

CITY OF SHELTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

June 30, 2022

CITY OF SHELTON, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Shelton, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut as of June 30, 2022, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023 reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Shelton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Shelton, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES, LLC
Waterbury, Connecticut



January 4, 2023

CITY OF SHELTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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, 2022. 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 decreased by \$985 thousand.
- The General Fund reported a fund balance this year of \$10.3 million; \$1.4 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 \$5.5 million on June 30, 2022.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits A and B, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits C and D. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. In addition, the City maintains the Water Pollution Control Authority as a proprietary fund (Exhibit G, H and I). The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits A and B. The statement of net position and the statement of activities reports information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City reports its activities as follows:

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

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the Board of Aldermen establishes many other funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the State and Federal governments). The City's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits C and D)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits G, H and I)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities, such as the City's Worker's Compensation Internal Service Fund.
- *Fiduciary funds (Exhibits J and K)* - The City is the trustee, or fiduciary, for its employees' pension plans. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities and business-type activities. The City's net position for governmental activities increased \$7.3 million from \$176.8 million in 2021 to \$184.1 million in 2022. The majority of this increase was attributed to surplus from other governmental funds, which was \$4.1 million.

The City's net position for the business-type activities decreased \$985 thousand for the fiscal year ending June 30, 2022. The net position was \$32 million at June 30, 2022.

TABLE 1 - NET POSITION

	Governmental Activities	
	2022	2021
Current and other assets	\$ 27,659,253	22,475,242
Capital assets	203,888,186	209,388,818
Deferred outflows	2,571,835	3,269,938
Total assets & deferred outflows	<u>\$ 234,119,274</u>	<u>235,133,998</u>
Current and other liabilities	\$ 13,028,602	15,559,384
Deferred inflows	5,695,564	6,709,629
Long-term liabilities	31,294,588	36,036,826
Total liabilities & deferred inflows	<u>\$ 50,018,754</u>	<u>58,305,839</u>
Net position:		
Investment in capital assets	\$ 187,325,894	184,225,902
Restricted	3,508,967	41,400
Unrestricted	(6,734,341)	(7,439,143)
Total net position	<u>\$ 184,100,520</u>	<u>176,828,159</u>
	Business-type Activities	
	2022	2021
Current and other assets	\$ 6,732,450	6,261,396
Capital assets	36,512,877	38,842,408
Total assets	<u>\$ 43,245,327</u>	<u>45,103,804</u>
Current and other liabilities	\$ 4,613,510	4,478,067
Long-term liabilities	6,568,494	7,577,183
Total liabilities	<u>\$ 11,182,004</u>	<u>12,055,250</u>
Net position:		
Investment in capital assets, net of related debt	\$ 29,944,383	31,265,225
Unrestricted	2,118,940	1,783,329
Total net position	<u>\$ 32,063,323</u>	<u>33,048,554</u>

TABLE 2 - CHANGE IN NET ASSETS

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 5,221,859	4,380,367
Operating grants and contributions	33,012,401	39,698,472
Capital grants and contributions	-	1,661,577
General revenues:		
Property taxes	110,123,782	109,884,672
Grants and contributions not restricted to specific purposes	-	852,308
Unrestricted investment earnings	83,198	27,789
Other general revenues (and transfers)	(47,345)	(76,319)
Total revenues	<u>\$ 148,393,895</u>	<u>156,428,866</u>
Program expenses:		
General government	\$ 19,055,324	15,360,925
Public safety	9,389,970	8,496,002
Public works	16,633,214	12,006,614
Health and welfare	361,733	328,504
Culture and recreation	5,952,701	5,792,682
Education	93,883,584	107,070,455
Interest and fiscal charges	237,125	102,417
Total program expenses	<u>\$ 145,513,651</u>	<u>149,157,599</u>
(Decrease) increase in net position	<u>\$ 2,880,244</u>	<u>7,271,267</u>
	Business-type Activities	
	2022	2021
Revenues:		
Operating revenues:		
Charges for services	\$ 2,971,380	3,403,949
Non-operating revenues:		
Capital contributions	-	-
Other general revenues (and transfers)	1,151,019	1,151,019
Total revenues	<u>\$ 4,122,399</u>	<u>4,554,968</u>
Operating expenses:		
Salaries and benefits	\$ 1,108,053	972,825
Materials and supplies	95,480	93,774
Utilities	404,898	345,564
Depreciation	2,269,025	1,603,870
Administration	1,087,843	1,016,002
Interest and fiscal charges	142,331	162,645
Total expenses	<u>\$ 5,107,630</u>	<u>4,194,680</u>
(Decrease) increase in net position	<u>\$ (985,231)</u>	<u>360,288</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 \$14.6 million, which is a \$10.6 million increase from the previous year. Included in this year's total change in fund balance is an increase of \$5.2 million in the City's Capital Assets and a \$4.1 million in the City's Other Governmental Funds.

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 \$4.5 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 loss was \$985 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 expenses were over the operating revenues by \$73 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 first year the fund balance had a negative change in the last eight years.

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 \$1,614,712, \$1,183,426 and \$1,064,202 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, 2022, the City's governmental activities had \$203 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines. In separating the Water Pollution Control Authority from the government funds, \$37.1 million in capital assets, which mainly includes sewers and the newly constructed facility. The City's total amount represents a net decrease (including additions and deductions) of \$5.5 million, net of depreciation expenses. The construction in progress includes a school construction program and a bridge program.

TABLE 3 - CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2022	2021
Land	\$ 34,365,440	34,365,440
Buildings and improvements	115,503,225	116,968,811
Furniture, fixtures, and equipment	8,046,897	9,778,230
Infrastructure	41,939,566	44,345,658
Construction in progress	4,033,058	3,930,679
Totals	\$ 203,888,186	209,388,818

	Business-type Activities	
	2022	2021
Buildings and improvements	\$ 16,014,855	17,056,340
Infrastructure	20,643,182	21,261,994
Construction in progress	462,668	462,669
Totals	\$ 37,120,705	38,781,003

TABLE 4 - OUTSTANDING DEBT

Long-Term Liabilities

At June 30, 2022, the City had \$38.1 million in long term liabilities versus \$44.3 million last year, a decrease of 17%, as shown in Table 4.

TABLE 4

	<u>2022</u>	<u>2021</u>
\$	<u>38,070,147</u>	<u>44,266,009</u>

General obligation bonds and bank notes decreased by \$889 thousand 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 \$6.7 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 2023 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 2022-23 .

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 2022-2023 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, 2022

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 20,532,996	2,929,531	23,462,527
Investments	5,689,967		5,689,967
Receivables, net	5,072,636	53,656	5,126,292
Prepaid assets	6,000		6,000
Inventory	106,917		106,917
Internal balances	(3,749,263)	3,749,263	-
Capital assets:			
Capital assets, not being depreciated	38,398,497	462,669	38,861,166
Capital assets, being depreciated, net	165,489,689	36,050,208	201,539,897
Total assets	<u>\$ 231,547,439</u>	<u>43,245,327</u>	<u>274,792,766</u>
Deferred outflows on resources:			
Deferred pension expense	\$ 2,571,835	-	2,571,835
Total deferred outflows on resources	<u>\$ 2,571,835</u>	<u>-</u>	<u>2,571,835</u>
Liabilities:			
Accounts payable and other current liabilities	\$ 5,598,521	4,541,823	10,140,344
Accrued interest	190,252		190,252
Claims incurred, but not reported	3,485,178		3,485,178
Unearned revenue	3,754,651	71,687	3,826,338
Noncurrent liabilities:			
Due within one year	6,147,581	1,029,048	7,176,629
Due in more than one year	25,147,007	5,539,446	30,686,453
Total liabilities	<u>\$ 44,323,190</u>	<u>11,182,004</u>	<u>55,505,194</u>
Deferred inflows on resources:			
Resources from pension	\$ 4,102,413		4,102,413
Advance tax collections	1,593,151		1,593,151
Total deferred inflows on resources	<u>\$ 5,695,564</u>	<u>-</u>	<u>5,695,564</u>
Net position:			
Invested in capital assets, net of related debt	\$ 187,325,894	29,944,383	217,270,277
Restricted for:			
Donor's intentions	3,508,967		3,508,967
Unrestricted	(6,734,341)	2,118,940	(4,615,401)
Total net position	<u>\$ 184,100,520</u>	<u>32,063,323</u>	<u>216,163,843</u>

* After internal balances have been eliminated

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 19,055,324	5,221,859	33,012,401		19,178,936	-	19,178,936
Public safety	9,389,970				(9,389,970)	-	(9,389,970)
Public works	16,633,214				(16,633,214)	-	(16,633,214)
Health and welfare	361,733				(361,733)	-	(361,733)
Culture and recreation	5,952,701				(5,952,701)	-	(5,952,701)
Education	93,883,584				(93,883,584)	-	(93,883,584)
Interest on long-term debt	237,125				(237,125)	-	(237,125)
Total governmental activities	\$ 145,513,651	5,221,859	33,012,401	-	(107,279,391)	-	(107,279,391)
Business-type activities:							
Water Pollution Control Authority	\$ 4,965,299	2,971,380			-	(1,993,919)	(1,993,919)
Interest on long-term debt	142,331				-	(142,331)	(142,331)
Total business-type activities	\$ 5,107,630	2,971,380	-	-	-	(2,136,250)	(2,136,250)
Total primary government	\$ 150,621,281	8,193,239	33,012,401	-	(107,279,391)	(2,136,250)	(109,415,641)
General revenues and transfers:							
Property taxes					\$ 110,123,782		110,123,782
Grants and contributions not restricted for specific programs							-
Unrestricted investment earnings					83,198		83,198
Disposal of assets							-
Other unrestricted income					1,103,674		1,103,674
Transfers					(1,151,019)	1,151,019	-
Total general revenues and transfers					\$ 110,159,635	1,151,019	111,310,654
Change in net position					\$ 2,880,244	(985,231)	1,895,013
Net position, beginning					181,220,276	33,048,554	214,268,830
Net position, ended					\$ 184,100,520	32,063,323	216,163,843

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 14,277,263		6,180,733	20,457,996
Investments	2,400,646		2,743,015	5,143,661
Receivables, net	4,130,128	93,748	848,760	5,072,636
Due from other funds	9,944,013	675,795	6,968,256	17,588,064
Inventories	57,293		49,624	106,917
Prepaid expenses	6,000			6,000
Total assets	\$ 30,815,343	769,543	16,790,388	48,375,274
Liabilities and Fund Balances				
Liabilities:				
Accounts and other payables	\$ 1,811,466	1,088,335	2,690,807	5,590,608
Payments in advance			3,754,651	3,754,651
Due to other funds	13,404,918		5,718,848	19,123,766
Total liabilities	\$ 15,216,384	1,088,335	12,164,306	28,469,025
Deferred inflows of resources:				
Unavailable receipts	\$ 3,740,027		1,939	3,741,966
Tax payments in advance	1,540,933			1,540,933
Total deferred inflows of resources	\$ 5,280,960	-	1,939	5,282,899
Fund balances:				
Nonspendable	\$ 63,293		49,624	112,917
Restricted for:				
Donor's intentions			3,508,967	3,508,967
Committed for:				
Subsequent fiscal year	4,700,000			4,700,000
Specific use			25,474	25,474
Assigned			1,238,381	1,238,381
Unassigned	5,554,706	(318,792)	(198,303)	5,037,611
Total fund balances	\$ 10,317,999	(318,792)	4,624,143	14,623,350
Total liabilities, deferred inflows of resources and fund balances	\$ 30,815,343	769,543	16,790,388	

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.	203,888,186
Other long-term assets, deferred inflows and outflows are not available to pay for current period expenditures, and therefore, are deferred in the funds.	2,159,170
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net position.	(5,085,346)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(31,484,840)
Net position of governmental activities (Exhibit A)	<u>\$ 184,100,520</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes and assessments	\$ 109,858,954			109,858,954
Intergovernmental	18,047,711	3,319,620	11,671,160	33,038,491
Charges for services	4,137,955		674,650	4,812,605
Investment income	27,636	1	55,561	83,198
Miscellaneous	1,092,435		11,245	1,103,680
Total revenues	\$ 133,164,691	3,319,621	12,412,616	148,896,928
Expenditures:				
Current:				
General government	\$ 15,870,325		-	15,870,325
Public safety	8,256,108		18,706	8,274,814
Public works	6,689,429		513,998	7,203,427
Public health	295,024		-	295,024
Culture and recreation	3,769,623		26,502	3,796,125
Education	83,203,615		8,132,658	91,336,273
Other	4,194,148		4,331,642	8,525,790
Capital outlay		4,970,045		4,970,045
Debt service	6,304,016			6,304,016
Total expenditures	\$ 128,582,288	4,970,045	13,023,506	146,575,839
Excess (deficiency) of revenues over (under) expenditures	\$ 4,582,403	(1,650,424)	(610,890)	2,321,089
Other financing sources (uses):				
Transfer from other funds	\$	2,060,387	94,509	2,154,896
Transfer to other funds	(3,211,406)		(94,509)	(3,305,915)
Proceeds from sale of bonds		5,055,000		5,055,000
Total other financing sources (uses)	\$ (3,211,406)	7,115,387	-	3,903,981
Net changes in fund balances	\$ 1,370,997	5,464,963	(610,890)	6,225,070
Fund balances (deficits) - beginning	8,947,002	(5,783,755)	5,235,033	8,398,280
Fund balances (deficits) - ended	\$ 10,317,999	(318,792)	4,624,143	14,623,350

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, 2022**

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)	\$ 6,225,070
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.	(5,500,632)
Noncurrent assets previously recognized in the statement of activities that provided current financial resources in the current year.	(2,480,138)
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.	4,865,335
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(229,391)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,880,244</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, 2022**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 108,928,238	108,928,238	109,858,954	930,716
Intergovernmental	9,856,073	9,856,073	8,303,664	(1,552,409)
Charges for services	7,216,356	7,216,356	7,405,293	188,937
Investment income	25,000	25,000	27,636	2,636
Other revenues	1,386,638	1,386,638	1,092,435	(294,203)
Total revenues	\$ 127,412,305	127,412,305	126,687,982	(724,323)
Expenditures:				
Current:				
General government	\$ 16,380,457	17,485,037	15,870,325	1,614,712
Public safety	9,668,699	9,439,534	8,256,108	1,183,426
Public works	7,753,631	7,753,631	6,689,429	1,064,202
Health and welfare	295,024	295,024	295,024	-
Culture and recreation	3,974,935	4,180,323	3,769,623	410,700
Education	76,891,538	77,190,598	76,672,615	517,983
Other	6,567,176	6,623,720	6,254,535	369,185
Debt service:				
Principal retirements	5,680,728	5,680,728	5,659,985	20,743
Capital lease payments	270,520	270,520	270,519	1
Interest and other charges	378,577	378,577	373,512	5,065
Payment on behalf of W.P.C.A.	1,151,020	1,151,020	1,151,019	1
Total expenditures	\$ 129,012,305	130,448,712	125,262,694	5,186,018
Revenues over (under) expenditures	\$ (1,600,000)	(3,036,407)	1,425,288	4,461,695
Other financing sources (uses):				
Appropriation of fund balance	\$ 1,600,000	3,036,407	1,600,000	(1,436,407)
Total other financing sources (uses)	\$ 1,600,000	3,036,407	1,600,000	(1,436,407)
Revenues over expenditures and other financing sources (uses)	\$ -	-	3,025,288	3,025,288
Less:				
Subsequent year's operating budget			(4,700,000)	
Net change in unassigned fund balance			\$ (1,674,712)	
Unassigned fund balance, July 1, 2021			7,229,418	
Unassigned fund balance, June 30, 2022			\$ 5,554,706	

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

**STATEMENT OF NET FUND POSITION
PROPRIETARY FUNDS
June 30, 2022**

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,929,531	75,000
Investments		546,306
Receivables, net of allowance	53,656	
Due from other funds	3,749,263	277,755
Total current assets	\$ 6,732,450	899,061
Noncurrent assets:		
Capital assets, not being depreciated	\$ 462,669	-
Capital assets, net of accumulated depreciation	36,050,208	-
Total noncurrent assets	\$ 36,512,877	-
Total assets	\$ 43,245,327	899,061
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,541,823	7,913
Payments in advance	71,687	
Due to other funds		2,491,316
Notes payable - current	1,029,048	
Total current liabilities	\$ 5,642,558	2,499,229
Noncurrent liabilities:		
Claims incurred, but not reported claims	\$	3,485,178
Notes payable, less current portion	5,539,446	
Total noncurrent liabilities	\$ 5,539,446	3,485,178
Total liabilities	\$ 11,182,004	5,984,407
Net fund position:		
Invested in capital assets, net of related debt	\$ 29,944,383	
Unrestricted	2,118,940	(5,085,346)
Total net fund position	\$ 32,063,323	(5,085,346)

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, 2022**

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
Operating revenues:		
Charges for services and other revenues	\$ 2,944,764	
Employer's contribution		14,296,409
Employee's contribution		1,288,406
Other	26,616	
Total operating revenues	\$ 2,971,380	15,584,815
Operating expenses:		
Salaries and benefits	\$ 1,108,053	15,526,723
Material and supplies	95,480	
Utilities	404,898	
Depreciation	2,269,025	
Administration and operation	1,087,843	213,924
Total operating expenses	\$ 4,965,299	15,740,647
Operating income (loss)	\$ (1,993,919)	(155,832)
Nonoperating revenues (expenses):		
Gain (loss) on investments	\$	(73,559)
Interest expense	(142,331)	
Total nonoperating revenues (expenses)	\$ (142,331)	(73,559)
Transfer from other funds	\$ 1,151,019	
Change in net fund position	\$ (985,231)	(229,391)
Net fund position (deficit), beginning	33,048,554	(4,855,955)
Net fund position (deficit), ended	\$ 32,063,323	(5,085,346)

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, 2022**

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,824,337	15,584,815
Payments to suppliers	(368,557)	
Payments to employees and benefits	(1,108,053)	(15,584,815)
Net cash flows from operating activities	<u>\$ 1,347,727</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$ 60,506	-
Principal payments on capital debt	(1,008,689)	-
Interest paid on capital debt	(142,331)	-
Net cash provided by (used in) capital and related financing activities	<u>\$ (1,090,514)</u>	<u>-</u>
Cash flows from noncapital and related financing activities:		
Transfer in and payments made through governmental activities	\$ 1,151,019	-
Net cash provided by (used in) noncapital and related financing activities	<u>\$ 1,151,019</u>	<u>-</u>
Cash flows from investing activities:		
Gain (loss) on investments	\$ -	(73,559)
Net cash provided by investing activities	<u>\$ -</u>	<u>(73,559)</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,408,232	(73,559)
Cash and cash equivalents, beginning	<u>1,521,299</u>	<u>694,865</u>
Cash and cash equivalents, ended	<u>\$ 2,929,531</u>	<u>621,306</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,993,919)	(155,832)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	2,269,025	-
Changes in assets and liabilities:		
Decrease (increase) in receivable accounts	43,398	
Decrease (increase) in due from other funds	893,780	
Increase (decrease) in accounts payable	325,884	
Increase (decrease) in payments in advance	(190,441)	
Increase (decrease) in claims incurred but not reported		155,832
Net cash flows from operating activities	<u>\$ 1,347,727</u>	<u>-</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2022**

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>1,273,068</u>
Total assets	\$ <u>1,273,068</u>
Net position:	
Held in deposit for employees	\$ 11,329
Held in deposit for contractors	616,438
Held in deposit for organizations	226,608
Held in deposit for students	<u>418,693</u>
Held in trust for benefits and other purposes	<u>\$ 1,273,068</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended June 30, 2022**

	<u>Custodial Funds</u>
Additions:	
Contributions:	
Contributions and donations	\$ 18,473
Other	841,558
Total contributions	<u>\$ 860,031</u>
Investment earnings:	
Interest and dividends	3,443
Total investment earnings	<u>\$ 3,443</u>
Total additions	<u>\$ 863,474</u>
Deductions:	
Other deductions	\$ 805,328
Total deductions	<u>\$ 805,328</u>
Change in net position	\$ 58,146
Net position, beginning	<u>1,214,922</u>
Net position, ended	<u>\$ 1,273,068</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, 2022

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, 2022, 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, 2022, Continued

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Assets, liabilities and net assets or equity

Cash and cash equivalents

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

Investments

Investments are stated at the fair value using quoted market prices.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Inventories

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

Receivables and payables

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

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

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

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, 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, 2022, 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, 2022, 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, 2022, 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, 2022, 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	\$ 126,687,982	125,262,694
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	7,974,052	7,974,052
In accordance with State Statutes, the City's Board of Education recognizes the following receipts net of expenses for budgetary purposes:		
Excess costs grant	1,769,995	1,769,995
Shelton bus contract is funds received by the City from the City's Board of Education to operate and maintain the school buses	(3,267,338)	(3,267,338)
Encumbrances as of:		
June 30, 2021		54,291
Amounts committed for capital expenditures were reclassified as other financial uses for GAAP basis		(2,060,387)
Payment on-behalf of W.P.C.A. was made through the operating budget, but was recorded as a transfer for budgetary purposes, netted against capital grants		(1,151,019)
Balance, GAAP basis	\$ <u>133,164,691</u>	<u>128,582,288</u>

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, 2022, 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		4,033,057
Net capital assets being depreciated		<u>165,489,689</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>203,888,186</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	\$	(16,562,292)
Compensated absences		(7,316,148)
Accrued interest on debt		(190,252)
Pending litigation		(100,000)
Net pension obligation		<u>(7,316,148)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(31,484,840)</u>

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

Delinquent property tax and interest	\$	3,054,949
Delinquent accounts receivable		265,500
Deferred outflows (inflows) of pension charges		(1,530,578)
Notes receivable – assessments		<u>369,299</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>2,159,170</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

Acquisitions	\$ 1,616,949
Depreciation	<u>(7,117,581)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ (5,500,632)</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	\$ (5,055,000)
Payments of debt	5,943,794
Net change in compensated absences	82,333
Net pension obligation	3,871,111
Pending litigation claims	(100,000)
Accrued interest	<u>123,097</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ 4,865,335</u>

Note 4 - Deposits and Investments

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

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental activities	\$ 20,532,996		20,532,996
Business-type activities	2,929,531		2,929,531
Fiduciary funds	1,273,068		1,273,068
Less: overdraft in pooled cash	(2,292,112)		(2,292,112)
Investments:			
Governmental activities		<u>5,689,967</u>	<u>5,689,967</u>
Total deposits and investments	<u>\$ 22,443,483</u>	<u>5,689,967</u>	<u>28,133,450</u>

Deposits

The carrying amounts of the City's deposits at June 30, 2022, consist of the following:

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Custodial credit risk

As of June 30, 2022, 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, 2022, approximately \$2 million of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2022, 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	4,107,452	.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:

Investment policies

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2022, for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Government Funds			Total
	General Fund	Capital Projects	Non-major Funds	
Property taxes	\$ 2,372,240			2,372,240
Interest and liens	993,907			993,907
Intergovernmental		93,748	846,821	940,569
Accounts	396,788			396,788
Assessments	367,193		1,939	369,132
Net total receivables	\$ 4,130,128	93,748	848,760	5,072,636

Payments unavailable and unearned

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

	Unavailable	Unearned
General fund:		
Delinquent property taxes and interest	\$ 3,054,950	
Delinquent accounts	317,717	
Overpayment of taxes		58,058
Advanced payment of taxes		1,482,875
Assessments	367,360	
Other governmental funds:		
Grants paid in advance		3,754,651
Assessments	1,939	
Total unavailable & unearned revenue	\$ 3,741,966	5,295,584

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Payables

Payables as of June 30, 2022, 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	\$ 1,001,746	809,720		1,811,466
Capital projects fund	1,088,335			1,088,335
Non-major funds	<u>398,695</u>		<u>2,292,112</u>	<u>2,690,807</u>
Total governmental funds	\$ 2,488,776	809,720	2,292,112	5,590,608
Internal service funds	7,913			7,913
W.P.C.A.	<u>4,541,823</u>			<u>4,541,823</u>
Total payables	\$ <u>7,038,512</u>	<u>809,720</u>	<u>2,292,112</u>	<u>10,140,344</u>

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2022 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Worker's Compensation	\$ 3,485,178
General Fund	Nonmajor Funds	6,458,835
W.P.C.A.	General Fund	3,749,263
Capital Projects	General Fund	675,795
Medical Self Insurance	General Fund	277,755
Nonmajor Funds	General Fund	<u>6,968,256</u>
	Total	<u>\$ 21,615,082</u>

Inter-fund transfers

The follow inter-fund payments were also made:

- The government subsidized the activities of the W.P.C.A. through the payments to the clean water loan on behalf of the W.P.C.A. in an amount of \$1,151,019.
- The general fund transferred \$2,060,387 to the capital project funds to be used for future capital projects.
- The Saturday Enrichment Program (S.E.E) transferred \$63,826 to the Tech. Repair F and \$30,683 to the School Rental Fund to reimburse expenses.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 34,365,440			34,365,440
Construction in progress	3,930,679	102,378		4,033,057
Total capital assets not being deprec.	<u>\$ 38,296,119</u>	<u>102,378</u>	<u>-</u>	<u>38,398,497</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 196,028,564	510,908		196,539,472
Machinery and equipment	29,217,837	212,628		29,430,465
Infrastructure	92,302,558	791,035		93,093,593
Total capital assets being deprec.	<u>\$ 317,548,959</u>	<u>1,514,571</u>	<u>-</u>	<u>319,063,530</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 79,059,753	1,976,494		81,036,247
Machinery and equipment	19,439,607	1,943,961		21,383,568
Infrastructure	47,956,900	3,197,127		51,154,027
Total accumulated depreciation	<u>\$ 146,456,260</u>	<u>7,117,582</u>	<u>-</u>	<u>153,573,842</u>
Net capital assets being depreciated	<u>\$ 171,092,699</u>	<u>(5,603,011)</u>	<u>-</u>	<u>165,489,688</u>
Total capital assets, governmental	<u>\$ 209,388,818</u>	<u>(5,500,633)</u>	<u>-</u>	<u>203,888,186</u>

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

Governmental activities:	
General government	\$ 65,674
Education	980,263
Public works	3,638,522
Public safety	132,869
Culture and recreation	<u>2,300,253</u>
Total depreciation expense governmental activities	<u>\$ 7,117,581</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 462,669	-	-	462,669
Capital assets being depreciated:				
Buildings and improvements	\$ 51,455,956	-	-	51,455,956
Machinery and equipment	75,804	-	-	75,804
Sewers	40,578,832	-	-	40,578,832
Total capital assets being depreciated	\$ 92,110,592	-	-	92,110,592
Less: accumulated depreciation:				
Buildings and improvements	\$ 34,395,233	1,146,508	-	35,541,741
Machinery and equipment	1,214,770	1,104,336	-	2,319,106
Sewers	18,181,355	18,181	-	18,199,536
Total accumulated depreciation	\$ 53,791,358	2,269,025	-	56,060,383
Net capital assets being depreciated	\$ 38,319,234	(2,269,025)	-	36,050,209
Total capital assets, business-type	\$ 38,781,903	(2,269,025)	-	36,512,878

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 14,230,193	5,055,000	4,840,728	14,444,465	5,057,668
G.O.B. refunding bonds	2,045,000	-	840,000	1,205,000	825,000
Bank promissory notes	1,175,893	-	263,066	912,827	264,913
Total long-term debt	\$ 17,451,086	5,055,000	5,943,794	16,562,292	6,147,581
Other long-term liabilities:					
Net pension obligation	11,187,259	-	3,871,111	7,316,148	-
Claims and judgments	-	100,000	-	100,000	-
Compensated absences	7,398,481	124,732	-	7,523,213	-
Total governmental activities long-term liabilities	\$ 36,036,826	5,279,732	9,814,905	31,501,653	6,147,581
Business-type activities:					
Clean water fund notes	\$ 7,577,183	-	-	7,577,183	1,029,048
Total business-type activities long-term liabilities	\$ 7,577,183	-	-	7,577,183	1,029,048
Total long-term liabilities	\$ 43,614,009	5,279,732	9,814,905	39,078,836	7,176,629

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, 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	\$ 2,725,000	-
\$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	1,225,000	-
\$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	1,100,000	-
\$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	-	1,205,000
\$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	3,168,000	-
\$3,100,000 G.O. Bank loan 2019 , issue of 12/10/2019, due 1/10/2025, interest at 1.72%, annual principal and interest payments	1,721,465	-
\$5,055,000 G.O. Bank loan 2021 , issue of 12/9/2021, due 1/10/2025, interest at 1.72%, annual principal and interest payments	<u>5,550,000</u>	<u>-</u>
Total general obligation bond and loans	<u>\$ 14,444,465</u>	<u>1,205,000</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2023	\$ 5,882,668	228,302
2024	4,344,659	120,881
2025	3,090,139	40,106
2026	1,321,000	3,120
2027	1,011,000	-
Total	\$ 15,649,465	392,409

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, 2022, 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 \$912,827 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
2023	\$ 264,913	5,541
2024	266,774	3,681
2025	268,647	1,807
2026	<u>112,493</u>	<u>197</u>
Total	\$ <u>912,827</u>	<u>11,226</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, 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	\$	5,769,394
104-C		799,098
Total clean water fund loans	\$	6,568,492

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
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	1,114,681	36,339
2028-2029	1,211,309	14,709
	\$ 6,568,492	412,622

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. Management estimates the net liability to the City is approximately \$100,000 to settle these matters.

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, 2022, 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 equivalent flat dollar premium amount of Blue Cross 65/Blue Shield 65 is paid by the State directly to the local school districts. Where it is applied to reduce premium payments of the retired members' 1% supplemental contributions, since July 1, 1989, have been directly applied to a dedicated health insurance fund. There is no cost to the City.

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

Fiscal Year Ended June 30,	Claims Payable Beginning	Claims and Changes in Estimates	Claims Paid	Claims Payable Ending
Worker's Compensation				
2021	\$ 1,118,057	851,005	764,414	1,204,648
2022	1,204,648	2,204,797	1,432,260	1,977,177
Heart and Hypertension				
2021	864,239	(3,777)	251,007	609,455
2022	609,455	317,250	-	926,705
Medical				
2021	1,542,023	12,027,455	12,061,477	1,508,001
2022	1,508,001	14,094,455	14,094,455	1,508,001
Total Internal Service				
2021	3,524,319	12,874,683	13,076,898	3,322,104
2022	3,322,104	16,616,502	15,526,723	4,411,883

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Note 10 - Employee Retirement Plans

Merit employee's retirement plan

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

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

Employees are eligible to participate once they have completed one year of continuous service, with no minimum age requirement. The City contributes an amount equal to 6% of the 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, 2022, was approximately \$5.6 million. The employee's required contribution was \$206,076. The City's matching contribution for city employees was \$414,574 and \$423,048 for Board of Education employees.

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

Connecticut municipal employees' retirement system – defined benefit plan

Plan description

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

Summary of significant accounting policies

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

Benefit provisions

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

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

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

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

Contribution requirements

Contributions are established by State Statutes as follows:

Employer

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

The current rate is 22.51% 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, 2022, 2021 and 2020 were \$1,270,407, \$1,157,426, and \$932,980 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, 2022, 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 \$7,316,148 based on the City's allocation percentage of 3.105665%.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The changes in assumptions that affected the measurement of the total pension liability since the prior measurement date, were updating rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase to more closely reflect actual and anticipated experience.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

The City recognized its proportionate share of the collective pension expense in the amount of \$1,600,215 for the year ended June 30, 2022.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to CMERS pension benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	2,666,805
Change of assumptions	722,491	-
Change in proportionate share	-	950,069
Net difference between employers expected and actual experience	1,212,784	485,539
Total	\$ 1,935,275	4,102,413

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
2022	\$ 24,061
2023	637,109
2024	705,383
2025	800,586
Thereafter	-
	\$ 2,167,139

Actuarial assumptions

The total pension liability is based upon the June 30, 2021 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, 2022, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond 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	<u>100.0%</u>	

Discount rate

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, 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)	\$ 1,197,269,779	\$ 710,000,071	\$ 287,795,852

Teachers' retirement

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

Plan description

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

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

Benefit provisions

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, 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.

Administrative expenses

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

The State has a statutory requirement to pay 100% of the required plan contribution, therefore as of June 30, 2022; 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2022 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$8,504,052 as payments made by the State of Connecticut on behalf of the City for teachers' pension.

Actuarial assumptions

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, 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	20.0%	5.6%
Developed non-U.S. equities	11.0%	6.0%
Emerging markets – non-U.S.	9.0%	7.9%
Core fixed income	16.0%	2.1%
Inflation linked bonds	5.0%	1.1%
Emerging market bond	5.0%	2.7%
High yield bonds	6.0%	4.0%
Real estate	10.0%	4.5%
Private equity	10.0%	7.3%
Alternative investment	7.0%	2.9%
Cash	1.0%	0.4%
Total	100.0%	

Discount rate

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

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

Note 11 - Other Post-Employment Benefit Plan

Teachers' retirement OPEB plan

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

Plan description

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

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

Benefit provisions

The plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member currently receiving 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 and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A or Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

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

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

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

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

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

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

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

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

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

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

Contributions

State of Connecticut

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

Employer (School Districts)

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Employees

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

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

For the year ended June 30, 2022, \$336,681 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the City was \$38,631,032.

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, 2022, 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>14,352,712</u>
Total net OPEB liability	\$	<u>14,352,712</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2022, the City has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of (\$530,000) 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, 2022, Continued

Actuarial assumptions

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

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	0.50%
Wage inflation	3.00%
Municipal bond index rate	2.16%, (3.87% at prior measurement date)
Single equivalent interest rate	2.17%, net of OPEB plan investment expense, including inflation (3.87% at prior measurement date)
Healthcare cost trend rates	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly
Year fund net position will be depleted	2023

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

Long-term rate of return

The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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%

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Discount rate

The discount rate used to measure the total OPEB was 2.17%. 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 2023 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, 2022, and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit</u>	<u>Plan For Elimination</u>
Conservation and Open Space	\$ 24,019	Future contributions
School Lunch	21,707	Future contributions
Summer School	91,461	Future contributions
School Rental	163,355	Future contributions
Police PVET Grant	885	Future grant receipts
Homeland Security Grant	26,236	Future grant receipts
Worker's Compensation	4,401,406	Future employer payments
Medical Insurance	683,940	Future employer payments
Capital Projects	318,792	Future general obligation bonds

Committed Fund balance

The general fund had the following committed fund balances:

2021/2022 Operating Budget	\$ <u>4,700,000</u>
Total committed funds balance	\$ <u><u>4,700,000</u></u>

In addition, the City had commitments of \$25,474 in other funds to complete outstanding contracts with vendors as well as received \$3,508,967 in other funds to be used for donor's intentions.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022, Continued

Note 13 - Subsequent Events

Management has evaluated events subsequent to the date of the financial statements through January 4, 2023, the date the financial statements were available to be issued. No other events have occurred subsequent to the Statement of Net Position date through January 4, 2023, 2023, that would require readjustment to the financial statements.

CITY OF SHELTON, CONNECTICUT

RSI-1

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

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

Changes in benefit terms None

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

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

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

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHERS' RETIREMENT PLAN
 Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the City (thousands)	<u>131,739</u>	<u>166,335</u>	<u>154,855</u>	<u>119,402</u>	<u>118,187</u>	<u>124,688</u>	<u>95,054</u>
Total	\$ <u>131,739</u>	<u>166,335</u>	<u>154,855</u>	<u>119,402</u>	<u>118,187</u>	<u>124,688</u>	<u>95,054</u>
City's covered payroll	\$ <u>38,631,032</u>	<u>36,758,643</u>	<u>36,758,643</u>	<u>37,696,000</u>	<u>36,700,000</u>	<u>36,364,599</u>	<u>31,569,440</u>
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	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms
 In 2019, beginning July 1, 2019 HB 7424 set the annual interest rate on mandatory contributions at 4.0%. Also, for members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Changes in assumptions
 In 2020, the Board adopted new assumptions as a result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions include a decrease in the annual rate of real wage increase from 0.75% to 0.50%, a decrease in payroll growth from 3.25% to 3.00%, and rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of salary closed, grading to a level dollar amortization method for June 30, 2024 valuation
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

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

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GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current years' levy	\$ 107,532,238	107,532,238	107,922,809	390,571
Prior years' levies	970,000	970,000	1,207,421	237,421
Interest and penalties	475,000	475,000	950,485	475,485
Statutory refunds	(149,000)	(149,000)	(221,761)	(72,761)
Personal property tax audits	100,000	100,000		(100,000)
Total property taxes	<u>\$ 108,928,238</u>	<u>108,928,238</u>	<u>109,858,954</u>	<u>930,716</u>
Intergovernmental:				
State grants for education	\$ 8,751,370	8,751,370	6,700,761	(2,050,609)
Other state grants	1,104,703	1,104,703	1,602,903	498,200
Total intergovernmental	<u>\$ 9,856,073</u>	<u>9,856,073</u>	<u>8,303,664</u>	<u>(1,552,409)</u>
Charges for services:				
Licenses and permits	\$ 2,468,310	2,468,310	2,516,960	48,650
Charges for services	4,735,646	4,735,646	4,875,706	140,060
Fines and forfeits	12,400	12,400	12,627	227
Total charges for services	<u>\$ 7,216,356</u>	<u>7,216,356</u>	<u>7,405,293</u>	<u>188,937</u>
Investment income	<u>\$ 25,000</u>	<u>25,000</u>	<u>27,636</u>	<u>2,636</u>
Miscellaneous revenues	<u>\$ 1,386,638</u>	<u>1,386,638</u>	<u>1,092,435</u>	<u>(294,203)</u>
Total revenues	<u>\$ 127,412,305</u>	<u>127,412,305</u>	<u>126,687,982</u>	<u>(724,323)</u>
Other financing sources:				
Appropriation of fund balance	\$ 1,600,000	3,036,407	1,600,000	(1,436,407)
Total other financing sources	<u>\$ 1,600,000</u>	<u>3,036,407</u>	<u>1,600,000</u>	<u>(1,436,407)</u>
Total revenue & other financing sources	<u>\$ 129,012,305</u>	<u>130,448,712</u>	<u>128,287,982</u>	<u>(2,160,730)</u>

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Administrative	\$ 633,142	662,221	617,079	45,142
Employee resources	7,242,290	8,088,617	7,795,406	293,211
Legislative	162,140	162,163	140,955	21,208
Board of Ethics	600	600	-	600
Elections	163,979	164,177	146,589	17,588
Inland wetlands	96,208	98,198	92,139	6,059
Economic development committee	37,501	38,751	36,416	2,335
Economic development	120,000	120,000	120,000	-
Planning and zoning	437,975	437,975	290,860	147,115
Probate court	14,700	14,700	12,480	2,220
Elected/appointed officials	18,450	18,450	15,000	3,450
Conservation commission	66,556	75,685	64,465	11,220
City/Town clerk	453,541	453,541	338,965	114,576
Drug and alcohol commission	-	-	-	-
Appeals board	200	200	-	200
Zoning appeals board	24,545	24,545	12,329	12,216
Legal services corporate counsel	200,971	200,971	168,770	32,201
Management information systems	500,782	587,311	499,434	87,877
Assessor	993,612	993,612	915,027	78,585
Tax collector	337,967	337,967	315,049	22,918
Purchasing	371,986	373,860	280,007	93,853
Public risk management	2,345,006	2,347,213	1,910,406	436,807
Accounting and control	637,500	637,500	544,761	92,739
Miscellaneous	1,400,806	1,544,720	1,481,123	63,597
Contingency	120,000	102,060	73,065	28,995
Total general government	\$ 16,380,457	17,485,037	15,870,325	1,614,712
Public safety:				
Public safety and energy services	\$ 126,076	126,076	76,755	49,321
EMS commission	102,081	120,021	115,520	4,501
Fire marshal	322,210	322,210	266,814	55,396
Animal control	290,486	290,599	251,416	39,183
Fire department	1,041,412	1,043,309	894,126	149,183
Police department	7,786,434	7,537,319	6,651,477	885,842
Total public safety	\$ 9,668,699	9,439,534	8,256,108	1,183,426
Public works:				
Building department	\$ 374,900	374,900	299,496	75,404
Highways and bridges	3,686,959	3,686,959	3,210,770	476,189
Road repair	65,000	65,000	60,854	4,146
Public works director	51,811	51,811	48,960	2,851
Engineering	331,251	331,251	275,991	55,260
Tree warden	120,058	120,058	100,672	19,386
Recycling program	42,291	42,291	38,212	4,079
Sanitation	3,081,361	3,081,361	2,654,474	426,887
Total public works	\$ 7,753,631	7,753,631	6,689,429	1,064,202

(Continued)

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Health and welfare:				
Public health	\$ 295,024	295,024	295,024	-
Total health and welfare	\$ 295,024	295,024	295,024	-
Culture and recreation:				
Recreation	\$ 1,717,329	1,921,771	1,729,867	191,904
Senior center	369,061	369,061	317,114	51,947
Youth service bureau	223,011	223,011	166,638	56,373
Library	1,196,212	1,196,246	1,092,165	104,081
Community development	82,025	82,937	82,937	-
Outside agency contributions	387,297	387,297	380,902	6,395
Total culture and recreation	\$ 3,974,935	4,180,323	3,769,623	410,700
Education:				
Board of Education	\$ 73,509,538	73,808,598	73,648,983	159,615
Shelton bus transportation	3,382,000	3,382,000	3,023,632	358,368
Total education	\$ 76,891,538	77,190,598	76,672,615	517,983
Other:				
Utilities	\$ 2,716,943	2,764,240	2,577,077	187,163
Municipal property maintenance	1,653,983	1,663,230	1,481,208	182,022
Transfer to other funds	2,196,250	2,196,250	2,196,250	-
Total other	\$ 6,567,176	6,623,720	6,254,535	369,185
Debt service:				
Principal	\$ 5,680,728	5,680,728	5,659,985	20,743
Interest	378,577	378,577	373,512	5,065
W.P.C.A. transfer	1,151,020	1,151,020	1,151,019	1
Capital leases	270,520	270,520	270,519	1
Total debt service	\$ 7,480,845	7,480,845	7,455,035	25,810
Total expenditures and financial uses	\$ 129,012,305	130,448,712	125,262,694	5,186,018

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2022

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
ASSETS			
Cash and cash equivalents	\$ 122,835	-	89,104
Investments	-	-	-
Receivables, net	-	-	-
Due from other funds	247,257	-	-
Inventory	-	-	-
Total assets	<u>\$ 370,092</u>	<u>-</u>	<u>89,104</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ 13,948	24,019	-
Payments in advance	-	-	-
Due to other funds	-	-	6,404
Total liabilities	<u>\$ 13,948</u>	<u>24,019</u>	<u>6,404</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific purposes	-	-	-
Assigned	356,144	(24,019)	82,700
Unassigned	-	-	-
Total fund balance (deficits)	<u>\$ 356,144</u>	<u>(24,019)</u>	<u>82,700</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 370,092</u>	<u>-</u>	<u>89,104</u>

Special Revenue

Valley Street Crime B	Emergency Medical Service Training	Police Seizure Fund	Surface Transportation	Gristmill Lane Maintenance	Asset Seizure Account
44,945	4,421	33,364	511	1,870	-
-	-	-	-	-	-
-	-	10,000	-	-	65,887
-	-	-	-	-	-
<u>44,945</u>	<u>4,421</u>	<u>43,364</u>	<u>511</u>	<u>1,870</u>	<u>65,887</u>
-	-	586	-	-	2,459
-	-	-	-	-	-
-	-	1,397	-	-	-
-	-	1,983	-	-	2,459
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,945	4,421	41,381	511	1,870	63,428
-	-	-	-	-	-
<u>44,945</u>	<u>4,421</u>	<u>41,381</u>	<u>511</u>	<u>1,870</u>	<u>63,428</u>
<u>44,945</u>	<u>4,421</u>	<u>43,364</u>	<u>511</u>	<u>1,870</u>	<u>65,887</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2022

	Special Revenue		
	Pine Rock	Pine Rock Improvements	Adult Education
ASSETS			
Cash and cash equivalents	\$ 292,257	6,449	2,880,788
Investment	-	-	-
Receivables, net	-	-	-
Due from other funds	-	-	189,377
Inventory	-	-	-
Total assets	\$ 292,257	6,449	3,070,165
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	10,098
Advanced from other funds	-	-	-
Due to other funds	-	-	2,994,928
Total liabilities	\$ -	-	3,005,026
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	-	-	-
Committed for:			
Specific purposes	-	-	-
Assigned	292,257	6,449	-
Unassigned	-	-	65,139
Total fund balance (deficits)	\$ 292,257	6,449	65,139
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 292,257	6,449	3,070,165

Special Revenue

Small Cities Grant	Trails Committee	Sewer Assessments	One Time Use Grant	CRRA Consent Order	COVID Grant
57,474	5,296	77,041	-	139,354	-
-	-	-	-	-	-
-	-	1,939	-	-	-
-	-	167	28,839	-	6,295,570
-	-	-	-	-	-
<u>57,474</u>	<u>5,296</u>	<u>79,147</u>	<u>28,839</u>	<u>139,354</u>	<u>6,295,570</u>
-	-	13,657	17,372	-	2,540,919
-	-	-	-	-	3,754,651
-	-	-	-	-	-
-	-	<u>13,657</u>	<u>17,372</u>	-	<u>6,295,570</u>
-	-	<u>1,939</u>	-	-	-
-	-	-	-	-	-
57,474	-	-	-	-	-
-	-	-	-	-	-
-	5,296	-	11,467	139,354	-
-	-	<u>63,551</u>	-	-	-
<u>57,474</u>	<u>5,296</u>	<u>63,551</u>	<u>11,467</u>	<u>139,354</u>	-
<u>57,474</u>	<u>5,296</u>	<u>79,147</u>	<u>28,839</u>	<u>139,354</u>	<u>6,295,570</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2022

	<u>Special Revenue</u>			
	DUI Grant	Senior Center	Homeland Security Grant	Recreation Path Grants
ASSETS				
Cash and cash equivalents	\$ 4,218	77,615	(26,236)	964
Investments	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 4,218</u>	<u>77,615</u>	<u>(26,236)</u>	<u>964</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>	<u>-</u>
Deferred inflows of resources:				
Unavailable receipts	\$ -	-	-	-
Fund balance (deficits):				
Nonspendable	\$ -	-	-	-
Restricted for:				
Donor's intentions	-	-	-	-
Committed for:				
Specific purposes	-	-	-	-
Assigned	4,218	77,615	(26,236)	964
Unassigned	-	-	-	-
Total fund balance (deficits)	<u>\$ 4,218</u>	<u>77,615</u>	<u>(26,236)</u>	<u>964</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 4,218</u>	<u>77,615</u>	<u>(26,236)</u>	<u>964</u>

Special Revenue

COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants	Plumb Library
79,249	2,056	1,697	686,859	1,094,651	119,905
-	-	-	-	-	2,743,015
-	-	-	120,296	726,525	-
-	-	-	-	-	-
-	-	-	49,624	-	-
<u>79,249</u>	<u>2,056</u>	<u>1,697</u>	<u>856,779</u>	<u>1,821,176</u>	<u>2,862,920</u>
-	-	-	56,297	11,452	-
-	-	-	-	-	-
-	-	-	821,970	1,544,744	-
-	-	-	878,267	1,556,196	-
-	-	-	-	-	-
-	-	-	49,624	-	-
-	-	-	-	264,980	2,862,920
-	-	-	-	-	-
79,249	2,056	1,697	-	-	-
-	-	-	(71,112)	-	-
<u>79,249</u>	<u>2,056</u>	<u>1,697</u>	<u>(21,488)</u>	<u>264,980</u>	<u>2,862,920</u>
<u>79,249</u>	<u>2,056</u>	<u>1,697</u>	<u>856,779</u>	<u>1,821,176</u>	<u>2,862,920</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2022

	<u>Special Revenue</u>		
	<u>Tech Repair</u>	<u>Summer School</u>	<u>School Rental</u>
ASSETS			
Cash and cash equivalents	\$ 32,538	29,570	55,789
Investments	-	-	-
Receivables, net	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
Total assets	<u>\$ 32,538</u>	<u>29,570</u>	<u>55,789</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	-
Advanced from other funds	-	-	-
Due to other funds	-	121,211	219,144
Total liabilities	<u>\$ -</u>	<u>121,211</u>	<u>219,144</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$ -	-	-
Restricted for:			
Donor's intentions	32,538	-	-
Committed for:			
Specific use			
Assigned	-	-	-
Unassigned	-	(91,641)	(163,355)
Total fund balance (deficits)	<u>\$ 32,538</u>	<u>(91,641)</u>	<u>(163,355)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 32,538</u>	<u>29,570</u>	<u>55,789</u>

Special Revenue

Comp Voice Stress Analyzer	Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Total Special Revenue Funds
1,088	26,367	12,319	186,597	829	-	6,141,784
-	-	-	-	-	-	2,743,015
-	-	66,535	64,624	-	-	848,760
-	-	-	-	-	-	6,968,256
-	-	-	-	-	-	49,624
<u>1,088</u>	<u>26,367</u>	<u>78,854</u>	<u>251,221</u>	<u>829</u>	<u>-</u>	<u>16,751,439</u>
-	-	-	-	-	885	2,691,692
-	-	-	-	-	-	3,754,651
-	1,722	7,328	-	-	-	5,718,848
-	1,722	7,328	-	-	885	12,165,191
-	-	-	-	-	-	1,939
-	-	-	-	-	-	49,624
-	-	-	251,221	-	-	3,469,133
1,088	24,645	-	-	829	-	25,474
-	-	71,526	-	-	-	1,238,381
-	-	-	-	-	(885)	(198,303)
<u>1,088</u>	<u>24,645</u>	<u>71,526</u>	<u>251,221</u>	<u>829</u>	<u>(885)</u>	<u>4,584,309</u>
<u>1,088</u>	<u>26,367</u>	<u>78,854</u>	<u>251,221</u>	<u>829</u>	<u>-</u>	<u>16,751,439</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2022

	Permanent Funds			
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial	Lucy Beard
ASSETS				
Cash and cash equivalents	\$ 1,700	658	717	1,295
Investments	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Total assets	\$ 1,700	658	717	1,295
LIABILITIES AND FUND BALANCE (DEFICITS)				
Liabilities:				
Accounts payable and accrued liabilities	-	-	-	-
Advanced from other funds	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable receipts	-	-	-	-
Fund balance (deficits):				
Nonspendable	-	-	-	-
Restricted for:				
Donor's intentions	1,700	658	717	1,295
Committed for:				
Specific use	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance (deficits)	\$ 1,700	658	717	1,295
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,700	658	717	1,295

Permanent Funds				
Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Lavietes Memorial	Total Permanent Funds	Total Nonmajor Governmental Funds
1,037	33,950	477	39,834	6,181,618
-	-	-	-	2,743,015
-	-	-	-	848,760
-	-	-	-	6,968,256
-	-	-	-	49,624
<u>1,037</u>	<u>33,950</u>	<u>477</u>	<u>39,834</u>	<u>16,791,273</u>
-	-	-	-	2,691,692
-	-	-	-	3,754,651
-	-	-	-	5,718,848
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,165,191</u>
-	-	-	-	1,939
-	-	-	-	49,624
1,037	33,950	477	39,834	3,508,967
-	-	-	-	25,474
-	-	-	-	1,238,381
-	-	-	-	(198,303)
<u>1,037</u>	<u>33,950</u>	<u>477</u>	<u>39,834</u>	<u>4,624,143</u>
<u>1,037</u>	<u>33,950</u>	<u>477</u>	<u>39,834</u>	<u>16,791,273</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, 2022

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
Revenues:			
Intergovernmental	\$ 505,276	-	-
Charges for services	-	13,333	52,620
Investment income	-	-	20
Other	-	-	-
Total revenues	\$ 505,276	13,333	52,640
Expenditures:			
Public safety	\$ -	-	-
Public works	407,265	-	106,733
Culture and recreation	-	-	-
Education	-	-	-
Other	-	-	-
Total expenditures	\$ 407,265	-	106,733
Revenue over (under) expenditures	\$ 98,011	13,333	(54,093)
Other financing sources:			
Transfer in from other funds	\$ -	-	-
Transfer out from other funds	-	-	-
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ 98,011	13,333	(54,093)
Fund balances (deficits) - beginning	258,133	(37,352)	136,793
Fund balances (deficits) - ended	\$ 356,144	(24,019)	82,700

Special Revenue

<u>Valley Street Crime B</u>	<u>Emergency Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>	<u>Gristmill Lane Maintenance</u>	<u>Asset Seizure Account</u>
-	-	3,440	-	-	-
-	-	-	-	-	-
8	-	6	-	1	-
-	-	-	-	-	-
<u>8</u>	<u>-</u>	<u>3,446</u>	<u>-</u>	<u>1</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8</u>	<u>-</u>	<u>3,446</u>	<u>-</u>	<u>1</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8</u>	<u>-</u>	<u>3,446</u>	<u>-</u>	<u>1</u>	<u>-</u>
<u>44,937</u>	<u>4,421</u>	<u>37,935</u>	<u>511</u>	<u>1,869</u>	<u>63,428</u>
<u>44,945</u>	<u>4,421</u>	<u>41,381</u>	<u>511</u>	<u>1,870</u>	<u>63,428</u>

(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, 2022

	Special Revenue		
	Pine Rock	Pine Rock Improvement	Adult Education
Revenues:			
Intergovernmental	\$ -	-	957,712
Charges for services	-	-	-
Investment income	-	1	-
Other	-	-	-
Total revenues	\$ -	1	957,712
Expenditures:			
Public safety	\$ -	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Education	-	-	914,445
Other	-	-	-
Total expenditures	\$ -	-	914,445
Revenue over (under) expenditures	\$ -	1	43,267
Other financing sources:			
Transfer in from other funds	\$ -	-	-
Transfer out from other funds	-	-	-
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ -	1	43,267
Fund balances (deficits) - beginning	292,257	6,448	21,872
Fund balances (deficits) - ended	\$ 292,257	6,449	65,139

Special Revenue

Small Cities Grant	Trails Committee	Sewer Assessment	One Time Use Grant	CRRA Consent Order	COVID Grant
26,090	-	-	10,000	-	2,578,258
-	-	-	-	-	-
11	1	14	3	26	-
-	-	-	-	-	-
26,101	1	14	10,003	26	2,578,258
-	-	-	18,706	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	139	-	2,578,258
-	-	-	18,845	-	2,578,258
26,101	1	14	(8,842)	26	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,101	1	14	(8,842)	26	-
31,373	5,295	63,537	20,309	139,328	-
57,474	5,296	63,551	11,467	139,354	-

(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, 2022

	Special Revenue			
	DUI Grant	Senior Center	Homeland Security Grant	Recreation Path Grants
Revenues:				
Intergovernmental	\$ -	-	-	-
Charges for services	-	-	-	-
Investment income	1	-	-	-
Other	-	2,330	-	-
Total revenues	\$ 1	2,330	-	-
Expenditures:				
Public safety	\$ -	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Other	10,000	-	-	-
Total expenditures	\$ 10,000	-	-	-
Revenue over (under) expenditures	\$ (9,999)	2,330	-	-
Other financing sources:				
Transfer in from other funds	\$ -	-	-	-
Transfer out from other funds	-	-	-	-
Total other financing sources	\$ -	-	-	-
Changes in fund balances (deficits)	\$ (9,999)	2,330	-	-
Fund balances (deficits) - beginning	14,217	75,285	(26,236)	964
Fund balances (deficits) - ended	\$ 4,218	77,615	(26,236)	964

Special Revenue

COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants	Plumb Library
-	-	-	2,371,893	5,205,255	
-	-	-	60,039		
15		2			55,221 8,350
15	-	2	2,431,932	5,205,255	63,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	25,502
-	-	-	1,832,713	5,036,833	-
-	-	-	-	-	1,567,266
-	-	-	1,832,713	5,036,833	1,592,768
15	-	2	599,219	168,422	(1,529,197)
			-	-	-
			-	-	-
15	-	2	599,219	168,422	(1,529,197)
79,234	2,056	1,695	(620,707)	96,558	4,392,117
79,249	2,056	1,697	(21,488)	264,980	2,862,920

(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, 2022

	Special Revenue		
	Tech Repair	Summer School	School Rental
Revenues:			
Intergovernmental	\$ -	-	-
Charges for services	1,310	21,860	9,686
Investment income	-	-	-
Other	-	-	-
Total revenues	\$ 1,310	21,860	9,686
Expenditures:			
Public safety	\$ -	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Education	32,598	65,365	-
	-	-	-
Total expenditures	\$ 32,598	65,365	-
Revenue over (under) expenditures	\$ (31,288)	(43,505)	9,686
Other financing sources:			
Transfer in from other funds	\$ 63,826	-	30,683
Transfer out from other funds	-	-	-
Total other financing sources	\$ 63,826	-	30,683
Changes in fund balances (deficits)	\$ 32,538	(43,505)	40,369
Fund balances (deficits) - beginning	-	(48,136)	(203,724)
Fund balances (deficits) - ended	\$ 32,538	(91,641)	(163,355)

Special Revenue

Comp Voice Stress Analyzer	Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Total Special Revenue Funds
-	-	13,236	-	-	-	11,671,160
-	302,295	12,192	201,315	-	-	674,650
2	-	3	182	1	-	55,518
-	-	565	-	-	-	11,245
2	302,295	25,996	201,497	1	-	12,412,573
-	-	-	-	-	-	18,706
-	-	-	-	-	-	513,998
-	-	-	-	-	-	25,502
-	240,632	9,822	-	-	-	8,132,408
-	-	623	175,356	-	-	4,331,642
-	240,632	10,445	175,356	-	-	13,022,256
2	61,663	15,551	26,141	1	-	(609,683)
-	-	-	-	-	-	94,509
-	(94,509)	-	-	-	-	(94,509)
-	(94,509)	-	-	-	-	-
2	(32,846)	15,551	26,141	1	-	(609,683)
1,086	57,491	55,975	225,080	828	(885)	5,193,992
1,088	24,645	71,526	251,221	829	(885)	4,584,309

(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, 2022

	Permanent Funds			
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial	Lucy Beard
Revenues:				
Intergovernmental	\$ -	-	-	-
Charges for services	-	-	-	-
Investment income	2	1	1	2
Other	-	-	-	-
Total revenues	\$ 2	1	1	2
Expenditures:				
Public safety	\$ -	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Education	50	50	50	50
Other	-	-	-	-
Total expenditures	\$ 50	50	50	50
Revenue over (under) expenditures	\$ (48)	(49)	(49)	(48)
Other financing sources:				
Transfer in from other funds	\$ -	-	-	-
Transfer out from other funds	-	-	-	-
Total other financing sources	\$ -	-	-	-
Changes in fund balances (deficits)	\$ (48)	(49)	(49)	(48)
Fund balances (deficits) - beginning	1,748	707	766	1,343
Fund balances (deficits) - ended	\$ 1,700	658	717	1,295

Permanent Funds				
Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Lavietes Memorial	Total Permanent Funds	Totals
-	-	-	-	11,671,160
-	-	-	-	674,650
1	36	-	43	55,561
-	-	-	-	11,245
1	36	-	43	12,412,616
-	-	-	-	18,706
-	-	-	-	513,998
-	1,000	-	1,000	26,502
-	-	50	250	8,132,658
-	-	-	-	4,331,642
-	1,000	50	1,250	13,023,506
1	(964)	(50)	(1,207)	(610,890)
-	-	-	-	94,509
-	-	-	-	(94,509)
-	-	-	-	-
1	(964)	(50)	(1,207)	(610,890)
1,036	34,914	527	41,041	5,235,033
1,037	33,950	477	39,834	4,624,143

W.P.C.A.

COMBINING STATEMENT OF NET FUND POSITION

30-Jun-22

	<u>Operating</u>	<u>Capital Reserve</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 999,905	1,929,626	2,929,531
Receivables, net of allowance	53,656		53,656
Due from other funds	3,749,263		3,749,263
Total current assets	<u>\$ 4,802,824</u>	<u>1,929,626</u>	<u>6,732,450</u>
Noncurrent assets:			
Capital assets, not being depreciated	\$ 462,669		462,669
Capital assets, net of accumulated depreciation	36,050,208		36,050,208
Total noncurrent assets	<u>\$ 36,512,877</u>	<u>-</u>	<u>36,512,877</u>
Total assets	<u>\$ 41,315,701</u>	<u>1,929,626</u>	<u>43,245,327</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 4,541,823		4,541,823
Payments in advance	71,687		71,687
Notes payable - current	1,029,048		1,029,048
Total current liabilities	<u>\$ 5,642,558</u>	<u>-</u>	<u>5,642,558</u>
Noncurrent liabilities:			
Notes payable, less current portion	\$ 5,539,446		5,539,446
Total noncurrent liabilities	<u>\$ 5,539,446</u>	<u>-</u>	<u>5,539,446</u>
Total liabilities	<u>\$ 11,182,004</u>	<u>-</u>	<u>11,182,004</u>
Net position:			
Invested in capital assets, net of related debt	\$ 29,944,383		29,944,383
Unrestricted	189,314	1,929,626	2,118,940
Total net position	<u>\$ 30,133,697</u>	<u>1,929,626</u>	<u>32,063,323</u>

W.P.C.A.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION
For the Year Ended June 30, 2022

	<u>Operating</u>	<u>Capital Reserve</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 2,944,764		2,944,764
Other revenues	26,616		26,616
Total operating revenues	<u>\$ 2,971,380</u>	<u>-</u>	<u>2,971,380</u>
Operating expenses:			
Salaries and benefits	\$ 1,108,053		1,108,053
Materials and supplies	95,480		95,480
Utilities	404,898		404,898
Depreciation	2,269,025		2,269,025
Administration and operation	1,050,967	36,876	1,087,843
Total operating expenses	<u>\$ 4,928,423</u>	<u>36,876</u>	<u>4,965,299</u>
Operating income	<u>\$ (1,957,043)</u>	<u>(36,876)</u>	<u>(1,993,919)</u>
Nonoperating revenues (expense):			
Interest expense	\$ (142,331)		(142,331)
Total nonoperating revenues (expense)	<u>\$ (142,331)</u>	<u>-</u>	<u>(142,331)</u>
Transfers to (from) other funds:			
Transfers from general fund - debt	\$ 1,151,019		1,151,019
Transfers to capital reserve	(445,203)	445,203	-
Total transfers to (from) other funds	<u>\$ 705,816</u>	<u>445,203</u>	<u>1,151,019</u>
Changes in fund net position	<u>\$ (1,393,558)</u>	<u>408,327</u>	<u>(985,231)</u>
Fund net position - beginning	<u>31,527,255</u>	<u>1,521,299</u>	<u>33,048,554</u>
Fund net position - ending	<u>\$ 30,133,697</u>	<u>1,929,626</u>	<u>32,063,323</u>

W.P.C.A REVENUES, EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 2,854,180	2,854,180	2,944,764	90,584
Miscellaneous	1,010	1,010	26,616	25,606
Investments	5	5	-	(5)
Total operating revenues	\$ 2,855,195	2,855,195	2,971,380	116,185
Operating expenses:				
Salaries and benefits	\$ 1,240,647	1,240,647	1,108,053	(132,594)
Supplies and chemicals	134,280	134,280	95,480	(38,800)
Utilities	417,000	417,000	404,898	(12,102)
Administration and operation	1,150,383	1,150,383	1,085,661	(64,722)
Total operating expenses	\$ 2,942,310	2,942,310	2,694,092	(248,218)
Total operating income, budgetary basis	\$ (87,115)	(87,115)	277,288	
			Beginning operating fund balance	262,030
			Surplus reserve	(410,509)
			Total operating income	\$ 128,809

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET FUND POSITION
June 30, 2022

	Workers' Compensation Fund	Medical Insurance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 75,000		75,000
Investments		546,306	546,306
Other receivables	-		-
Due from other funds	<u>-</u>	<u>277,755</u>	<u>277,755</u>
Total assets	\$ 75,000	824,061	899,061
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 7,913	-	7,913
Due to other funds	<u>2,491,316</u>	<u>-</u>	<u>2,491,316</u>
Total current liabilities	\$ 2,499,229	-	2,499,229
Noncurrent liabilities:			
Claims incurred but not reported	<u>1,977,177</u>	<u>1,508,001</u>	<u>3,485,178</u>
Total liabilities	\$ 4,476,406	1,508,001	5,984,407
Net position:			
Unrestricted	<u>(4,401,406)</u>	<u>(683,940)</u>	<u>(5,085,346)</u>
Total net position	\$ (4,401,406)	(683,940)	(5,085,346)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION
For the Year Ended June 30, 2022

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 1,349,995	12,946,414	14,296,409
Employee contribution		1,288,406	1,288,406
Total operating revenues	<u>\$ 1,349,995</u>	<u>14,234,820</u>	<u>15,584,815</u>
Operating expenses:			
Administrative	\$ 73,559	140,365	213,924
Salaries, benefits, and claims	1,432,268	14,094,455	15,526,723
Total operating expenses	<u>\$ 1,505,827</u>	<u>14,234,820</u>	<u>15,740,647</u>
Operating income (loss)	<u>\$ (155,832)</u>	<u>-</u>	<u>(155,832)</u>
Nonoperating revenues (expenses):			
Net loss on investments	\$ -	(73,559)	(73,559)
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>(73,559)</u>	<u>(73,559)</u>
Changes in fund net position	<u>\$ (155,832)</u>	<u>(73,559)</u>	<u>(229,391)</u>
Fund net position, beginning	<u>(4,245,574)</u>	<u>(610,381)</u>	<u>(4,855,955)</u>
Fund net position, ended	<u>\$ (4,401,406)</u>	<u>(683,940)</u>	<u>(5,085,346)</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
June 30, 2022

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,349,995	14,234,820	15,584,815
Payments for benefits	(1,349,995)	(14,234,820)	(15,584,815)
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Cash flows from noncapital and related financing activities:			
Transfers in and payments made through governmental activities	\$ -	-	-
Net cash provided by (used in) noncapital and related financing activities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received on investments	\$ -	(73,559)	(73,559)
Net cash provided by (used in) investing activities	<u>\$ -</u>	<u>(73,559)</u>	<u>(73,559)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ -</u>	<u>(73,559)</u>	<u>(73,559)</u>
Cash and cash equivalents, beginning	<u>75,000</u>	<u>619,865</u>	<u>694,865</u>
Cash and cash equivalents, ended	<u><u>\$ 75,000</u></u>	<u><u>546,306</u></u>	<u><u>621,306</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ (155,832)	-	(155,832)
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	155,832	-	155,832
Net increase (decrease) in cash and cash equivalents	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
 COMBINING STATEMENT OF NET POSITION
 June 30, 2022

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Assets:				
Cash and cash equivalents	\$ 11,329	439	2,182	1,054
Total assets	<u>\$ 11,329</u>	<u>439</u>	<u>2,182</u>	<u>1,054</u>
Net position:				
Held in deposit for employees	\$ 11,329			
Held in deposit for contractors				
Held in deposit for organizations		439	2,182	1,054
Held in deposit for students				
Total net position	<u>\$ 11,329</u>	<u>439</u>	<u>2,182</u>	<u>1,054</u>

Municipal Parking Lot Improvements	Shelton Park Commission	Gazebo Fund	Project D.A.R.E.	Youth Service Bureau	Constitution Park Donations	Local Schools	Student Activity	Special Response Team
1,415	3,053	63,268	54	812	5,884	2,157	410,027	2,769
1,415	3,053	63,268	54	812	5,884	2,157	410,027	2,769
1,415	3,053	63,268	54	812	5,884	2,157	410,027	2,769
1,415	3,053	63,268	54	812	5,884	2,157	410,027	2,769

(Continued)

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
 COMBINING STATEMENT OF NET POSITION
 June 30, 2022

	O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Argraves AHO
Assets:					
Cash and cash equivalents	\$ 4,606	51,132	66	91,289	6,509
Total assets	<u>\$ 4,606</u>	<u>51,132</u>	<u>66</u>	<u>91,289</u>	<u>6,509</u>
Net position:					
Held in deposit for employees					\$
Held in deposit for contractors					
Held in deposit for organizations	4,606	51,132	66	91,289	
Held in deposit for students					<u>6,509</u>
Total net position	<u>\$ 4,606</u>	<u>51,132</u>	<u>66</u>	<u>91,289</u>	<u>6,509</u>

Security	Lane Street	SWEROC	Sewer Escrows	Reservoir Associates	Union Highway Pension Escrow	Turro Sewer Assessment	P and Z Developer Bonds	Total
4,109	23,296	2,093	1,596	83,726	9,500	7,250	483,453	1,273,068
4,109	23,296	2,093	1,596	83,726	9,500	7,250	483,453	1,273,068
4,109	23,296	2,093	1,596	83,726	9,500	7,250	483,453	11,329 616,438 226,608 418,693
4,109	23,296	2,093	1,596	83,726	9,500	7,250	483,453	1,273,068

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 For the Year Ended June 30, 2022

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range	Municipal Parking Lot Improvements
Additions:					
Contributions	\$ 177	-		-	-
Other	-	-	25	-	-
Total contributions	<u>\$ 177</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>
Investment earnings:					
Net (decrease) in fair value	\$ -	-	-	-	-
Interest and dividends	-	1	2	1	2
Less: investment expense	-	-	-	-	-
Total investment earnings	<u>\$ -</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
Deductions:					
Other	\$ -	-	-	-	-
Total deductions	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 177</u>	<u>1</u>	<u>27</u>	<u>1</u>	<u>2</u>
Net position - beginning	<u>11,152</u>	<u>438</u>	<u>2,155</u>	<u>1,053</u>	<u>1,413</u>
Net position - ended	<u>\$ 11,329</u>	<u>439</u>	<u>2,182</u>	<u>1,054</u>	<u>1,415</u>

<u>Shelton Park Commission</u>	<u>Gazebo Fund</u>	<u>Project D.A.R.E.</u>	<u>Youth Services Bureau Donation</u>	<u>Constitution Park Donations</u>	<u>Local Schools</u>	<u>Student Activity</u>	<u>Special Response Team</u>
-	-	-	-	-	-	-	-
-	6,950	-	-	-	-	759,528	-
-	6,950	-	-	-	-	759,528	-
-	-	-	-	-	-	-	-
3	61	-	1	6	2	-	4
-	-	-	-	-	-	-	-
3	61	-	1	6	2	-	4
-	10,800	-	-	-	-	759,528	-
-	10,800	-	-	-	-	759,528	-
3	(3,789)	-	1	6	2	-	4
3,050	67,057	54	811	5,878	2,155	410,027	2,765
3,053	63,268	54	812	5,884	2,157	410,027	2,769

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 For the Year Ended June 30, 2022

	O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Argraves AHO
Additions:					
Contributions	-	-	-	18,296	-
Other	55	20,000	-	-	-
Total contributions	<u>55</u>	<u>20,000</u>	<u>-</u>	<u>18,296</u>	<u>-</u>
Investment earnings:					
Net (decrease) in fair value	-	-	-	-	-
Interest and dividends	4	39	-	87	7
Less: investment expense	-	-	-	-	-
Total investment earnings	<u>4</u>	<u>39</u>	<u>-</u>	<u>87</u>	<u>7</u>
Deductions:					
Other	-	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	59	20,039	-	18,383	7
Net position - beginning	<u>4,547</u>	<u>31,093</u>	<u>66</u>	<u>72,906</u>	<u>6,502</u>
Net position - ending	<u><u>4,606</u></u>	<u><u>51,132</u></u>	<u><u>66</u></u>	<u><u>91,289</u></u>	<u><u>6,509</u></u>

Security	Lane Street	SWEROC	Sewer Escrows	Reservoir Associates	Union Highway Pension Escrow	Turro Sewer Assessment	P and Z Developer Bonds	Total
-	-	-	-	-	-	-	-	18,473
-	-	-	-	-	-	-	55,000	841,558
-	-	-	-	-	-	-	55,000	860,031
-	-	-	-	-	-	-	-	-
3	24	2	2	86	10	8	3,088	3,443
-	-	-	-	-	-	-	-	-
3	24	2	2	86	10	8	3,088	3,443
15,000	-	-	-	-	-	-	20,000	805,328
15,000	-	-	-	-	-	-	20,000	805,328
(14,997)	24	2	2	86	10	8	38,088	58,146
19,106	23,272	2,091	1,594	83,640	9,490	7,242	445,365	1,214,922
4,109	23,296	2,093	1,596	83,726	9,500	7,250	483,453	1,273,068

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
 For the Year Ended June 30, 2022

Grand List Year	Uncollected Balance & New Levy July 1, 2021	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2005	\$ -				-
2006	5,628			(5,628)	-
2007	5,995				5,995
2008	7,379		(348)		7,031
2009	15,447		(348)		15,099
2010	21,341		(348)		20,993
2011	19,718		(356)		19,362
2012	36,479		(354)		36,125
2013	57,201		(353)	(850)	55,998
2014	68,966		(355)	(850)	67,761
2015	121,331		(355)	(1,557)	119,419
2016	162,791	35	(328)	(7,692)	154,806
2017	270,548	768	(416)	(24,348)	246,552
2018	500,742	1,030	(3,903)	(25,717)	472,152
2019	1,040,905	26,132	(21,941)	(8,288)	1,036,808
Total	\$ 2,334,471	27,965	(29,405)	(74,930)	2,258,101
2020	103,909,350	281,272	(235,069)	(2,246)	103,953,307
Total	\$ 106,243,821	309,237	(264,474)	(77,176)	106,211,408

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Balance June 30, 2022
-	-	-	-	-
			-	-
			-	5,995
	89		89	7,031
	-		-	15,099
4,632	12,836	24	17,492	16,361
4,464	7,165	24	11,653	14,898
10,416	13,139	48	23,603	25,709
10,772	12,854	116	23,742	45,226
4,584	10,224	72	14,880	63,177
32,999	20,167	174	53,340	86,420
21,595	20,000	252	41,847	133,211
81,700	41,837	782	124,319	164,852
190,044	70,532	1,436	262,012	282,108
590,443	114,387	3,946	708,776	446,365
951,649	323,230	6,874	1,281,753	1,306,452
102,887,525	259,481	2,752	103,149,758	1,065,782
103,839,174	582,711	9,626	104,431,511	2,372,234

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2022

	<u>General Purpose</u>
Debt limitation:	
2 1/4 times base	\$ 223,483,434
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	\$ 223,483,434
Indebtedness:	
Bonds payable	\$ 16,787,536
Bonds authorized and unissued	<u>4,484,846</u>
	<hr/>
Total indebtedness	\$ 21,272,382
Less: School construction grants receivable	<u>-</u>
	<hr/>
Total indebtedness of the City	\$ 21,272,382
	<hr/>
Debt limitation in excess of outstanding and authorized debt	\$ <u>202,211,052</u>

Total tax collections (including interest and lien fees) for the year ended June 30, 2021	\$ 104,431,511
Reimbursement for revenue loss on: Elderly Tax Relief - Freeze	<u>-</u>
Base	\$ <u>104,431,511</u>

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
469,941,800	391,618,166	339,402,411	313,294,533	<u>731,020,577</u>
<u>469,941,800</u>	<u>391,618,166</u>	<u>339,402,411</u>	<u>313,294,533</u>	<u>731,020,577</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>468,549,105</u>	<u>387,358,995</u>	<u>339,402,411</u>	<u>313,294,533</u>	<u>704,096,329</u>