</u>
Deductions:	
Other deductions	\$ 516,856
Total deductions	<u>\$ 516,856</u>
Change in net position	\$ 1,179,871
Net position, beginning	<u>3,828,866</u>
Net position, ending	<u><u>\$ 5,008,737</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, 2021

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 the 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, 2021, Continued

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the later 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 they are 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, 2021, 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 ***agency 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 the fair value using quoted market prices.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, 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. Trade account receivables 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, 2021, 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 a 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, 2021, 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.

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

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, 2021, 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, 2021, 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	\$ 126,275,342	118,556,379
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	24,972,713	24,972,713
In accordance with State Statutes, the City's Board of Education recognizes the following receipts net of expenses for budgetary purposes:		
Excess costs grant	1,370,865	1,370,865
Pay to participate		242,317
Donation from the Saturday Enrichment		100,000
Shelton bus contract is funds received by the City from the City's Board of Education to operate and maintain the school buses	(3,195,720)	(3,195,720)
Encumbrances as of:		
June 30, 2021		(54,291)
June 30, 2020	-	254,281
Special appropriations capital expenditures	-	468,271
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	-	(1,151,020)
Balance, GAAP basis	\$ 149,423,200	141,563,795

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, 2021, 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	\$	34,365,440
Construction in progress		3,930,679
Net capital assets being depreciated		<u>171,092,699</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>209,388,818</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	\$	(17,451,086)
Compensated absences		(7,398,481)
Accrued interest on debt		(313,349)
Net pension obligation		<u>(11,187,259)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(36,350,175)</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	\$	2,855,745
Delinquent accounts receivable		99,284
Deferred outflows (inflows) pension charges		1,597,547
Notes receivable – assessments		<u>86,732</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>4,639,308</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

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

Acquisitions	\$	1,838,901
Depreciation		<u>(7,065,065)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u>(5,226,164)</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:

New issuances	\$	(1,328,500)
Payments of debt		7,734,414
Premium amortization		236,026
Net change in compensated absences		87,606
Net pension obligation		534,434
Accrued interest		<u>114,632</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u>7,378,612</u>

Note 4 - Deposits and Investments

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

	Deposit	Investments	Total
Cash and cash equivalents:			
Governmental activities	\$ 23,012,571		23,012,571
Business-type activities	1,521,299		1,521,299
Fiduciary funds	1,503,281		1,503,281
Less: overdraft in pooled cash	(4,049,818)		(4,049,818)
Investments:			
Governmental activities		394,579	394,579
Fiduciary funds		4,107,452	4,107,452
Total deposits and investments	\$ 21,987,333	4,502,031	26,489,364

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

Deposits

The carrying amounts of the City's deposits at June 30, 2021, consist of the following:

Bank deposit accounts	\$	26,488,764
Cash on hand		<u>600</u>
Total deposits	\$	<u>26,489,364</u>

Custodial credit risk

As of June 30, 2021, the carrying amount of the City's deposits had bank balances of approximately \$20,069,000. 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, 2021, approximately \$2 million of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2021, the City held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value (Level 1 hierarchy)</u>	<u>Weighted Average to Maturity (years)</u>	<u>Risk</u>
State Investment Fund	General Fund	\$ 394,579	.2	Na
Mutual Funds*	Trust Funds	<u>4,107,452</u>	.2	Na
Total investments		\$ <u>4,502,031</u>		

* 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 an 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 as follows:

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

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.

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2021, 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			
	General Fund	Capital Projects	Non-major Funds	Total
Property taxes	\$ 2,338,870	-	-	2,338,870
Interest and liens	953,003	-	-	953,003
Intergovernmental	-	93,748	18,715	112,463
Accounts	105,378	-	-	105,378
Assessments	86,565	-	1,939	88,504
Net total receivables	\$ 3,483,816	93,748	20,654	3,598,218

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

Deferred payments and unavailable receipts

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:

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes and interest	\$ 2,855,746	-
Delinquent accounts	27,740	-
Overpayment of taxes	-	98,355
Advanced payment of taxes	-	5,037,238
Assessments	86,732	-
Other governmental funds:		
Grants paid in advance	-	7,751,846
Grants unavailable	69,604	-
Assessments	1,939	-
Total deferred revenue	\$ 3,041,761	12,887,439

Payables

Payables as of June 30, 2021, for the City's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Cash Overdraft</u>	<u>Total</u>
General fund	\$ 2,198,810	780,820	-	2,979,630
Capital projects fund	311,007	-	-	311,007
Non-major funds	748,059	-	27,121	775,180
Total governmental funds	\$ 3,257,876	780,820	27,121	4,065,817
Internal service funds	7,913	-	-	7,913
W.P.C.A.	4,215,939	-	-	4,215,939
Total payables	\$ 7,481,728	780,820	27,121	8,289,669

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2021 consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Worker's Compensation	\$ 2,423,558
General Fund	Capital Projects	6,209,790
General Fund	Nonmajor Funds	3,114,877
W.P.C.A.	General Fund	4,643,043
Capital Projects	General Fund	607,828
Medical Self Insurance	General Fund	277,775
Nonmajor Funds	General Fund	7,753,340
Nonmajor Funds	Nonmajor Funds	185,015
	Total	\$ 25,215,226

Inter-fund transfers

The follow inter-fund payments were also made:

1. 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 \$1,151,020.
2. The general fund paid \$292,500 to the pine rock fund.
3. The general fund received 242,317 from the Board of Education's pay to participate program and \$100,000 from the Saturday enrichment program ("SEE" program).
4. The school rental program received \$31,879 from the SEE program.

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 36,636,576	160,952	2,432,088	34,365,440
Construction in progress	3,247,720	682,959	-	3,930,679
Total capital assets not being deprec.	\$ 39,884,296	843,911	2,432,088	38,296,119
Capital assets being depreciated:				
Buildings and improvements	\$ 195,546,741	481,823	-	196,028,564
Machinery and equipment	27,303,153	2,056,870	142,186	29,217,837
Infrastructure	91,414,173	888,385	-	92,302,558
Total capital assets being deprec.	\$ 314,264,067	3,427,078	142,186	317,548,959
Less: accumulated depreciation:				
Buildings and improvements	\$ 77,199,999	1,859,754	-	79,059,753
Machinery and equipment	17,585,187	1,996,606	142,186	19,439,607
Infrastructure	44,748,195	3,208,705	-	47,956,900
Total accumulated depreciation	\$ 139,533,381	7,065,065	142,186	146,456,260
Net capital assets being depreciated	\$ 174,730,686	(3,637,987)	-	171,092,699
Total capital assets, governmental	\$ 214,614,982	(2,794,076)	2,432,088	209,388,818

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

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

Governmental activities:

General government	\$ 65,189
Education	973,030
Public works	3,611,676
Public safety	131,889
Culture and recreation	<u>2,283,281</u>
Total depreciation expense governmental activities	<u>\$ 7,065,065</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ <u>462,669</u>	<u>-</u>	<u>-</u>	<u>462,669</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 51,455,956	-	-	51,455,956
Machinery and equipment	75,804	-	-	75,804
Sewers	<u>40,578,832</u>	<u>-</u>	<u>-</u>	<u>40,578,832</u>
Total capital assets being depreciated	\$ <u>92,110,592</u>	<u>-</u>	<u>-</u>	<u>92,110,592</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 33,390,328	1,008,388	-	34,398,716
Machinery and equipment	61,977	13,827	-	75,804
Sewers	<u>18,735,183</u>	<u>581,655</u>	<u>-</u>	<u>19,316,838</u>
Total accumulated depreciation	\$ <u>52,187,488</u>	<u>1,603,870</u>	<u>-</u>	<u>53,791,358</u>
Net capital assets being depreciated	\$ <u>39,923,104</u>	<u>(1,603,870)</u>	<u>-</u>	<u>38,319,234</u>
Total capital assets, business-type	\$ <u>40,385,773</u>	<u>(1,603,870)</u>	<u>-</u>	<u>38,781,903</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021, Continued

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 19,533,000	-	5,302,807	14,230,193	4,353,000
G.O.B. refunding bonds	4,324,000	-	2,279,000	2,045,000	840,000
Bank promissory notes	-	1,328,500	152,607	1,175,893	263,067
Total long-term debt	\$ 23,857,000	1,328,500	7,734,414	17,451,086	5,456,067
Deferred amount on:					
Issuance premium	236,026	-	236,026	-	-
Net long-term debt	\$ 24,093,026	1,328,500	7,970,440	17,451,086	5,456,067
Other long-term liabilities:					
Net pension obligation	11,721,693	-	534,434	11,187,259	-
Claims and judgments	100,000	-	100,000	-	-
Compensated absences	7,486,087	-	87,606	7,398,481	-
Total governmental activities long-term liabilities	\$ 43,400,806	1,980,500	8,692,480	36,036,826	5,456,067
Business-type activities:					
Clean water fund notes	\$ 8,565,915	-	988,732	7,577,183	1,008,688
Total business-type activities long-term liabilities	\$ 8,565,915	-	988,732	7,577,183	1,008,688
Total long-term liabilities	\$ 51,966,721	1,980,500	9,681,212	43,614,009	6,464,755

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, 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, 2021, 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	\$ 2,900,000	-
\$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	1,530,000	-
\$4,000,000 G.O. Bank loan 2016 , issue of 9/2/2016, due 9/1/2021, interest at 1.09%, annual principal and interest payments	800,000	-
\$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	2,200,000	-
\$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	-	2,045,000
\$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	4,388,000	-
\$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	<u>2,412,193</u>	<u>-</u>
Total general obligation bond and loans	<u>\$ 14,230,193</u>	<u>2,045,000</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2022	\$ 5,680,728	376,019
2023	4,871,668	220,213
2024	3,333,659	109,298
2025	2,079,138	37,336
2026	310,000	3,120
Total	\$ 16,275,193	745,986

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, 2021, as follows:

Sewer	\$ 4,259,171
General purpose	4,484,846
Schools	<u>729,145</u>
Total	\$ <u>9,473,162</u>

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

Bank promissory note

The City has an outstanding balance of \$1,175,893 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
2022	\$ 263,067	7,388
2023	264,913	5,541
2024	266,774	3,681
2025	268,647	1,807
2026	112,493	197
Total	\$ 1,175,894	18,614

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, 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	\$	6,639,786
104-C		<u>937,397</u>
Total clean water fund loans	\$	<u>7,577,183</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
2022	\$ 1,008,688	142,331
2023	1,029,048	121,971
2024	1,049,819	101,200
2025	1,071,009	80,010
2026	1,092,626	58,393
2027-2029	<u>2,325,993</u>	<u>51,048</u>
	\$ <u>7,577,183</u>	<u>554,953</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. In addition, the City is in a litigation concerning a contractual disagreement, of which an estimated accrual was recognized in the financial statements.

The City was named as a defendant on a lawsuit concerning the tuition payments of a magnet schools located in Bridgeport, Connecticut. The matter was settled pending a payment to be made by the City subsequent to the fiscal year end. The City appropriated \$250,000 from the general fund surplus to help in the settlement.

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, 2021, 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 a 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 equivalents 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 claims 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				
2020 \$	452,952	1,888,126	1,223,021	1,118,057
2021	1,118,057	851,005	764,414	1,204,648
Heart and Hypertension				
2020	912,014	64,292	112,067	864,239
2021	864,239	(3,777)	251,007	609,455
Medical				
2020	568,412	16,754,783	15,781,172	1,542,023
2021	1,542,023	12,027,455	12,061,477	1,508,001
Total Internal Service				
2020	1,933,378	18,707,201	17,116,260	3,524,319
2021	3,524,319	12,874,683	13,076,898	3,322,104

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS **June 30, 2021, 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 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 employee's 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, 2021, was approximately \$5.6 million. The employee's required contribution was \$206,076. The City's matching contribution was \$412,515.

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 policemen 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, 2021, 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, 55 Elm Street, 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.

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

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 15.67% of 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, 2021, 2020 and 2019 were \$1,157,426, \$932,980, and \$1,027,956 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, 2021, 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 \$11,187,259 based on the City's allocation percentage of 3.295676%.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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.

The City recognized its proportionate share of the collective pension expense in the amount of \$2,469,527 for the year ended June 30, 2021.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

At June 30, 2021, 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	\$ 1,042,849	
Change of assumptions	1,557,102	
Change in proportionate share	25,042	901,489
Net difference between employer expected and actual experience	644,945	770,902
Total	\$ 3,269,938	1,672,391

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
2021	\$ 645,657
2022	782,775
2023	124,255
2024	44,860
Thereafter	-
	\$ 1,597,547

Actuarial assumptions

The total pension liability is based upon the June 30, 2020 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, 2021, 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 weighting 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
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bonds	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at 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.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$ 16,264,027	\$ 11,187,259	\$ 6,972,029

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, 55 Elm Street, 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.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

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 normal retirement age.

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 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, 2020, \$2,573,105 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the City was \$36,759,643.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

Administrative expenses

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

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, 2020; 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>154,854,921</u>
Total net pension liability	\$	<u>154,854,921</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For the year ended June 30, 2020 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$19,018,824 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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, 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 RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non U.S. equities	18.0%	6.6%
Emerging markets – non U.S.	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bonds	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investment	8.0%	4.1%
Cash	6.0%	0.4%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

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 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, 55 Elm Street, 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 a 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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021, Continued

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.

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, 2018 as follows:

- | | |
|---|--------|
| • Medicare Supplement with Prescriptions | \$ 199 |
| • Medicare Supplement with Prescriptions and Dental | 254 |
| • Medicare Supplement with Prescriptions, Dental, Vision, and Hearing | 259 |

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.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

Employer (School Districts)

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

Employees

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

- Active teachers pay one third of the Plan costs through a contribution of 1.25% of pensionable salary.
- Retired teachers pay one third of the Plan costs through monthly premiums.

For the year ended June 30, 2020, \$320,363 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the City was \$36,758,643.

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, 2020, 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>24,150,497</u>
Total net OPEB liability	\$	<u><u>24,150,497</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For the year ended June 30, 2020, the City has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$1,767,251 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, 2021, Continued

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, 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	3.25%
Municipal bond index rate	3.87%, (3.56% at prior measurement date)
Single equivalent interest rate	3.87%, net of OPEB plan investment expense, including inflation (3.56% at prior measurement date)
Healthcare cost trend rates	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

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 weighting 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%
Total	100.0%	

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2021, Continued

Discount rate

The discount rate used to measure the total OPEB was 3.87%. 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 2019 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

Fund deficits

The City has the following fund deficits at June 30, 2021, and expects to eliminate the deficits in the future as follows:

Fund	Deficit	Plan For Elimination
Conservation and Open Space	\$ 37,352	Future contributions
School Lunch	620,707	Future contributions
Summer School	48,136	Future contributions
School Rental	203,724	Future contributions
Police PVET Grant	885	Future grant receipts
Homeland Security Grant	26,236	Future grant receipts
Worker's Compensation	4,245,574	Future employer payments
Medical Insurance	610,381	Future employer payments
Capital Projects	5,783,755	Future general obligation bonds

Committed Fund balance

The general fund had the following committed fund balances:

2021/2022 Operating Budget	\$ 1,600,000
Outstanding contracts	<u>54,291</u>
Total committed funds balance	\$ <u>1,654,291</u>

In addition, the City had commitments of \$1,401,173 in other funds to complete outstanding contracts with vendors.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021, Continued

Note 13 - Subsequent Events

Bank Note Payable

On December 14, 2021, the City of Shelton closed on a \$5,055,000 borrowing with Newtown Savings Bank. This borrowing comes under Section 7.16 of the City Charter and is for Capital Projects that have been approved by the Board of Aldermen during Fiscal Years 2020, 2021, and 2022 through the month of October 2022. The terms of the agreement are for a period of 5 years, maturing in December 2026, with 5 equal principal payments of \$1,011,000 and semiannual interest payments, commencing in June 2022. The interest rate is fixed at 0.55% for the duration of the loan.

Management has evaluated events subsequent to the date of the financial statements through December 29, 2021, the date the financial statements were available to be issued. No other events have occurred subsequent to the Statement of Net Position date through December 29, 2021, 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 Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	3.295676%	3.495627%	3.866734%	3.481790%	3.481790%	3.753945%	3.893616%
City's proportionate share of the net pension liability (asset)	\$ 11,187,259	11,362,066	10,535,204	(2,672,834)	(1,961,193)	(3,158,806)	(3,717,725)
City's covered payroll	\$ 5,598,181	5,953,782	6,071,799	5,812,452	5,323,127	5,276,705	5,078,850
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	199.84%	190.84%	173.51%	-45.98%	-36.84%	-59.86%	-73.20%
Plan fiduciary net position as a percentage of total pension liability	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

Notes to Schedule

Changes in benefit terms None

Changes in assumptions In 2018, rates of inflation, investment return, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	23 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.

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CITY CONTRIBUTIONS**

**CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,157,426	932,980	1,027,956	984,048	914,347	790,450	863,932
Contributions in relation to the contractually required contribution	<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>	<u>863,932</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 5,598,181	5,953,782	6,071,799	5,812,452	6,103,787	5,276,705	5,396,205
Contributions as a percentage of covered payroll	20.68%	15.67%	16.93%	16.93%	14.98%	14.98%	16.01%

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 In 2018, rates of inflation, investment return, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	23 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, 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 Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	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)	154,855	154,855	119,402	118,187	124,688	95,054	87,859
Total	\$ 154,855	154,855	119,402	118,187	124,688	95,054	87,859
City's covered payroll	\$ 36,758,643	36,758,643	37,696,000	36,700,000	36,364,599	31,569,440	30,570,297
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%
Plan fiduciary net position as a percentage of total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes in assumptions	In 2016, rates of inflation, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, 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 OPEB LIABILITY

TEACHERS' RETIREMENT PLAN
Last Four Fiscal Years

	2021	2020	2019	2018
City's proportion of the net OPEB liability	0%	0%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	-	-	-
State's proportionate share of the net OPEB liability associated with the City	24,808,903	23,869,248	23,869,248	30,420,068
Total	\$ 24,808,903	23,869,248	23,869,248	30,420,068
City's covered payroll	\$ 36,758,643	36,758,643	37,696,000	36,700,000
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	2.50%	208%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the State Board, effective July 1, 2018. The amendment added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System-sponsored health care plan for those who cancel coverage or choose not to enroll in a health care coverage option on or after the effective date.
Changes in assumptions	The single equivalent interest rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate. The expected rate of return on assets increased from 2.75% to 3.00%. Changes were made to the assumed per capita claims costs, age related percentage increases, long-term health care cost trend rates, percentage of retired members expected to elect coverage in the future, percentage of retirees expected to enroll in Medicare, the post-disablement mortality table, which was updated to extend the projected mortality from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future benefits.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increase	3.25-6.50%, 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.

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current years' levy	\$ 107,181,459	107,181,459	108,339,124	1,157,665
Prior years' levies	970,000	970,000	1,074,289	104,289
Interest and penalties	475,000	475,000	634,826	159,826
Statutory refunds	(149,000)	(149,000)	(206,066)	(57,066)
Personal property tax audits	500,000	500,000	107,812	(392,188)
Total property taxes	<u>\$ 108,977,459</u>	<u>108,977,459</u>	<u>109,949,985</u>	<u>972,526</u>
Intergovernmental:				
State grants for education	\$ 8,541,832	8,541,832	7,218,533	(1,323,299)
Other state grants	1,078,910	1,107,902	942,331	(165,571)
Total intergovernmental	<u>\$ 9,620,742</u>	<u>9,649,734</u>	<u>8,160,864</u>	<u>(1,488,870)</u>
Charges for services:				
Licenses and permits	\$ 2,064,050	2,129,050	2,847,186	718,136
Charges for services	4,631,646	4,631,646	4,267,356	(364,290)
Fines and forfeits	16,500	16,500	9,886	(6,614)
Total charges for services	<u>\$ 6,712,196</u>	<u>6,777,196</u>	<u>7,124,428</u>	<u>347,232</u>
Investment income	<u>\$ 50,000</u>	<u>50,000</u>	<u>26,374</u>	<u>(23,626)</u>
Miscellaneous revenues	<u>\$ 1,221,642</u>	<u>1,221,642</u>	<u>1,013,691</u>	<u>(207,951)</u>
Total revenues	<u>\$ 126,582,039</u>	<u>126,676,031</u>	<u>126,275,342</u>	<u>(400,689)</u>
Other financing sources:				
Appropriation of fund balance	\$ 1,600,000	1,600,000	1,600,000	-
Total other financing sources	<u>\$ 1,600,000</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>
Total revenue & other financing sources	<u>\$ 128,182,039</u>	<u>128,276,031</u>	<u>127,875,342</u>	<u>(400,689)</u>

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Administrative	\$ 615,687	615,687	516,370	99,317
Employee resources	6,848,864	6,882,327	6,636,264	246,063
Legislative	152,319	152,319	125,861	26,458
Board of Ethics	600	600	-	600
Elections	158,906	212,541	201,332	11,209
Inland wetlands	93,494	93,494	83,495	9,999
Economic development committee	67,000	67,000	39,464	27,536
Economic development	120,000	120,000	120,000	-
Planning and zoning	388,050	388,050	234,311	153,739
Probate court	13,960	13,960	11,352	2,608
Elected/appointed officials	18,450	18,450	15,664	2,786
Conservation commission	65,913	65,913	53,336	12,577
City/Town clerk	440,127	445,937	341,875	104,062
Drug and alcohol commission	1	1	-	1
Appeals board	200	200	-	200
Zoning appeals board	24,545	24,545	6,825	17,720
Legal services corporate counsel	200,971	200,971	147,210	53,761
Management information systems	497,693	497,693	401,660	96,033
Assessor	577,266	577,266	505,854	71,412
Tax collector	354,256	354,256	300,266	53,990
Purchasing	367,886	367,886	299,291	68,595
Public risk management	2,295,512	2,295,512	2,126,465	169,047
Accounting and control	608,437	608,437	548,499	59,938
Miscellaneous	1,389,306	1,390,416	884,140	506,276
Contingency	120,000	49,154	43,403	5,751
Total general government	\$ 15,419,443	15,442,615	13,642,937	1,799,678
Public safety:				
Public safety and energy services	\$ 123,171	123,171	72,559	50,612
EMS commission	134,081	134,081	113,306	20,775
Fire marshal	317,314	317,314	240,821	76,493
Animal control	253,245	253,245	216,768	36,477
Fire department	1,055,680	1,055,680	890,885	164,795
Police department	7,773,812	7,838,812	5,908,165	1,930,647
Total public safety	\$ 9,657,303	9,722,303	7,442,504	2,279,799
Public works:				
Building department	\$ 325,609	325,609	261,246	64,363
Highways and bridges	3,671,305	3,671,305	3,004,810	666,495
Public works director	51,330	51,330	49,000	2,330
Engineering	303,422	303,422	195,471	107,951
Tree warden	115,000	115,000	95,043	19,957
Recycling program	36,702	36,702	33,337	3,365
Sanitation	2,837,953	2,843,773	2,780,470	63,303
Total public works	\$ 7,341,321	7,347,141	6,419,377	927,764

(Continued)

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Health and welfare:				
Public health	\$ 293,158	293,158	293,158	-
Total health and welfare	<u>\$ 293,158</u>	<u>293,158</u>	<u>293,158</u>	<u>-</u>
Culture and recreation:				
Recreation	\$ 1,716,330	1,716,330	1,232,493	483,837
Capital spending	-	-	-	-
Senior center	381,521	381,521	218,551	162,970
Youth service bureau	217,860	217,860	123,383	94,477
Library	1,221,596	1,221,596	891,015	330,581
Community development	81,116	81,116	79,223	1,893
Outside agency contributions	369,818	369,818	335,857	33,961
Total culture and recreation	<u>\$ 3,988,241</u>	<u>3,988,241</u>	<u>2,880,522</u>	<u>1,107,719</u>
Education:				
Board of Education	\$ 72,765,000	72,765,000	72,477,474	287,526
Shelton bus transportation	3,381,146	3,381,146	2,068,253	1,312,893
Total education	<u>\$ 76,146,146</u>	<u>76,146,146</u>	<u>74,545,727</u>	<u>1,600,419</u>
Other:				
Utilities	\$ 2,917,376	2,917,376	2,518,876	398,500
Municipal property maintenance	1,472,647	1,472,647	1,429,683	42,964
Transfer to other funds	1,600,000	1,600,000	45,087	1,554,913
Total other	<u>\$ 5,990,023</u>	<u>5,990,023</u>	<u>3,993,646</u>	<u>1,996,377</u>
Debt service:				
Principal	\$ 7,581,807	7,581,807	7,581,807	-
Interest	613,577	613,577	605,682	7,895
W.P.C.A. transfer	1,151,020	1,151,020	1,151,019	1
Total debt service	<u>\$ 9,346,404</u>	<u>9,346,404</u>	<u>9,338,508</u>	<u>7,896</u>
Total encumbrances and financial uses	<u>\$ 128,182,039</u>	<u>128,276,031</u>	<u>118,556,379</u>	<u>9,719,652</u>

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
ASSETS			
Cash and cash equivalents	\$ -	-	143,197
Receivables, net	-	-	-
Due from other funds	861,980	-	-
Inventory	-	-	-
Total assets	\$ 861,980	-	143,197
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ 603,847	37,352	-
Advanced from other funds	-	-	-
Due to other funds	-	-	6,404
Total liabilities	\$ 603,847	37,352	6,404
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific purposes	-	-	-
Open spaces	-	-	-
Assigned	258,133	-	136,793
Unassigned	-	(37,352)	-
Total fund balance (deficits)	\$ 258,133	(37,352)	136,793
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 861,980	-	143,197

Special Revenue					
Valley Street Crime B	Em. Medical Service Training	Police Seizure Fund	Surface Transportation	Gristmill Lane Maintenance	Asset Seizure Account
44,937	4,421	29,918	511	1,869	-
-	-	-	-	-	-
-	-	8,603	-	-	65,887
-	-	-	-	-	-
44,937	4,421	38,521	511	1,869	65,887
-	-	586	-	-	2,459
-	-	-	-	-	-
-	-	-	-	-	-
-	-	586	-	-	2,459
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,937	4,421	37,935	511	1,869	63,428
-	-	-	-	-	-
44,937	4,421	37,935	511	1,869	63,428
44,937	4,421	38,521	511	1,869	65,887

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2021

	Special Revenue		
	Pine Rock	Pine Rock Improvements	Adult Education
ASSETS			
Cash and cash equivalents	\$ -	6,448	1,991,857
Receivables, net	-	-	-
Due from other funds	294,495	-	153,311
Inventory	-	-	-
Total assets	<u>\$ 294,495</u>	<u>6,448</u>	<u>2,145,168</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,238	-	10,098
Advanced from other funds	-	-	-
Due to other funds	-	-	2,113,198
Total liabilities	<u>\$ 2,238</u>	<u>-</u>	<u>2,123,296</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific purposes	-	-	-
Open spaces	-	-	-
Assigned	292,257	6,448	21,872
Unassigned	-	-	-
Total fund balance (deficits)	<u>\$ 292,257</u>	<u>6,448</u>	<u>21,872</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 294,495</u>	<u>6,448</u>	<u>2,145,168</u>

Special Revenue

Small Cities Grant	Trails Committee	Sewer Assessments	One Time Use Grant	CRRA Consent Order	COVID Grant
57,463	5,295	77,027	1,470	139,328	-
-	-	1,939	-	-	-
-	-	167	18,839	-	6,413,014
-	-	-	-	-	-
<u>57,463</u>	<u>5,295</u>	<u>79,133</u>	<u>20,309</u>	<u>139,328</u>	<u>6,413,014</u>
26,090	-	13,657	-	-	40,280
-	-	-	-	-	6,372,734
-	-	-	-	-	-
<u>26,090</u>	<u>-</u>	<u>13,657</u>	<u>-</u>	<u>-</u>	<u>6,413,014</u>
-	-	1,939	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,373	-	-	-	-	-
-	-	-	-	-	-
-	5,295	63,537	20,309	139,328	-
-	-	-	-	-	-
<u>31,373</u>	<u>5,295</u>	<u>63,537</u>	<u>20,309</u>	<u>139,328</u>	<u>-</u>
<u>57,463</u>	<u>5,295</u>	<u>79,133</u>	<u>20,309</u>	<u>139,328</u>	<u>6,413,014</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2021

	Special Revenue		
	DUI Grant	Senior Center	Homeland Security Grant
ASSETS			
Cash and cash equivalents	\$ 14,217	75,285	-
Receivables, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
Total assets	<u>\$ 14,217</u>	<u>75,285</u>	<u>-</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	26,236
Advanced from other funds	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>26,236</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific purposes	-	-	-
Open spaces	-	-	-
Assigned	14,217	75,285	-
Unassigned	-	-	(26,236)
Total fund balance (deficits)	<u>\$ 14,217</u>	<u>75,285</u>	<u>(26,236)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 14,217</u>	<u>75,285</u>	<u>-</u>

Special Revenue					
Recreation Path Grants	COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants
964	79,234	2,056	1,695	159,680	1,524,051
-	-	-	-	-	18,715
-	-	-	-	-	-
-	-	-	-	49,624	-
964	79,234	2,056	1,695	209,304	1,542,766
-	-	-	-	-	11,452
-	-	-	-	-	1,379,112
-	-	-	-	830,011	55,644
-	-	-	-	830,011	1,446,208
-	-	-	-	-	-
-	-	-	-	49,624	-
-	-	-	-	-	-
-	-	-	-	-	1,128,264
-	-	-	-	-	-
964	79,234	2,056	1,695	-	-
-	-	-	-	(670,331)	(1,031,706)
964	79,234	2,056	1,695	(620,707)	96,558
964	79,234	2,056	1,695	209,304	1,542,766

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2021

	Special Revenue		
	Athletic Association	Summer School	School Rental
ASSETS			
Cash and cash equivalents	\$ -	8,315	15,420
Receivables, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
Total assets	<u>\$ -</u>	<u>8,315</u>	<u>15,420</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	-
Advanced from other funds	-	-	-
Due to other funds	-	56,451	219,144
Total liabilities	<u>\$ -</u>	<u>56,451</u>	<u>219,144</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific use	-	-	-
Open spaces	-	-	-
Assigned	-	-	-
Unassigned	-	(48,136)	(203,724)
Total fund balance (deficits)	<u>\$ -</u>	<u>(48,136)</u>	<u>(203,724)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>8,315</u>	<u>15,420</u>

Special Revenue

Comp Voice Stress Analyzer	Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Total Sp. Rev. Funds
1,086	71,213	7,974	156,320	828	-	4,622,079
-	-	-	-	-	-	20,654
-	-	53,299	68,760	-	-	7,938,355
-	-	-	-	-	-	49,624
1,086	71,213	61,273	225,080	828	-	12,630,712
-	-	-	-	-	885	775,180
-	-	-	-	-	-	7,751,846
-	13,722	5,298	-	-	-	3,299,872
-	13,722	5,298	-	-	885	11,826,898
-	-	-	-	-	-	1,939
-	-	-	-	-	-	49,624
-	-	-	-	-	-	-
-	37,571	-	-	-	-	1,197,208
-	-	-	-	828	-	828
1,086	19,920	55,975	225,080	-	-	1,572,585
-	-	-	-	-	(885)	(2,018,370)
1,086	57,491	55,975	225,080	828	(885)	801,875
1,086	71,213	61,273	225,080	828	-	12,630,712

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2021

	Permanent Funds		
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial
ASSETS			
Cash and cash equivalents	\$ 1,748	707	766
Receivables, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
Total assets	<u>\$ 1,748</u>	<u>707</u>	<u>766</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	-
Advanced from other funds	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	2,000	1,000	800
Committed for:			
Specific use	-	-	-
Open spaces	-	-	-
Assigned	-	-	-
Unassigned	(252)	(293)	(34)
Total fund balance (deficits)	<u>\$ 1,748</u>	<u>707</u>	<u>766</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,748</u>	<u>707</u>	<u>766</u>

Permanent Funds					
Lucy Beard	Hanson Edwards Legacy	Permanent War Memorial Scholarship	Mary & Charles Laviertes Memorial	Total Permanent	Total Nonmajor Governmental Funds
1,343	1,036	34,914	527	41,041	4,663,120
-	-	-	-	-	20,654
-	-	-	-	-	7,938,355
-	-	-	-	-	49,624
<u>1,343</u>	<u>1,036</u>	<u>34,914</u>	<u>527</u>	<u>41,041</u>	<u>12,671,753</u>
-	-	-	-	-	775,180
-	-	-	-	-	7,751,846
-	-	-	-	-	3,299,872
-	-	-	-	-	11,826,898
-	-	-	-	-	1,939
-	-	-	-	-	49,624
1,000	1,000	35,000	600	41,400	41,400
-	-	-	-	-	1,197,208
-	-	-	-	-	828
343	36	-	-	379	1,572,964
-	-	(86)	(73)	(738)	(2,019,108)
<u>1,343</u>	<u>1,036</u>	<u>34,914</u>	<u>527</u>	<u>41,041</u>	<u>842,916</u>
<u>1,343</u>	<u>1,036</u>	<u>34,914</u>	<u>527</u>	<u>41,041</u>	<u>12,671,753</u>

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, 2021

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
Revenues:			
Intergovernmental	\$ 504,272	-	-
Charges for services	-	11,260	27,275
Investment income	-	-	8
Other	-	-	-
Total revenues	\$ 504,272	11,260	27,283
Expenditures:			
Public safety	\$ -	-	-
Public works	544,857	-	100,500
Culture and recreation	-	-	-
Education	-	-	-
Other	-	-	-
Total expenditures	\$ 544,857	-	100,500
Revenue over (under) expenditures	\$ (40,585)	11,260	(73,217)
Other financing sources:			
Transfers in	\$ -	-	-
Transfers (out)	-	-	-
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ (40,585)	11,260	(73,217)
Fund balances (deficits) - beginning	298,718	(48,612)	210,010
Fund balances (deficits) - ending	\$ 258,133	(37,352)	136,793

Special Revenue					
<u>Valley Street Crime B</u>	<u>E. Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>	<u>Gristmill Lane Maintenance</u>	<u>Asset Seizure Account</u>
-	-	10,000	-	-	-
-	-	-	-	-	-
2	1	2	-	-	-
-	-	-	-	-	-
2	1	10,002	-	-	-
-	-	-	-	-	7,459
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7,459
2	1	10,002	-	-	(7,459)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2	1	10,002	-	-	(7,459)
44,935	4,420	27,933	511	1,869	70,887
44,937	4,421	37,935	511	1,869	63,428

(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, 2021

	Special Revenue		
	Pine Rock	Pine Rock Improvement	Adult Education
Revenues:			
Intergovernmental	\$ -	-	897,524
Charges for services	-	-	2,677
Investment income	-	3	-
Other	-	-	-
Total revenues	\$ -	3	900,201
Expenditures:			
Public safety	\$ -	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Education	-	-	963,191
Other	243	15,100	-
Total expenditures	\$ 243	15,100	963,191
Revenue over (under) expenditures	\$ (243)	(15,097)	(62,990)
Other financing sources:			
Transfers in	\$ 292,500	-	-
Transfers (out)	-	-	-
Total other financing sources	\$ 292,500	-	-
Changes in fund balances (deficits)	\$ 292,257	(15,097)	(62,990)
Fund balances (deficits) - beginning	-	21,545	84,862
Fund balances (deficits) - ending	\$ 292,257	6,448	21,872

Special Revenue					
Small Cities Grant	Trails Committee	Sewer Assessment	One Time Use Grant	CRRA Consent Order	COVID Grant
318,882	-	-	52,160	-	-
-	-	-	-	-	-
3	-	4	-	7	-
-	-	-	-	-	-
318,885	-	4	52,160	7	-
-	-	-	-	-	-
-	-	-	38,321	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	518	-	-	-
-	-	518	38,321	-	-
318,885	-	(514)	13,839	7	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
318,885	-	(514)	13,839	7	-
(287,512)	5,295	64,051	6,470	139,321	-
31,373	5,295	63,537	20,309	139,328	-

(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, 2021

	Special Revenue		
	DUI Grant	Senior Center	Homeland Security Grant
Revenues:			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Investment income	1	317	-
Other	-	2,950	-
Total revenues	\$ 1	3,267	-
Expenditures:			
Public safety	\$ -	-	-
Public works	-	-	-
Culture and recreation	-	5,600	-
Education	-	-	-
Other	-	-	-
Total expenditures	\$ -	5,600	-
Revenue over (under) expenditures	\$ 1	(2,333)	-
Other financing sources:			
Transfers in	\$ -	-	-
Transfers (out)	-	-	-
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ 1	(2,333)	-
Fund balances (deficits) - beginning	14,216	77,618	(26,236)
Fund balances (deficits) - ending	\$ 14,217	75,285	(26,236)

Special Revenue

<u>Recreation Path Grants</u>	<u>COPS TECH Earmark</u>	<u>Housatonic River Estuary</u>	<u>Dog Fund</u>	<u>School Lunch</u>	<u>Educational Grants</u>
-	-	-	-	1,014,251	3,312,509
-	-	-	-	19,835	-
-	3	-	1	-	-
-	-	-	-	-	-
-	3	-	1	1,034,086	3,312,509
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,349,612	3,221,251
-	-	-	-	-	-
-	-	-	-	1,349,612	3,221,251
-	3	-	1	(315,526)	91,258
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3	-	1	(315,526)	91,258
964	79,231	2,056	1,694	(305,181)	5,300
964	79,234	2,056	1,695	(620,707)	96,558

(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, 2021

	Special Revenue		
	Athletic Association	Summer School	School Rental
Revenues:			
Intergovernmental	\$ -	-	-
Charges for services	-	13,703	3,443
Investment income	-	-	-
Other	-	-	-
Total revenues	\$ -	13,703	3,443
Expenditures:			
Public safety	\$ -	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Education	25,764	1,459	5,232
Other	-	-	-
Total expenditures	\$ 25,764	1,459	5,232
Revenue over (under) expenditures	\$ (25,764)	12,244	(1,789)
Other financing sources:			
Transfers in	\$ -	-	31,879
Transfers (out)	-	-	-
Total other financing sources	\$ -	-	31,879
Changes in fund balances (deficits)	\$ (25,764)	12,244	30,090
Fund balances (deficits) - beginning	25,764	(60,380)	(233,814)
Fund balances (deficits) - ending	\$ -	(48,136)	(203,724)

Special Revenue

Comp Voice Stress Analyzer	Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Total Special Revenues
-	-	12,419	-	-	-	6,122,017
-	207,348	-	-	-	-	285,541
-	-	-	49	-	-	401
-	-	8,634	211,608	-	-	223,192
-	207,348	21,053	211,657	-	-	6,631,151
-	-	-	-	-	-	7,459
-	-	-	-	-	-	683,678
-	-	-	-	-	-	5,600
-	1,174	-	-	-	-	5,567,683
-	-	3,573	144,900	-	-	164,334
-	1,174	3,573	144,900	-	-	6,428,754
-	206,174	17,480	66,757	-	-	202,397
-	-	-	-	-	-	324,379
-	(374,196)	-	-	-	-	(374,196)
-	(374,196)	-	-	-	-	(49,817)
-	(168,022)	17,480	66,757	-	-	152,580
1,086	225,513	38,495	158,323	828	(885)	649,295
1,086	57,491	55,975	225,080	828	(885)	801,875

(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, 2021

	Permanent Funds		
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial
Revenues:			
Intergovernmental	\$ -	-	-
Charges for services	-	-	-
Investment income	1	-	-
Other	-	-	-
Total revenues	\$ 1	-	-
Expenditures:			
Public safety	\$ -	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Education	200	110	-
Other	-	-	50
Total expenditures	\$ 200	110	50
Revenue over (under) expenditures	\$ (199)	(110)	(50)
Other financing sources:			
Transfers in	\$ -	-	-
Transfers (out)	-	-	-
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ (199)	(110)	(50)
Fund balances (deficits) - beginning	1,947	817	816
Fund balances (deficits) - ending	\$ 1,748	707	766

Permanent Funds

Lucy Beard	Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Laviertes Memorial	Total Permanent Funds	Totals
-	-	-	-	-	6,122,017
-	-	-	-	-	285,541
1	1	15	1	19	420
-	-	-	-	-	223,192
1	1	15	1	19	6,631,170
-	-	-	-	-	7,459
-	-	-	-	-	683,678
-	-	-	-	-	5,600
-	-	1,000	110	1,420	5,569,103
50	-	-	-	100	164,434
50	-	1,000	110	1,520	6,430,274
(49)	1	(985)	(109)	(1,501)	200,896
-	-	-	-	-	324,379
-	-	-	-	-	(374,196)
-	-	-	-	-	(49,817)
(49)	1	(985)	(109)	(1,501)	151,079
1,392	1,035	35,899	636	42,542	691,837
1,343	1,036	34,914	527	41,041	842,916

W.P.C.A.
COMBINING STATEMENT OF NET FUND POSITION
June 30, 2021

	Operating	Capital Reserve	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	1,521,299	1,521,299
Receivables, net of allowance	97,054	-	97,054
Due from other funds	4,643,043	-	4,643,043
Total current assets	\$ 4,740,097	1,521,299	6,261,396
Noncurrent assets:			
Capital assets, not being depreciated	\$ 462,669	-	462,669
Capital assets, net of accumulated depreciation	38,379,739	-	38,379,739
Total noncurrent assets	\$ 38,842,408	-	38,842,408
Total assets	\$ 43,582,505	1,521,299	45,103,804
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 4,215,939	-	4,215,939
Payments in advance	262,128	-	262,128
Notes payable - current	1,008,688	-	1,008,688
Total current liabilities	\$ 5,486,755	-	5,486,755
Noncurrent liabilities:			
Notes payable, less current portion	\$ 6,568,495	-	6,568,495
Total noncurrent liabilities	\$ 6,568,495	-	6,568,495
Total liabilities	\$ 12,055,250	-	12,055,250
Net position:			
Invested in capital assets, net of related debt	\$ 31,265,225	-	31,265,225
Unrestricted	262,030	1,521,299	1,783,329
Total net position	\$ 31,527,255	1,521,299	33,048,554

W.P.C.A.

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

For the Year Ended June 30, 2021

	Operating	Capital Reserve	Total
Operating revenues:			
Charges for services	\$ 2,888,872	503,655	3,392,527
Other revenues	11,422	-	11,422
Total operating revenues	<u>\$ 2,900,294</u>	<u>503,655</u>	<u>3,403,949</u>
Operating expenses:			
Salaries and benefits	\$ 972,825	-	972,825
Materials and supplies	93,774	-	93,774
Utilities	345,564	-	345,564
Depreciation	1,603,870	-	1,603,870
Administration and operation	1,016,002	-	1,016,002
Total operating expenses	<u>\$ 4,032,035</u>	<u>-</u>	<u>4,032,035</u>
Operating income	<u>\$ (1,131,741)</u>	<u>503,655</u>	<u>(628,086)</u>
Nonoperating revenues (expense):			
Interest income	\$ -	-	-
Interest expense	(162,289)	-	(162,289)
Total nonoperating revenues (expense)	<u>\$ (162,289)</u>	<u>-</u>	<u>(162,289)</u>
Transfers to (from) other funds:			
Transfers from general fund - debt	\$ 1,151,020	-	1,151,020
Transfers to capital reserve	(460,435)	460,435	-
Transfers from capital reserve	73,885	(73,885)	-
Total transfers to (from) other funds	<u>\$ 764,470</u>	<u>386,550</u>	<u>1,151,020</u>
Changes in fund net position	<u>\$ (529,560)</u>	<u>890,205</u>	<u>360,645</u>
Fund net position - beginning	<u>32,056,815</u>	<u>631,094</u>	<u>32,687,909</u>
Fund net position - ending	<u>\$ 31,527,255</u>	<u>1,521,299</u>	<u>33,048,554</u>

**W.P.C.A REVENUES, EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 2,835,910	2,835,910	2,888,872	52,962
Miscellaneous	1,000	1,000	11,422	10,422
Investments	15	15	-	(15)
Total operating revenues	\$ 2,836,925	2,836,925	2,900,294	63,369
Operating expenses:				
Salaries and benefits	\$ 1,173,250	1,173,250	972,825	(200,425)
Supplies and chemicals	137,983	137,983	93,774	(44,209)
Utilities	419,000	419,000	345,564	(73,436)
Administration and operation	1,106,692	1,106,692	1,077,622	(29,070)
Total operating expenses	\$ 2,836,925	2,836,925	2,489,785	(347,140)
Total operating income, budgetary basis	\$ -	-	410,509	410,509
Beginning operating fund balance			236,956	
Surplus reserve			(385,435)	
Total operating income			\$ 262,030	

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET FUND POSITION
June 30, 2021

	Workers' Compensation Fund	Medical Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	619,865	619,865
Investments	-	-	-
Other receivables	-	-	-
Due from other funds	-	277,755	277,755
Total assets	\$ -	897,620	897,620
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 7,913	-	7,913
Due to other funds	2,423,558	-	2,423,558
Claims payable	-	-	-
Total current liabilities	\$ 2,431,471	-	2,431,471
Noncurrent liabilities:			
Claims incurred but not reported	\$ 1,814,103	1,508,001	3,322,104
Total liabilities	\$ 4,245,574	1,508,001	5,753,575
Net position:			
Unrestricted	\$ (4,245,574)	(610,381)	(4,855,955)
Total net position	\$ (4,245,574)	(610,381)	(4,855,955)

INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2021

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 1,350,000	12,295,500	13,645,500
Employee contribution	-	1,341,516	1,341,516
Other revenues	-	1,779,494	1,779,494
Total operating revenues	<u>\$ 1,350,000</u>	<u>15,416,510</u>	<u>16,766,510</u>
Operating expenses:			
Administrative	\$ 77,873	1,266,381	1,344,254
Salaries, benefits, and claims	737,548	13,838,352	14,575,900
Total operating expenses	<u>\$ 815,421</u>	<u>15,104,733</u>	<u>15,920,154</u>
Operating income (loss)	<u>\$ 534,579</u>	<u>311,777</u>	<u>846,356</u>
Nonoperating revenues (expenses):			
Interest income	\$ -	40,396	40,396
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>40,396</u>	<u>40,396</u>
Changes in fund net position	<u>\$ 534,579</u>	<u>352,173</u>	<u>886,752</u>
Fund net position, beginning	<u>(4,780,153)</u>	<u>(962,554)</u>	<u>(5,742,707)</u>
Fund net position, ending	<u><u>\$ (4,245,574)</u></u>	<u><u>(610,381)</u></u>	<u><u>(4,855,955)</u></u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
June 30, 2021

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,350,000	15,416,510	16,766,510
Payments for benefits	(1,425,000)	(15,138,755)	(16,563,755)
Net cash provided by (used in) operating activities	\$ (75,000)	277,755	202,755
Cash flows from noncapital and related financing activities:			
Transfer in and payments made through governmental activities	\$ -	(277,755)	(277,755)
Net cash provided by (used in) noncapital and related financing activities	\$ -	(277,755)	(277,755)
Cash flows from investing activities:			
Interest received on investments	\$ -	40,396	40,396
Net cash provided by (used in) investing activities	\$ -	40,396	40,396
Net increase (decrease) in cash and cash equivalents	\$ (75,000)	40,396	(34,604)
Cash and cash equivalents, beginning	75,000	579,469	654,469
Cash and cash equivalents, ending	\$ -	619,865	619,865
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ 534,579	311,777	846,356
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in investments	-	-	-
(Increase) decrease in other receivables	-	-	-
(Decrease) increase in accounts payable	-	-	-
(Decrease) increase in intergovernmental payables	-	-	-
(Decrease) increase in claims payable	(609,579)	(34,022)	(643,601)
Net increase (decrease) in cash and cash equivalents	\$ (75,000)	277,755	202,755

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2021

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Assets:				
Cash and cash equivalents	\$ 11,152	438	2,155	1,053
Investments	-	-	-	-
Total assets	\$ 11,152	438	2,155	1,053
Liabilities:				
Accounts payable	\$ -	-	-	-
Other liabilities	-	-	-	-
Total liabilities	\$ -	-	-	-
Net position:				
Held in trust for specific purposes	<u>\$ 11,152</u>	<u>438</u>	<u>2,155</u>	<u>1,053</u>

Municipal Parking Lot Improvements	Shelton Park Commission	Gazebo Fund	Project D.A.R.E.	Youth Service Bureau	Constitution Park Donations
1,413	3,050	67,057	54	811	5,878
-	-	-	-	-	-
1,413	3,050	67,057	54	811	5,878
-	-	-	-	-	-
-	-	-	-	-	-
1,413	3,050	67,057	54	811	5,878

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF NET POSITION, (Continued)
 June 30, 2021

	Local Schools	Plumb Memorial Library	Student Activity	Special Response Team
Assets:				
Cash and cash equivalents	\$ 2,155	284,665	410,027	2,765
Investments	-	4,107,452	-	-
Total assets	\$ 2,155	4,392,117	410,027	2,765
Liabilities:				
Accounts payable	\$ -	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	\$ -	-	-	-
Net position:				
Held in trust for specific purposes	\$ 2,155	4,392,117	410,027	2,765

O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Total
4,547	31,093	66	72,906	901,285
-	-	-	-	4,107,452
4,547	31,093	66	72,906	5,008,737
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,547	31,093	66	72,906	5,008,737

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Additions:				
Contributions	\$ 325	-	20	-
Other	-	-	-	-
Total contributions	<u>\$ 325</u>	<u>-</u>	<u>20</u>	<u>-</u>
Investment earnings:				
Net (decrease) in fair value	\$ -	-	-	-
Interest and dividends	4	-	1	1
Less: investment expense	-	-	-	-
Total investment earnings	<u>\$ 4</u>	<u>-</u>	<u>1</u>	<u>1</u>
Deductions:				
Other	\$ -	-	-	-
Total deductions	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	\$ 329	-	21	1
Net position - beginning	<u>10,823</u>	<u>438</u>	<u>2,134</u>	<u>1,052</u>
Net position - ending	<u><u>\$ 11,152</u></u>	<u><u>438</u></u>	<u><u>2,155</u></u>	<u><u>1,053</u></u>

Municipal Parking Lot Improvements	Shelton Park Commission	Gazebo Fund	Project D.A.R.E.	Youth Services Bureau Donation	Constitution Park Donations
-	-	5,250	-	-	-
-	-	-	-	-	-
-	-	5,250	-	-	-
-	-	-	-	-	-
-	2	25	-	-	2
-	-	-	-	-	-
-	2	25	-	-	2
-	-	1,300	-	-	-
-	-	1,300	-	-	-
-	2	3,975	-	-	2
1,413	3,048	63,082	54	811	5,876
1,413	3,050	67,057	54	811	5,878

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN NET POSITION, (Continued)

For the Year Ended June 30, 2021

	Local Schools	Plumb Memorial Library	Student Activity	Special Response Team
Additions:				
Contributions	\$ -	6,679	488,590	-
Other	-	457	-	-
Total contributions	<u>\$ -</u>	<u>7,136</u>	<u>488,590</u>	<u>-</u>
Investment earnings:				
Net increase in fair value	\$ -	1,164,126	-	-
Interest and dividends	1	38,327	-	-
Less: investment expense	-	(12,413)	-	-
Total investment earnings	<u>\$ 1</u>	<u>1,190,040</u>	<u>-</u>	<u>-</u>
Deductions:				
Other	\$ -	64,960	450,596	-
Total deductions	<u>\$ -</u>	<u>64,960</u>	<u>450,596</u>	<u>-</u>
Change in net position	<u>\$ 1</u>	<u>1,132,216</u>	<u>37,994</u>	<u>-</u>
Net position - beginning	<u>2,154</u>	<u>3,259,901</u>	<u>372,033</u>	<u>2,765</u>
Net position - ending	<u><u>\$ 2,155</u></u>	<u><u>4,392,117</u></u>	<u><u>410,027</u></u>	<u><u>2,765</u></u>

O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Total
-	-	-	4,487	505,351
800	-	-	-	1,257
800	-	-	4,487	506,608
-	-	-	-	1,164,126
2	12	-	29	38,406
-	-	-	-	(12,413)
2	12	-	29	1,190,119
-	-	-	-	516,856
-	-	-	-	516,856
802	12	-	4,516	1,179,871
3,745	31,081	66	68,390	3,828,866
4,547	31,093	66	72,906	5,008,737

CITY OF SHELTON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY FUNDS NET POSITION

June 30, 2021

	Argraves AHO	Security	Lane Street	SWEROC	Sewer Escrows
Assets:					
Cash and cash equivalents	\$ 6,502	19,106	23,272	2,091	1,594
Total assets	<u>\$ 6,502</u>	<u>19,106</u>	<u>23,272</u>	<u>2,091</u>	<u>1,594</u>
Liabilities:					
Other liabilities	\$ -	-	-	-	-
Held for deposits for others	6,502	19,106	23,272	2,091	1,594
Total liabilities	<u>\$ 6,502</u>	<u>19,106</u>	<u>23,272</u>	<u>2,091</u>	<u>1,594</u>

SCHEDULE 13

Reservoir Associates	Union Highway Pension Escrow	The Maples	Turro Sewer Assessment	P and Z Developer Bonds	Turro Sewer Assessment	Total
83,640	9,490	77	7,242	448,288	694	601,996
83,640	9,490	77	7,242	448,288	694	601,996
-	-	-	-	-	-	-
83,640	9,490	77	7,242	448,288	694	601,996
83,640	9,490	77	7,242	448,288	694	601,996

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2021

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Argraves AHO Easement				
Assets:				
Cash and cash equivalents	\$ 6,500	2	-	6,502
Liabilities:				
Accounts payable	\$ 4,200			4,200
Deposits held for others	2,300	2	-	2,302
	<u>\$ 6,500</u>	<u>2</u>	<u>-</u>	<u>6,502</u>
Security Deposits				
Assets:				
Cash and cash equivalents	\$ 14,399	4,707	-	19,106
Liabilities:				
Accounts payable	\$ 300	-	300	-
Deposits held for others	14,099	5,007	-	19,106
	<u>\$ 14,399</u>	<u>5,007</u>	<u>300</u>	<u>19,106</u>
Lane Street Improvements				
Assets:				
Cash and cash equivalents	\$ 23,262	10	-	23,272
Liabilities:				
Deposits held for others	\$ 23,262	10	-	23,272
	<u>\$ 23,262</u>	<u>10</u>	<u>-</u>	<u>23,272</u>
SWEROC				
Assets:				
Cash and cash equivalents	\$ 2,090	1	-	2,091
Liabilities:				
Deposits held for others	\$ 2,090	1	-	2,091
	<u>\$ 2,090</u>	<u>1</u>	<u>-</u>	<u>2,091</u>
Sewer Escrows				
Assets:				
Cash and cash equivalents	\$ 1,594	-	-	1,594
Liabilities:				
Deposits held for others	\$ 1,594	-	-	1,594
	<u>\$ 1,594</u>	<u>-</u>	<u>-</u>	<u>1,594</u>
Reservoir Associates				
Assets:				
Cash and cash equivalents	\$ 83,606	34	-	83,640
Liabilities:				
Deposits held for others	\$ 83,606	34	-	83,640
	<u>\$ 83,606</u>	<u>34</u>	<u>-</u>	<u>83,640</u>

(Continued)

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2021

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Union Highway Pension Escrow				
Assets:				
Cash and cash equivalents	\$ 9,486	4	-	9,490
Liabilities:				
Deposits held for others	\$ 9,486	4	-	9,490
Maple Escrow				
Assets:				
Cash and cash equivalents	\$ 77	-	-	77
Liabilities:				
Deposits held for others	\$ 77	-	-	77
Turro Sewer Assessment Escrow				
Assets:				
Cash and cash equivalents	\$ 7,239	3	-	7,242
Liabilities:				
Deposits held for others	\$ 7,239	3	-	7,242
P and Z Developer Bonds				
Assets:				
Cash and cash equivalents	\$ 403,267	45,021		448,288
Other Assets	-			-
	\$ 403,267	45,021	-	448,288
Liabilities:				
Deposits held for others	\$ 403,267	45,021	-	448,288
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 551,520	49,782	-	601,302
Other Assets	-	-	-	-
	\$ 551,520	49,782	-	601,302
Liabilities:				
Accounts payable	\$ 4,500	-	300	4,200
Deposits held for others	547,020	49,782	(300)	597,102
	\$ 551,520	49,782	-	601,302

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2021

Grand List Year	Uncollected Balance & New Levy July 1, 2020	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2004	\$ 966	-	(966)	-	-
2005	4,427	-	-	257	4,684
2006	5,628	191	-	474	6,293
2007	5,995	175	-	735	6,905
2008	7,379	-	-	985	8,364
2009	15,447	-	-	1,630	17,077
2010	21,341	-	-	1,739	23,080
2011	25,769	-	-	1,766	27,535
2012	43,472	-	-	815	44,287
2013	76,915	205	(172)	(5,733)	71,215
2014	105,391	226	(834)	(23,428)	81,355
2015	224,049	2	(198)	(57,663)	166,190
2016	345,893	1,592	(2,149)	(51,144)	294,192
2017	531,921	77,139	(38,696)	(36,992)	533,372
2018	1,275,669	91,605	(26,814)	(20,659)	1,319,801
Total	\$ 2,690,262	171,135	(69,829)	(187,218)	2,604,350
2019	107,978,459	1,364,735	(275,288)	(3,765)	109,064,141
Total	\$ 110,668,721	1,535,870	(345,117)	(190,983)	111,668,491

Collections				Uncollected Balance June 30, 2021
Taxes	Interest	Lien Fees	Total	
-	-	-	-	-
285	675	73	1,033	4,399
665	1,466	-	2,131	5,628
910	1,784	6	2,700	5,995
985	2,137	-	3,122	7,379
1,630	3,193	-	4,823	15,447
1,739	2,997	6	4,742	21,341
7,817	5,451	78	13,346	19,718
7,808	10,466	48	18,322	36,479
14,014	22,560	48	36,622	57,201
12,389	11,107	48	23,544	68,966
44,859	33,476	1,049	79,384	121,331
131,401	72,190	2,476	206,067	162,791
262,824	98,127	2,718	363,669	270,548
819,059	160,241	5,392	984,692	500,742
1,306,385	425,870	11,942	1,744,197	1,297,965
108,023,236	200,311	1,584	108,225,131	1,040,905
109,329,621	626,181	13,526	109,969,328	2,338,870

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2021

	<u>General Purpose</u>
Debt limitation:	
2 1/4 times base	\$ 235,334,362
4 1/2 times base	
3 3/4 times base	
3 1/4 times base	
3 times base	
7 times base	
	<hr/>
Total debt limitation	\$ 235,334,362
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>214,061,980</u>

Total tax collections (including interest and lien fees)
for the year ended June 30, 2021 \$ 109,969,328

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

Base \$ 109,969,328

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
494,861,976	412,384,980	357,400,316	329,907,984	769,785,296
<u>494,861,976</u>	<u>412,384,980</u>	<u>357,400,316</u>	<u>329,907,984</u>	<u>769,785,296</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>493,469,281</u>	<u>408,125,809</u>	<u>357,400,316</u>	<u>329,907,984</u>	<u>742,861,048</u>