

**CITY OF SHELTON, CONNECTICUT**

**ANNUAL FINANCIAL REPORT**

June 30, 2019

**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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Shelton, Connecticut's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut as of June 30, 2019, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3a through 3g and the required supplemental information on pages 47-49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shelton, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules described in the above paragraph are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31 2020, on our consideration of the City of Shelton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 City of Shelton, Connecticut's internal control over financial reporting and compliance.

**CLERMONT & ASSOCIATES, LLC**  
Prospect, Connecticut



January 31, 2020

**CITY OF SHELTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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, 2019. Please read this MD&A in conjunction with the City's financial statements.

**Financial Highlights**

- Net position of our governmental activities decreased by \$20.7 million;
- Net position of our business-type activities increased by \$132 thousand;
- The General Fund reported a fund balance this year of \$84 thousand; \$6.6 million less than the General Fund balance reported in the prior year;
- The surplus resources available for appropriation in the General Fund were depleted.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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



## **Government-Wide Financial Analysis**

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities and business-type activities. The City's net position for governmental activities decreased \$20.7 million from \$180.7 million in 2018 to \$160.0 million in 2019. The majority of this decrease can be attributed unfunded large capital programs and deficits in the State of Connecticut pension that the City participates.

The City's net position for the business-type activities decreased \$131 thousand for the fiscal year ending June 30, 2019. The net position was \$32.0 million at June 30, 2018 and 2019.

**TABLE 1 NET POSITION:**

		<b>Governmental Activities</b>	
		<b>2019</b>	<b>2018</b>
Current and other assets	\$	7,730,895	6,455,159
Net pension asset		-	2,672,834
Capital assets		217,778,816	218,058,281
Deferred outflows		707,883	2,656,349
Total assets & deferred outflows	\$	226,217,594	229,842,623
Current and other liabilities	\$	7,225,449	6,213,162
Deferred inflows		10,835,013	1,899,311
Long-term liabilities		48,173,932	41,005,993
Total liabilities & deferred inflows	\$	66,234,394	49,118,466
Net position:			
Investment in capital assets	\$	179,707,025	184,635,224
Restricted		41,500	44,462
Unrestricted		(19,765,325)	(3,955,529)
Total net position	\$	159,983,200	180,724,157
		<b>Business-type Activities</b>	
		<b>2019</b>	<b>2018</b>
Current and other assets	\$	10,817,375	9,057,449
Capital assets		41,401,459	42,373,973
Total Assets	\$	52,218,834	51,431,422
Current and other liabilities	\$	10,560,491	9,904,874
Long-term liabilities		9,535,084	9,535,084
Total liabilities	\$	20,095,575	19,439,958
Net position:			
Investment in capital assets, net of related debt	\$	31,866,375	31,888,894
Unrestricted		256,884	102,570
Total net position	\$	32,123,259	31,991,464

**TABLE 2 CHANGE IN NET ASSETS**

		<b>Governmental Activities</b>	
		<b>2019</b>	<b>2018</b>
Revenues:			
Program revenues:			
Charges for services	\$	6,880,617	6,361,074
Operating grants and contributions		34,414,149	25,145,022
Capital grants and contributions		710,529	1,787,702
General revenues:			
Property taxes		104,019,721	104,162,583
Grants and contributions not restricted to specific purposes		953,275	1,458,456
Unrestricted investment earnings		244,993	95,508
Other general revenues (and transfers)		(775,006)	(1,229,363)
Total revenues	\$	146,448,278	137,780,982
Program expenses:			
General government	\$	15,829,933	14,445,734
Public safety		29,881,933	8,271,888
Public works		10,937,560	8,919,508
Health and welfare		328,006	296,327
Culture and recreation		5,049,368	3,600,736
Education		104,605,977	97,493,867
Interest and fiscal charges		556,458	258,831
Total program expenses	\$	167,189,235	133,286,891
(Decrease) increase in net position	\$	(20,740,957)	4,494,091
		<b>Business-type Activities</b>	
		<b>2019</b>	<b>2018</b>
Revenues:			
Operating revenues:			
Charges for services	\$	3,042,324	2,987,915
Non-operating revenues:			
Capital contributions		435,092	184,596
Other general revenues (and transfers)		1,151,019	1,151,019
Total revenues	\$	4,628,435	4,323,530
Operating expenses:			
Salaries and benefits	\$	946,141	907,499
Materials and Supplies		110,192	104,457
Utilities		394,601	348,584
Depreciation		1,831,703	1,829,580
Administration		1,012,979	953,986
Interest and fiscal charges		201,024	219,820
Total expenses	\$	4,496,640	4,363,926
(Decrease) increase in net position	\$	131,795	40,396

## **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 (\$2,936) thousand, which is a \$3.4 million decrease from the previous year. Included in this year's total change in fund balance is a decrease of \$6.5 million in the City's General Fund. This is mainly due to capital outlay, which a portion will be funded by state grants and bonding in the subsequent year in the capital projects and a budgeted reduction in General Fund balance.

The General Fund provided savings through the management of payroll and expenses. This savings in expenditures were netted against less than anticipated tax revenue, grants and investments to produce a \$3.8 million operating deficit on a budgetary basis. \$4.6 million of prior year surplus was appropriated by the Board of Alderman to reduce taxes in the subsequent year's budget and an additional \$900 thousand was appropriated to enhance the City's capital assets.

### **Proprietary Funds**

The City reports the Water Pollution Control Authority as a proprietary fund (Exhibit G, H, and I). Under this presentation, the gain was \$131 thousand as the W.P.C.A builds capital for future capital projects.

The Internal Service Fund recorded a positive change in net fund position. Operating revenues were better than operating expenses by \$376 thousand. Management is aware of the accumulated net deficits in the workers' compensation and medical self-insurance funds and has a long-term financing plan to fund this through growing employer contributions, reducing the worker's compensation expenses and reorganizing the funding structure. This is the seventh consecutive year of positive changes in fund balance.

### **General Fund Budgetary Highlights**

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

- Taxes were less than expected because of the estimated balance of recovery do to a property tax audit was less than expected.
- Grants were less than expected because the City recognized the excess cost grant net of the education appropriations.
- Other revenues were less than expected because of an estimated discount on bond issuance.
- The general government, public safety and public works expenditures came in below the budget by \$276 thousand, \$2.2 million and \$686 thousand respectively due to cost saving initiatives.

## **Capital Assets**

At June 30, 2019, the City's governmental activities had \$218 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, \$41 million in capital assets, which mainly includes sewers and the newly constructed facility. The total City's amount represents a net increase (including additions and deductions) of \$300 thousand, net of depreciation expenses. The construction in progress includes a school construction program and a bridge program.

**TABLE 3 CAPITAL ASSETS (Net of Depreciation)**

		<b>Governmental Activities</b>	
		<b>2019</b>	<b>2018</b>
Land	\$	36,303,521	35,524,521
Buildings and improvements		115,875,676	116,521,963
Furniture, fixtures and equipment		11,083,221	11,676,025
Infrastructure		42,205,632	44,031,282
Construction in progress		12,310,766	10,304,490
Totals	\$	217,778,816	218,058,281

  

		<b>Business-type Activities</b>	
		<b>2019</b>	<b>2018</b>
Buildings and improvements	\$	15,618,483	16,623,388
Machinery and equipment		24,344	39,505
Infrastructure		22,425,304	23,133,777
Construction in progress		3,333,328	2,577,303
Totals	\$	41,401,459	42,373,973

## TABLE 4 OUTSTANDING DEBT

### Long-Term Liabilities

At June 30, 2019 the City had \$57.7 million in long term liabilities versus \$51.4 million last year, a decrease of 12% - as shown in Table 4.

	<b>2019</b>	<b>2018</b>
\$	<u>57,709,016</u>	<u>51,491,072</u>

General obligation bonds have decreased \$3.1 million as the City uses the General Fund surplus to fund major capital projects in an effort to reduce the outstanding debt. The increase in long-term liabilities was caused by an increase in the State of Connecticut's increase in 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 \$9.5 in notes payable, which was 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 2019 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 2019-20.

### **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, 2019

	Governmental Activities	Business-type Activities	Total*
<b>Assets:</b>			
Cash and cash equivalents	\$ 14,578,922		14,578,922
Investments	382,687		382,687
Receivables, net	3,441,761	58,451	3,500,212
Prepaid assets	6,000		6,000
Inventory	80,449		80,449
Internal balances	(10,758,924)	10,758,924	-
Capital assets:			
Capital assets, not being depreciated	48,614,287	3,333,328	51,947,615
Capital assets, being depreciated, net	169,164,529	38,068,131	207,232,660
<b>Total assets</b>	<b>\$ 225,509,711</b>	<b>52,218,834</b>	<b>277,728,545</b>
<b>Deferred outflows on resources</b>			
Deferred pension expense	\$ 707,883		707,883
	<u>707,883</u>	<u>-</u>	<u>707,883</u>
<b>Liabilities:</b>			
Accounts payable and other current liabilities	\$ 3,871,309	9,746,921	13,618,230
Accrued interest	433,063		433,063
Claims incurred, but not reported	1,933,378		1,933,378
Unearned revenue	987,699	813,570	1,801,269
Noncurrent liabilities:			
Due within one year	9,048,000	969,170	10,017,170
Due in more than one year	39,125,932	8,565,914	47,691,846
<b>Total liabilities</b>	<b>\$ 55,399,381</b>	<b>20,095,575</b>	<b>75,494,956</b>
<b>Deferred Inflows on Resources</b>			
Resources from pension	\$ 5,243,894		5,243,894
Advance tax collections	5,591,119		5,591,119
<b>Total deferred inflow on resources</b>	<b>\$ 10,835,013</b>	<b>-</b>	<b>10,835,013</b>
<b>Net Position:</b>			
Invested in capital assets, net of related debt	\$ 179,707,025	31,866,375	211,573,400
Restricted for:			
Donor's Intentions	41,500		41,500
Unrestricted	(19,765,325)	256,884	(19,508,441)
<b>Total net position</b>	<b>\$ 159,983,200</b>	<b>32,123,259</b>	<b>192,106,459</b>

\* After internal balances have been eliminated

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

CITY OF SHELTON, CONNECTICUT

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

Functions/programs	Expenses	Program Revenues
		Charges for Services
<b>Primary Government:</b>		
Governmental activities:		
General government	\$ 15,829,933	2,029,807
Public safety	29,881,933	1,631,957
Public works	10,937,560	952,483
Health and welfare	328,006	
Cultural and recreation	5,049,368	587,214
Education	104,605,977	1,679,156
Interest on long-term debt	556,458	
<b>Total governmental activities</b>	<b>\$ 167,189,235</b>	<b>6,880,617</b>
<b>Business-type activities:</b>		
Water Pollution Control Authority	\$ 4,295,616	3,042,324
Interest on long-term debt	201,024	
<b>Total business-type activities</b>	<b>\$ 4,496,640</b>	<b>3,042,324</b>
<b>Total primary government</b>	<b>\$ 171,685,875</b>	<b>9,922,941</b>

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

EXHIBIT B

Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
		(13,800,126)		(13,800,126)
12,020		(28,237,956)		(28,237,956)
508,860	710,529	(8,765,688)		(8,765,688)
11,985		(316,021)		(316,021)
953,275		(3,508,879)		(3,508,879)
32,928,009		(69,998,812)		(69,998,812)
		(556,458)		(556,458)
<u>34,414,149</u>	<u>710,529</u>	<u>(125,183,940)</u>	<u>-</u>	<u>(125,183,940)</u>
			(1,253,292)	(1,253,292)
			(201,024)	(201,024)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,454,316)</u>	<u>(1,454,316)</u>
<u>34,414,149</u>	<u>710,529</u>	<u>(125,183,940)</u>	<u>(1,454,316)</u>	<u>(126,638,256)</u>
<b>General revenues:</b>				
Property taxes		\$ 104,019,721		104,019,721
Grants and contributions not restricted for specific programs		953,275		953,275
Unrestricted investment earnings		244,993	-	244,993
Disposal of assets		(93,750)		
Other unrestricted income		469,763	435,092	904,855
Transfers		(1,151,019)	1,151,019	-
<b>Total general revenues and transfers</b>		<u>\$ 104,442,983</u>	<u>1,586,111</u>	<u>106,122,844</u>
<b>Change in net position</b>		<u>\$ (20,740,957)</u>	<u>131,795</u>	<u>(20,609,162)</u>
<b>Net position, beginning</b>		<u>180,724,157</u>	<u>31,991,464</u>	<u>212,715,621</u>
<b>Net position, ending</b>		<u>\$ 159,983,200</u>	<u>32,123,259</u>	<u>192,106,459</u>



**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 5,787,803	98,950	8,072,104	13,958,857
Investments	382,687			382,687
Receivables, net	2,983,822		457,939	3,441,761
Advanced to other funds				-
Due from other funds	25,111,001	7,584,439	1,721,511	34,416,951
Inventories	57,293		23,156	80,449
Prepaid expenses	6,000			6,000
<b>Total assets</b>	<u>\$ 34,328,606</u>	<u>7,683,389</u>	<u>10,274,710</u>	<u>52,286,705</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts and other payables	\$ 1,784,050	1,164,146	923,113	3,871,309
Unearned revenue		987,698		987,698
Due to other funds	24,397,694	9,681,187	8,220,491	42,299,372
<b>Total liabilities</b>	<u>\$ 26,181,744</u>	<u>11,833,031</u>	<u>9,143,604</u>	<u>47,158,379</u>
<b>Deferred inflows of resources:</b>				
Unavailable receipts	2,471,675		1,939	2,473,614
Payment in advance	5,591,119			5,591,119
<b>Total deferred inflows of resources</b>	<u>8,062,794</u>	<u>-</u>	<u>1,939</u>	<u>8,064,733</u>
<b>Fund balances:</b>				
Nonspendable	\$ 63,293			63,293
Restricted for:				
Donor's intentions			41,500	41,500
Committed for:				
Encumbrances	119,181			119,181
Assigned			1,600,975	1,600,975
Unassigned	(98,406)	(4,149,642)	(513,308)	(4,761,356)
<b>Total fund balances</b>	<u>\$ 84,068</u>	<u>(4,149,642)</u>	<u>1,129,167</u>	<u>(2,936,407)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 34,328,606</u>	<u>7,683,389</u>	<u>10,274,710</u>	

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

<b>Capital assets</b> used in the governmental activities are not financial resources and therefore, are not reported in the funds.	217,778,816
<b>Other long-term assets</b> are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	(2,062,398)
<b>Internal service funds</b> are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net position.	(4,189,816)
<b>Long-term liabilities</b> , including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(48,606,995)
Net position of governmental activities ( <b>Exhibit A</b> )	<u>\$ 159,983,200</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes and assessments	\$ 104,332,203			104,332,203
Intergovernmental	29,990,127	710,529	5,374,297	36,074,953
Charges for services	3,558,972		2,568,572	6,127,544
Investment income	231,017	45	13,931	244,993
Miscellaneous	1,348,757		15,401	1,364,158
<b>Total revenues</b>	<u>\$ 139,461,076</u>	<u>710,574</u>	<u>7,972,201</u>	<u>148,143,851</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 14,581,401			14,581,401
Public safety	7,501,213		5,966	7,507,179
Public works	6,044,957		1,141,297	7,186,254
Public health	293,138			293,138
Culture and recreation	4,515,447		4,658	4,520,105
Education	95,784,330		6,430,872	102,215,202
Other	3,874,082		159,192	4,033,274
Capital outlay	906,987	5,517,039		6,424,026
Debt service	8,584,609			8,584,609
<b>Total expenditures</b>	<u>\$ 142,086,164</u>	<u>5,517,039</u>	<u>7,741,985</u>	<u>155,345,188</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (2,625,088)</u>	<u>(4,806,465)</u>	<u>230,216</u>	<u>(7,201,337)</u>
<b>Other financing sources (uses)</b>				
Transfer from other funds	\$ 1,107,090		2,690,819	3,797,909
Transfer to other funds	(4,992,857)		(1,107,090)	(6,099,947)
Proceeds from sale of bonds		6,101,000		6,101,000
<b>Total other financing sources (uses)</b>	<u>\$ (3,885,767)</u>	<u>6,101,000</u>	<u>1,583,729</u>	<u>3,798,962</u>
<b>Net changes in fund balances</b>	<u>\$ (6,510,855)</u>	<u>1,294,535</u>	<u>1,813,945</u>	<u>(3,402,375)</u>
<b>Fund balances (deficits) - beginning</b>	<u>6,594,923</u>	<u>(5,444,177)</u>	<u>(684,778)</u>	<u>465,968</u>
<b>Fund balances (deficits) - ending</b>	<u>\$ 84,068</u>	<u>(4,149,642)</u>	<u>1,129,167</u>	<u>(2,936,407)</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds ( <b>Exhibit D</b> )	\$ (3,402,375)
Governmental funds report <b>capital outlays</b> 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.	(279,465)
<b>Noncurrent assets</b> previously recognized in the statement of activities that provided current financial resources in the current year.	(7,528,353)
The issuance of <b>long-term debt</b> (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.	(9,907,509)
The net expense of certain activities of <b>internal service funds</b> is reported with governmental activities.	<u>376,745</u>
Change in net position of governmental activities ( <b>Exhibit B</b> )	\$ <u><u>(20,740,957)</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 105,284,426	105,284,426	104,332,203	(952,223)
Intergovernmental	8,759,618	8,759,618	7,130,825	(1,628,793)
Charges for services	3,341,819	3,621,819	3,558,972	(62,847)
Investment income	250,000	250,000	231,017	(18,983)
Other revenues	1,853,295	1,853,295	1,348,757	(504,538)
<b>Total revenues</b>	<u>\$ 119,489,158</u>	<u>119,769,158</u>	<u>116,601,774</u>	<u>(3,167,384)</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 14,612,407	14,858,254	14,581,401	276,853
Public safety	9,629,040	9,661,148	7,501,213	2,159,935
Public works	6,731,149	6,731,149	6,044,957	686,192
Health and welfare	293,138	293,138	293,138	-
Cultural and recreation	5,048,592	5,050,531	4,515,447	535,084
Education	72,700,000	72,700,000	72,699,995	5
Other	4,231,386	4,231,386	3,874,082	357,304
Debt service:				
Principal retirements	9,010,000	9,010,000	9,010,000	-
Interest and other charges	725,523	725,629	725,628	1
Payment on behalf of W.P.C.A.	1,151,019	1,151,019	1,151,019	-
<b>Total expenditures</b>	<u>\$ 124,132,254</u>	<u>124,412,254</u>	<u>120,396,880</u>	<u>4,015,374</u>
<b>Revenues over (under) expenditures</b>	<u>\$ (4,643,096)</u>	<u>(4,643,096)</u>	<u>(3,795,106)</u>	<u>847,990</u>
<b>Other financing sources (uses):</b>				
Contributions from fund balance	\$ 4,643,096	4,643,096	3,840,811	802,285
<b>Total other financing sources (uses)</b>	<u>\$ 4,643,096</u>	<u>4,643,096</u>	<u>3,840,811</u>	<u>(802,285)</u>
<b>Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>-</u>	<u>45,705</u>	<u>45,705</u>
<b>Less:</b>				
Changes in nonexpendable			(54,268)	
2019 Encumbrances			118,374	
Appropriated capital expenditures (expended)			(906,987)	
Net Change in unassigned fund balance			(797,176)	
Unassigned fund balance, July 1, 2018			-	
Unassigned fund balance, June 30, 2019			<u>\$ (797,176)</u>	

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

**STATEMENT OF NET FUND POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water Pollution Control</b>	<b>Internal Service Funds</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	620,065
Investments	-	
Receivables, net of allowance	58,451	
Due from other funds	15,180,614	
<b>Total current assets</b>	<b>\$ 15,239,065</b>	<b>620,065</b>
Noncurrent assets:		
Capital assets, not being depreciated	\$ 3,333,328	
Capital assets, net of accumulated depreciation	38,068,131	
<b>Total noncurrent assets</b>	<b>\$ 41,401,459</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 56,640,524</b>	<b>620,065</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable & accrued liabilities	\$ 9,746,921	
Payments in advance	813,570	
Due to other funds	4,421,690	2,876,503
Notes payable - current	969,170	
<b>Total current liabilities</b>	<b>\$ 15,951,351</b>	<b>2,876,503</b>
Noncurrent liabilities:		
Incurred, but not reported claims	\$	1,933,378
Notes payable, less current portion	8,565,914	
<b>Total noncurrent liabilities</b>	<b>\$ 8,565,914</b>	<b>1,933,378</b>
<b>Total liabilities</b>	<b>\$ 24,517,265</b>	<b>4,809,881</b>
<b>Net Fund Position</b>		
Invested in capital assets, net of related debt	\$ 31,866,375	
Unrestricted	256,884	(4,189,816)
<b>Total net fund position</b>	<b>\$ 32,123,259</b>	<b>(4,189,816)</b>

*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, 2019**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water Pollution Control</b>	<b>Internal Service Funds</b>
<b>Operating revenues:</b>		
Charges for services and other revenues	\$ 3,042,324	13,479,708
Employer's contribution		2,240,500
Employees contribution		209,734
<b>Total operating revenues</b>	<b>\$ 3,042,324</b>	<b>15,929,942</b>
<b>Operating expenses:</b>		
Salaries and benefits	\$ 946,141	15,591,841
Material and supplies	110,192	
Utilities	394,601	
Depreciation	1,831,703	
Administration and operation	1,012,979	
<b>Total operating expenses</b>	<b>\$ 4,295,616</b>	<b>15,591,841</b>
<b>Operating income (loss)</b>	<b>\$ (1,253,292)</b>	<b>338,101</b>
<b>Nonoperating revenues (expenses):</b>		
Interest income	\$	38,644
Interest expense	(201,024)	
<b>Total nonoperating revenues (expenses)</b>	<b>\$ (201,024)</b>	<b>38,644</b>
<b>Capital contributions</b>	<b>\$ 435,092</b>	<b>-</b>
<b>Transfer from other funds</b>	<b>\$ 1,151,019</b>	<b>-</b>
	<b>\$ 1,151,019</b>	<b>-</b>
<b>Change in Net Fund Position</b>	<b>\$ 131,795</b>	<b>376,745</b>
<b>Net Fund Position (Deficit) beginning</b>	<b>31,991,464</b>	<b>(4,566,561)</b>
<b>Net Fund Position, (Deficit), ending</b>	<b>\$ 32,123,259</b>	<b>(4,189,816)</b>

*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, 2019**

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 3,014,564	15,929,942
Payments to suppliers	115,658	(15,929,942)
Payments to employees	(941,789)	
Internal activity-payments from (to) other funds	(1,764,336)	
<b>Net cash flows from operating activities</b>	<b>\$ 424,097</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of capital assets	\$ (424,097)	
Principal payments on capital debt	(949,995)	
Interest paid on capital debt	(201,024)	
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (1,575,116)</b>	<b>-</b>
<b>Cash Flows From Noncapital and Related Financing Activities</b>		
Transfer in and payments made through governmental activities	\$ 1,151,019	
<b>Net cash provided by (used in) noncapital and related financing activities</b>	<b>\$ 1,151,019</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	\$	
Interest received on investments		38,644
Investment expenses		
<b>Net cash provided by investing activities</b>	<b>\$ -</b>	<b>38,644</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ -</b>	<b>38,644</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>-</b>	<b>581,421</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ -</b>	<b>620,065</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>		
Operating Income (Loss)	\$ (1,253,292)	376,745
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,831,703	
Changes in assets and liabilities:		
Decrease (increase) in investments		
Decrease (increase) in receivable accounts	4,410	
Decrease (increase) in due from other funds	(2,908,312)	
Increase (decrease) in accounts payable	1,637,782	(71,670)
Increase (decrease) in payments in advance	(32,170)	
Increase (decrease) in due to other funds	1,143,976	
Increase (decrease) in claims incurred but not reported		(266,431)
<b>Net cash flows from operating activities</b>	<b>\$ 424,097</b>	<b>38,644</b>
<b>Noncash investing, capital, and financing activities</b>		
Contributions of capital assets from government activities	\$ 435,092	-

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

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2019**

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	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 730,570	628,652
Accounts receivable		
Investments, at fair value:		
Mutual funds	<u>3,117,800</u>	
<b>Total assets</b>	<u>\$ 3,848,370</u>	<u>628,652</u>
<b>Liabilities</b>		
Other liabilities	\$	
Held for deposit for others		<u>545,682</u>
<b>Total liabilities</b>	<u>\$ -</u>	<u>545,682</u>
<b>Net Position:</b>		
Held in trust for benefits and other purposes	<u>\$ 3,848,370</u>	<u>82,970</u>

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



**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2019**

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	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>	
<b>Contributions:</b>	
Contributions and donations	\$ 824,464
Other	23,719
<b>Total contributions</b>	<u>\$ 848,183</u>
<b>Investment earnings:</b>	
Net increase in fair value of investments	\$ 169,580
Interest and dividends	57,284
Less: Investment expenses	(18,557)
<b>Total investment earnings</b>	<u>\$ 208,307</u>
<b>Total additions</b>	<u>\$ 1,056,490</u>
<b>DEDUCTIONS</b>	
Other deductions	<u>\$ 945,976</u>
<b>Total deductions</b>	<u>\$ 945,976</u>
<b>Change in net position</b>	<u>\$ 110,514</u>
<b>NET POSITION, beginning</b>	<u>\$ 3,737,856</u>
<b>NET POSITION, ending</b>	<u><u>\$ 3,848,370</u></u>

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

## CITY OF SHELTON CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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#### 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, Continued June 30, 2019

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#### 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, Continued June 30, 2019

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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 fund** account for employee heart and hypertension and workers' compensation insurance provided to departments of the City.

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

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

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

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

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

#### Assets, liabilities and net assets or equity

##### **Cash and cash equivalents**

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

##### **Investments**

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

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### **Inventories**

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

#### **Receivables and payables**

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

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

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

#### **Capital assets**

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

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

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

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

<b><u>Asset</u></b>	<b><u>Years</u></b>
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, Continued** **June 30, 2019**

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#### **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 postemployment 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 expense 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 expense 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, Continued June 30, 2019

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#### 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*** represent 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, Continued June 30, 2019

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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 liability;
- 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, Continued June 30, 2019

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#### 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, Continued June 30, 2019

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:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
<b>Balance, budgetary basis</b>	\$ 116,601,774	120,396,880
<b>State Teachers' Retirement</b> "on-behalf" payment, not recognized for budgetary purposes	21,330,130	21,330,130
<b>Excess Cost Grant</b> is netted in the education line item for budgetary and recognized as revenue in the modified accrual financial statements	1,529,172	1,529,172
<b>Encumbrances</b> as of June 30, 2019		(119,181)
<b>special appropriations</b> capital expenditures		100,182
<b>Payment on-behalf of W.P.C.A</b> was made through the operating budget, but was recorded as a transfer for budgetary purposes, netted against capital grants		(1,151,019)
<b>Balance, GAAP basis</b>	\$ <u>139,461,076</u>	<u>142,086,164</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, Continued June 30, 2019

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#### Note 3 - Reconciliation of Government-wide and Fund Financial Statements

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

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

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

Land	\$	36,303,521
Construction in progress		12,310,766
Net capital assets being depreciated		<u>169,164,529</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>217,778,816</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	\$	(30,278,151)
Compensated absences		(7,360,577)
Savings on refunding		(10,533)
Accrued interest on debt		(422,530)
Net pension obligation		<u>(10,535,204)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(48,606,995)</u>

**Other long-term assets** 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	\$	1,904,194
Delinquent accounts receivable		486,583
Deferred outflows (inflows) of charges		(4,536,011)
Notes receivable – assessments		<u>82,836</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>(2,062,398)</u>

**CITY OF SHELTON, CONNECTICUT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2019**

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

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

Acquisitions	\$ 3,065,836
Disposals	(51,450)
Depreciation	<u>(6,079,127)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>(3,064,741)</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	\$ (6,101,000)
Payments of debt	9,010,000
Premium amortization	235,906
Savings on refunding	(110,590)
Net change in compensated absences	222,359
Net pension obligation	(13,208,038)
Accrued interest	<u>43,854</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>9,907,509</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>
<b>Cash and cash equivalents:</b>			
Governmental activities	\$ 14,578,922		14,578,922
Fiduciary funds	1,359,222		1,359,222
<b>Investments:</b>			
Governmental activities		382,687	382,687
Fiduciary funds		3,117,800	3,117,800
<b>Total deposits and investments</b>	<u>\$ 15,938,144</u>	<u>3,500,487</u>	<u>19,438,631</u>

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### Deposits

The carrying amounts of the City's deposits at June 30, 2019 consist of the following:

Bank deposit accounts	\$	15,039,896
Cash on hand		<u>600</u>
<b>Total deposits</b>	<b>\$</b>	<b><u>15,040,496</u></b>

#### **Custodial credit risk**

As of June 30, 2019, the carrying amount of the City's deposits had bank balances of approximately \$z. The amount of the bank balance covered under federal depository insurance was approximately \$1,250,000. 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, 2019 approximately \$1,500,000 of uninsured deposits were collateralized under the provision.

#### Investments

As of June 30, 2019, 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	\$ 382,687	.02	-
Mutual Funds*	Trust Funds	<u>3,117,800</u>	n/a	-
<b>Total Investments</b>		<b>\$ <u>3,500,487</u></b>		

\* Held in the Plumb Library trust fund

#### **Interest rate risk**

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

#### **Credit risk**

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

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### Investment policies

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

#### Note 5 - Receivables, Deferred Revenue and Payables

##### Receivables

The receivables as of June 30, 2019 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	\$ 2,180,365			2,180,365
Intergovernmental	494,021		456,000	950,021
Accounts	228,539			228,539
Assessments	80,897		1,939	82,836
<b>Net Total Receivables</b>	<b>\$ 2,983,822</b>	<b>-</b>	<b>457,939</b>	<b>3,441,761</b>

# CITY OF SHELTON, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

### Deferred payments and unavailable receipts

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>General fund:</b>			
Delinquent property taxes	\$ 1,904,194		1,904,194
Delinquent receivable	12,892		12,892
Intergovernmental	473,692		473,692
Advanced tax collections		5,591,119	5,591,119
Assessments	80,897		80,897
<b>Other governmental funds:</b>			
Intergovernmental		987,698	987,698
Assessments	1,939		1,939
<b>Total deferred revenue</b>	<b>\$ 2,473,614</b>	<b>6,578,817</b>	<b>9,052,431</b>

### Payables

Payables as of June 30, 2019 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	\$ 1,348,569	435,481		1,784,050
Capital projects fund	1,164,146			1,164,146
Non-major funds	235,656		687,457	923,113
<b>Total governmental funds</b>	<b>\$ 2,748,371</b>	<b>435,481</b>	<b>687,457</b>	<b>3,871,309</b>
Internal service funds	\$			-
W.P.C.A.	\$ 213,159	16,048	9,517,714	9,746,921
<b>Total payables</b>	<b>\$ 2,961,530</b>	<b>451,529</b>	<b>10,205,171</b>	<b>13,618,230</b>

**CITY OF SHELTON, CONNECTICUT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2019**

**Note 6 - Inter-fund Receivables, Payables and Transfers**

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2019 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Worker's Compensation	\$ 2,876,503
General Fund	Capital Projects	9,662,804
General Fund	Nonmajor	8,150,004
General Fund	W.P.C.A.	4,421,690
Capital Projects	General Fund	7,584,439
Nonmajor	Nonmajor	70,607
Nonmajor	Capital Projects	18,383
Nonmajor	General Fund	1,632,521
W.P.C.A.	General Fund	15,180,734
	Total	\$ <u>49,597,685</u>

Inter-fund transfers

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.

**Note 7 - Capital Assets**

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 35,524,521	779,000		36,303,521
Construction in progress	10,304,490	2,006,276		12,310,766
Total capital assets, not being deprec.	\$ <u>45,829,011</u>	<u>2,785,276</u>	<u>-</u>	<u>48,614,287</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 187,331,813	2,091,574		189,423,387
Machinery and equipment	25,810,915	974,262	72,600	26,712,577
Infrastructure	85,290,871			85,290,871
Total capital assets being deprec.	\$ <u>298,433,599</u>	<u>3,065,836</u>	<u>72,600</u>	<u>301,426,835</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 70,809,850	2,737,861		73,547,711
Machinery and equipment	14,134,890	1,515,616	21,150	15,629,356
Infrastructure	41,259,589	1,825,650		43,085,239
Total accumulated depreciation	\$ <u>126,204,329</u>	<u>6,079,127</u>	<u>21,150</u>	<u>132,262,306</u>
<b>Net capital assets being depreciated</b>	\$ <u>172,229,270</u>	<u>(3,013,291)</u>	<u>51,450</u>	<u>169,164,529</u>
<b>Total capital assets, governmental</b>	\$ <u>218,058,281</u>	<u>(228,015)</u>	<u>51,450</u>	<u>217,778,816</u>



## CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2019

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

**Governmental activities:**

General government	\$ 79,122
Education	2,547,914
Public safety	1,087,226
Public works	2,221,778
Cultural and recreation	<u>143,097</u>

**Total depreciation expense  
governmental activities**

\$ 6,079,127

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ <u>2,577,303</u>	<u>756,025</u>		<u>3,333,328</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 48,122,628			48,122,628
Machinery and equipment	75,804			75,804
Sewers	40,475,668	103,164		40,578,832
Total capital assets being depreciated	\$ <u>88,674,100</u>	<u>103,164</u>	<u>-</u>	<u>88,777,264</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 31,499,240	1,004,905		32,504,145
Machinery and equipment	36,299	15,161		51,460
Sewers	17,341,891	811,637		18,153,528
Total accumulated depreciation	\$ <u>48,877,430</u>	<u>1,831,703</u>	<u>-</u>	<u>50,709,133</u>
<b>Net capital assets being depreciated</b>	\$ <u>39,796,670</u>	<u>(1,728,539)</u>	<u>-</u>	<u>38,068,131</u>
<b>Total capital assets, business-type</b>	\$ <u>42,373,973</u>	<u>(972,514)</u>	<u>-</u>	<u>41,401,459</u>

**CITY OF SHELTON, CONNECTICUT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2019**

**Note 8 - Long-Term Liabilities**

Long-term debt liabilities activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due In One Year</u>
<b>Governmental activities*:</b>					
Long-term debt:					
General obligation bonds	\$ 19,385,000	6,101,000	5,445,000	20,041,000	4,353,000
G.O.B refunding bonds	<u>13,329,000</u>		<u>3,565,000</u>	<u>9,764,000</u>	<u>4,695,000</u>
Total long-term Debt	\$ 32,714,000	6,101,000	9,010,000	29,805,000	9,048,000
Deferred amount on:					
Issuance premium	<u>709,057</u>		<u>235,906</u>	<u>473,151</u>	
Net long-term debt	\$ 33,423,057	6,101,000	9,245,906	30,278,151	
Other long-term liabilities:					
Net pension obligation		10,535,204		10,535,204	
Compensated absences	<u>7,582,936</u>		<u>222,359</u>	<u>7,360,577</u>	
Total governmental activities long-term liabilities	\$ 41,005,993	6,101,000	9,468,265	48,173,932	9,048,000
<b>Business-type activities:</b>					
Clean water fund notes	\$ 10,485,079		949,995	9,535,084	969,170
Total business-type activities long-term liabilities	\$ 10,485,079		949,995	9,535,084	969,170
Total long-term liabilities	\$ 51,491,072	6,101,000	10,418,253	57,709,016	10,017,170

*\*beginning balance includes a prior period adjustment*

# CITY OF SHELTON, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

### 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, 2019, the outstanding general obligation bonded indebtedness of the City was as follows:

	<u>General</u>	<u>Refunding</u>
<b>\$8,815,000 GOB 2014</b> , issue of 8/1/2014, due 8/1/2024, interest at 2.0% to 5.0%, annual principal and interest payments	\$ 4,805,000	
<b>\$2,362,000 Bank Loan 2015, lot A</b> , issue of 8/10/2015, due 8/1/2020, interest at 2.0% to 5.0%, annual principal and interest payments	940,000	
<b>\$2,750,000 Bank Loan 2015 lot B</b> , issue of 8/10/2015, due 8/1/2025, interest at 2.0% to 5.0%, annual principal and interest payments	2,140,000	
<b>\$4,000,000 Bank Loan 2016</b> , issue of 9/2/2016, due 9/1/2021, interest at 1.09%, annual principal and interest payments	2,400,000	
<b>\$12,200,000 GOB 2014 refunding</b> , issue of 8/24/2013, due 8/24/2017, interest at 2.0% to 5.0%, annual principal and interest payments		2,500,000
<b>\$6,805,000 Bank Loan 2015 lot C refunding</b> , issue of 8/10/2015, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments		2,789,000
<b>\$5,500,000 Bank Note</b> , issue of 8/10/2018, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments	4,400,000	
<b>\$4,200,000 GOB 2018 refunding</b> , issue of 8/10/2018, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments		3,730,000
<b>\$6,101,000 GOB 2018</b> issue of 11/29/2018, due 11/24/2024, interest at 2.6% to 2.7%, annual principal and interest payments	<u>6,101,000</u>	
<b>Total general obligation bonds</b>	<u>\$ 20,786,000</u>	<u>9,019,000</u>

**CITY OF SHELTON, CONNECTICUT****NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2019**

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

<b>Year Ended, June 30</b>	<b>Governmental Activity</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 9,048,000	683,940
2021	6,894,000	439,512
2022	4,990,000	318,026
2023	4,175,000	204,685
2024	2,631,000	109,298
2025-2026	2,067,000	40,456
<b>Total</b>	<b>\$ 29,805,000</b>	<b>1,795,917</b>

**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, 2019, as follows:

Sewer	\$ 4,259,171
General purpose	2,396,906
Schools	<u>729,145</u>
<b>Total</b>	<b>\$ <u>7,385,222</u></b>

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

**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:

<b>Note</b>	<b>Balance</b>
165-C	\$ 8,329,244
104-C	<u>1,205,840</u>
<b>Total clean water fund loans</b>	<b>\$ <u>9,535,084</u></b>

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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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
2020	\$ 969,170	181,850
2021	988,732	162,288
2022	1,008,688	142,331
2023	1,029,048	121,971
2024	1,049,819	101,200
2025-2029	4,489,627	189,451
	<u>\$ 9,535,084</u>	<u>899,091</u>

#### Note 9 - Commitments and Contingencies

##### Lawsuits

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

##### **Municipal solid waste management services contract**

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

##### Risk management and self-insurance

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

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

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

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
<b>Worker's Compensation</b>				
2018	1,862,663	543,153	1,983,952	421,864
2019	421,864	505,263	474,175	452,952
<b>Heart and Hypertension</b>				
2018	1,064,864	2,814,546	2,936,308	943,102
2019	943,102	2,482,364	2,513,452	912,014
<b>Medical</b>				
2018	788,733	11,418,015	11,694,960	511,788
2019	511,788	14,354,975	14,298,351	568,412
<b>Total Internal Service</b>				
2018	3,716,260	14,775,714	16,615,220	1,876,754
2019	1,876,754	17,342,602	17,285,978	1,933,378

#### Note 10 - Employee Retirement Plans

##### Merit employees retirement plan

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

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

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

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

The City's total covered payroll under the plan, excluding the Board of Education, for the fiscal year ended June 30, 2019, was approximately \$7.5 million. The employee's required contribution was \$225,546 (3% of covered payroll) and voluntary contributions were \$288,696. The City's matching contribution was \$451,092.

## **CITY OF SHELTON, CONNECTICUT**

### **NOTES TO THE FINANCIAL STATEMENTS, Continued** **June 30, 2019**

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

#### Connecticut municipal employees' retirement system – defined benefit plan

##### **Plan description**

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

CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website [www.ct.gov](http://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.

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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

*Disability Retirement:* Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality, provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of police officers and firefighters, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated based on compensation and service to the date of the disability with a minimum benefit of 50% of compensation at the time of disability. Non-service related disability benefits are provided to employees with 10 years of service and being permanently or totally 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 16.93% 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, 2019, 2018 and 2017 were \$1,027,956, \$984,048, and \$914,347 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, 2019, 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 \$10,535,204 based on the City's allocation percentage of 3.866734%.



## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The changes in assumptions that affected the measurement of the total pension liability since the prior measurement date, were updating rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase to more closely reflect actual and anticipated experience.

The City recognized its proportionate share of the collective pension expense in the amount of \$11,506,997 for the year ended June 30, 2019.

At June 30, 2019, 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	568,524	-
Change of assumptions	3,681,637	
Change in proportionate share	215,540	224,366
Net difference between employer expected and actual experience	778,193	483,517
<b>Total</b>	<b>\$ 5,243,894</b>	<b>707,883</b>

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

<b>Year Ended June 30,</b>	<b>Net Pension Expense Increase</b>
2020	\$ 1,615,583
2021	1,361,219
2022	685,030
2023	874,179
Thereafter	-
	<b>\$ 4,536,011</b>

#### Actuarial assumptions

The total pension liability is based upon the June 30, 2018 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

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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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.

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, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%
<b>Total</b>	<b>100.0%</b>	

#### Discount rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarial determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### 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)	\$ 15,515,421	\$ 10,535,204	\$ 5,864,557

#### Teachers' retirement

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

#### Plan description

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

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website [www.ct.gov](http://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, Continued

June 30, 2019

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*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, 2019, \$2,638,714 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the City was \$37,696,000.

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### Administrative expenses

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

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

The State has a statutory requirement to pay 100% of the required plan contribution, therefore as of June 30, 2019; 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>119,402,141</u>
<b>Total net pension liability</b>	<b>\$</b>	<b><u>119,402,141</u></b>

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

For the year ended June 30, 2019 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$13,400,780 as payments made by the State of Connecticut on behalf of the City for teachers' pension.

#### Actuarial assumptions

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

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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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:

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

#### Discount rate

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

**June 30, 2019**

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#### **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 Postemployment Benefit Plan**

##### Teachers' retirement OPEB plan

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

##### **Plan description**

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

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website [www.ct.gov](http://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, Continued

June 30, 2019

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

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

The choices and premiums charged as of July 1, 2018 as follows:

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

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

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

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

*Proratable Retirement:* Eligible after age 60 with 10 years of Credited Service.

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

*Termination of Employment:* Eligible after 10 or more years of Credited Service.

### Contributions

#### State of Connecticut

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

#### Employer (School Districts)

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



## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### Employees

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

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

For the year ended June 30, 2019, \$471,143 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the City was \$37,696,000.

#### **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, 2019, 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>23,869,248</u>
Total net OPEB liability	\$	<u><u>23,869,248</u></u>

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

For the year ended June 30, 2019 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$7,929,350 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, Continued June 30, 2019

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#### Actuarial assumptions

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

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	0.50%
Wage inflation	3.25%
Municipal bond index rate	3.87%, (3.56% at prior measurement date)
Single equivalent interest rate	3.87%, net of OPEB plan investment expense, including inflation (3.56% at prior measurement date)
Healthcare cost trend rates	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly
Year fund net position will be depleted	2019

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

#### Long-term rate of return

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

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

## CITY OF SHELTON, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2019

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#### Discount rate

The discount rate used to measure the total OPEB was 3.87%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to have been made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

#### Note 12 - Fund Balance and Net Position

##### Fund deficits

The City has the following fund deficits at June 30, 2019 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	\$ 57,072	Future contributions
Homeland Security Grant	26,236	Future grant receipts
School Lunch	424,861	Future contributions
Summer School	36,928	Future contributions
School Rental	118,645	Future contributions
Police PVET Grant	885	Future grant receipts
Worker's Compensation	4,166,469	Future employer payments
Medical Insurance	23,347	Future employer payments
Capital Projects	4,149,671	Future general obligation bonds

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

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

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

**Notes to Schedule**

Changes in benefit terms	None
Changes in assumptions	In 2018, rates of inflation, investment return, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single Equivalent amortization period	23 years
Asset valuation method	5-year smoothed market (20% write up)

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

## CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

### Last Five Fiscal Years

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

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Reporting date	June 30, 2019

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

Changes in benefit terms	None
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Changes in assumptions	In 2018, rates inflation, investment return, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2017.
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**Methods and assumptions used to determine contribution rate:**

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

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

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

**TEACHERS' RETIREMENT PLAN**  
**Last Five Fiscal Years**

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	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	\$ 119,402,141	118,187,255	124,688,459	95,054,242	87,858,598
Total	<u>119,402,141</u>	<u>118,187,255</u>	<u>124,688,459</u>	<u>95,054,242</u>	<u>87,858,598</u>
City's covered payroll	37,696,000	36,700,000	36,364,599	31,569,440	30,570,297
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes in assumptions	In 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single Equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

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

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

**TEACHERS' RETIREMENT PLAN**  
**Last Two Fiscal Years**

	2019	2018
City's proportion of the net OPEB liability	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	-
State's proportionate share of the net OPEB liability associated with the City	\$ <u>23,869,248</u>	<u>30,420,068</u>
Total	<u><u>23,869,248</u></u>	<u><u>30,420,068</u></u>
City's covered payroll	37,696,000	36,700,000
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	1.49%	1.79%

**Notes to Schedule**

Changes in benefit terms	- The Plan was amended by the State Board, effective July 1, 2018. The amendment added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System-sponsored health care plan for those who cancel coverage or choose not to enroll in a health care coverage option on or after the effective date.
Changes in assumptions	- The single equivalent interest rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate. - The expected rate of return on assets increased from 2.75% to 3.00%. Changes were made to the assumed per capita claims costs, age related percentage increases, long-term health care cost trend rates, - percentage of retired members expected to elect coverage in the future, percentage of retirees expected to enroll in Medicare, the post-disablement mortality table, which was updated to extend the projected mortality from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future benefits.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of investment related expense, including inflation

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

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts - Budgetary Basis</b>	<b>Variance With Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>PROPERTY TAXES</b>				
Current years' levy	\$ 103,603,426	103,603,426	102,977,843	(625,583)
Prior years' levies	970,000	970,000	1,029,559	59,559
Interest and penalties	660,000	660,000	580,713	(79,287)
Statutory refunds	(149,000)	(149,000)	(255,912)	(106,912)
Personal property tax audits	200,000	200,000	-	(200,000)
<b>Total property taxes</b>	<b>\$ 105,284,426</b>	<b>105,284,426</b>	<b>104,332,203</b>	<b>(952,223)</b>
<b>INTERGOVERNMENTAL</b>				
State grants for education	\$ 7,446,104	7,446,104	6,177,550	(1,268,554)
Other state grants	1,313,514	1,313,514	953,275	(360,239)
<b>Total intergovernmental</b>	<b>\$ 8,759,618</b>	<b>8,759,618</b>	<b>7,130,825</b>	<b>(1,628,793)</b>
<b>CHARGES FOR SERVICES</b>				
Licenses and permits	\$ 2,087,219	2,087,219	1,857,307	(229,912)
Charges for services	1,246,600	1,526,600	1,684,904	158,304
Fines and forfeits	8,000	8,000	16,761	8,761
<b>Total charges for services</b>	<b>\$ 3,341,819</b>	<b>3,621,819</b>	<b>3,558,972</b>	<b>(62,847)</b>
<b>INVESTMENT INCOME</b>	<b>\$ 250,000</b>	<b>250,000</b>	<b>231,017</b>	<b>(18,983)</b>
<b>MISCELLANEOUS REVENUES</b>	<b>\$ 1,853,295</b>	<b>1,853,295</b>	<b>1,348,757</b>	<b>(504,538)</b>
<b>OTHER FINANCING SOURCES</b>				
Appropriation of fund balance	\$ 4,643,096	4,643,096	3,840,811	(802,285)
<b>Total other financing sources</b>	<b>\$ 4,643,096</b>	<b>4,643,096</b>	<b>3,840,811</b>	<b>(802,285)</b>
<b>Total revenue &amp; other financing sources</b>	<b>\$ 124,132,254</b>	<b>124,412,254</b>	<b>120,442,585</b>	<b>(3,969,669)</b>



**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL**
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts - Budgetary Basis</b>	<b>Variance With Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
Administrative	\$ 610,033	610,033	584,094	25,939
Employee resources	6,273,744	6,232,832	6,942,241	(709,409)
Legislative	153,309	153,309	131,342	21,967
Board of ethics	600	600	-	600
Elections	142,896	191,750	181,813	9,937
Inland wetlands	89,840	89,840	91,459	(1,619)
Economic development committee	75,900	75,900	52,144	23,756
Economic development	100,000	100,000	100,000	-
Planning and zoning	319,847	369,307	346,610	22,697
Probate court	13,400	13,400	11,612	1,788
Elected/appointed officials	18,450	18,450	16,050	2,400
Conservation commission	64,771	64,771	52,356	12,415
City/Town clerk	448,062	448,062	318,658	129,404
Drug and alcohol commission	1	1	-	1
Appeals board	200	200	-	200
Zoning appeals board	27,305	27,305	22,779	4,526
Legal services corporate counsel	200,971	200,971	136,612	64,359
Management information systems	454,407	454,407	354,242	100,165
Assessor	560,337	560,337	530,593	29,744
Tax collector	353,520	353,520	285,642	67,878
Purchasing	358,002	358,002	276,820	81,182
Public risk management	2,263,269	2,263,269	2,146,152	117,117
Accounting and control	589,735	587,690	531,856	55,834
Miscellaneous	1,343,808	1,627,823	1,412,435	215,388
Board of aldermen	150,000	56,475	55,891	584
<b>Total general government</b>	<b>\$ 14,612,407</b>	<b>14,858,254</b>	<b>14,581,401</b>	<b>276,853</b>
<b>PUBLIC SAFETY</b>				
Public safety and energy services	\$ 124,959	124,959	72,221	52,738
EMS commission	128,480	128,480	124,429	4,051
Fire marshal	315,605	315,605	252,515	63,090
Animal control	255,258	255,258	200,681	54,577
Fire department	986,125	1,018,233	881,315	136,918
Police department	7,818,613	7,818,613	5,970,052	1,848,561
<b>Total public safety</b>	<b>\$ 9,629,040</b>	<b>9,661,148</b>	<b>7,501,213</b>	<b>2,159,935</b>
<b>PUBLIC WORKS</b>				
Building department	\$ 318,406	318,406	212,359	106,047
Highways and bridges	3,572,461	3,572,461	3,187,033	385,428
Road repairs	50,000	50,000	34,214	15,786
Public works director	51,330	51,330	49,000	2,330
Engineering	264,633	264,633	210,554	54,079
Tree warden	115,000	115,000	71,308	43,692
Recycling program	36,702	36,702	18,762	17,940
Sanitation	2,322,617	2,322,617	2,261,727	60,890
<b>Total public works</b>	<b>\$ 6,731,149</b>	<b>6,731,149</b>	<b>6,044,957</b>	<b>686,192</b>

(Continued)

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL**
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>HEALTH AND WELFARE</b>				
Public health	\$ 293,138	293,138	293,138	-
<b>Total health and welfare</b>	<b>\$ 293,138</b>	<b>293,138</b>	<b>293,138</b>	<b>-</b>
<b>CULTURE AND RECREATION</b>				
Recreation	\$ 1,686,893	1,686,893	1,491,961	194,932
Capital spending	1,050,000	1,050,000	1,003,555	46,445
Senior center	378,205	378,205	298,684	79,521
Youth service bureau	227,453	227,453	152,042	75,411
Library	1,250,920	1,250,920	1,117,853	133,067
Community development	79,264	80,834	78,836	1,998
Outside agency contributions	375,857	376,226	372,516	3,710
<b>Total cultural and recreation</b>	<b>\$ 5,048,592</b>	<b>5,050,531</b>	<b>4,515,447</b>	<b>535,084</b>
<b>EDUCATION</b>				
Board of education	\$ 72,700,000	72,700,000	72,699,995	5
<b>Total education</b>	<b>\$ 72,700,000</b>	<b>72,700,000</b>	<b>72,699,995</b>	<b>5</b>
<b>OTHER</b>				
Utilities	\$ 2,774,953	2,774,953	2,606,895	168,058
Municipal property maintenance	1,456,433	1,456,433	1,255,156	201,277
School bus repairs	-	-	12,031	(12,031)
<b>Total other</b>	<b>\$ 4,231,386</b>	<b>4,231,386</b>	<b>3,874,082</b>	<b>357,304</b>
<b>DEBT SERVICE</b>				
Principal	\$ 9,010,000	9,010,000	9,010,000	-
Interest	725,523	725,629	725,628	1
W.P.C.A transfer	1,151,019	1,151,019	1,151,019	-
<b>Total debt service</b>	<b>\$ 10,886,542</b>	<b>10,886,648</b>	<b>10,886,647</b>	<b>1</b>
<b>Total Encumbrances and Financial Uses</b>	<b>\$ 124,132,254</b>	<b>124,412,254</b>	<b>120,396,880</b>	<b>4,015,374</b>

## CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2019

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Vehicle Risk Retention
<b>ASSETS</b>			
Cash and cash equivalents	\$		90,551
Receivables, net			
Due from other funds	1,186,123		
Inventory			
<b>Total assets</b>	<u>\$ 1,186,123</u>	<u>-</u>	<u>90,551</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 472,308	57,072	
Advanced from other funds			
Due to other funds	238,416		90,551
<b>Total liabilities</b>	<u>\$ 710,724</u>	<u>57,072</u>	<u>90,551</u>
<b>Deferred inflows of resources:</b>			
Unavailable receipts	\$		
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	475,399		-
Unassigned		(57,072)	
<b>Total fund balance (deficit)</b>	<u>\$ 475,399</u>	<u>(57,072)</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 1,186,123</u>	<u>-</u>	<u>90,551</u>

**Special Revenue**

<u>Street Opening and Final Patch</u>	<u>Valley Street Crime B</u>	<u>Em. Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>
190,023	44,909	4,418	59,272	511
<u>190,023</u>	<u>44,909</u>	<u>4,418</u>	<u>59,272</u>	<u>511</u>
			586	
<u>1,293</u>			<u>1,397</u>	
<u>1,293</u>	<u>-</u>	<u>-</u>	<u>1,983</u>	<u>-</u>
188,730	44,909	4,418	57,289	511
<u>188,730</u>	<u>44,909</u>	<u>4,418</u>	<u>57,289</u>	<u>511</u>
<u>190,023</u>	<u>44,909</u>	<u>4,418</u>	<u>59,272</u>	<u>511</u>

(Continued)

## CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 June 30, 2019

	Special Revenue		
	Uninsured Loss Fund	Pine Rock Park	Gristmill Lane Maintenance
<b>ASSETS</b>			
Cash and cash equivalents	\$ 496,193	294,500	1,867
Receivables, net			
Due from other funds			
Inventory			
<b>Total assets</b>	<b>\$ 496,193</b>	<b>294,500</b>	<b>1,867</b>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$		
Advanced from other funds			
Due to other funds	496,193	294,500	
<b>Total liabilities</b>	<b>\$ 496,193</b>	<b>294,500</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable receipts	\$		
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned			1,867
Unassigned			
<b>Total fund balance (deficit)</b>	<b>\$ -</b>	<b>-</b>	<b>1,867</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 496,193</b>	<b>294,500</b>	<b>1,867</b>

**Special Revenue**

<u>Asset Seizure Account</u>	<u>Pine Rock Improvements</u>	<u>Adult Education</u>	<u>Small Cities Grant</u>	<u>Trails Committee</u>
	21,535	4,638,618	57,427	5,292
276,416		139,562		
<u>276,416</u>	<u>21,535</u>	<u>4,778,180</u>	<u>57,427</u>	<u>5,292</u>
127,360		10,346	26,090	
		4,688,503		
127,360	-	4,698,849	26,090	-
149,056	21,535	79,331	31,337	5,292
149,056	21,535	79,331	31,337	5,292
<u>276,416</u>	<u>21,535</u>	<u>4,778,180</u>	<u>57,427</u>	<u>5,292</u>

(Continued)

## CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 June 30, 2019

	Special Revenue		
	Sewer Assessments	One Time Use Grant	CRRA Consent Order
<b>ASSETS</b>			
Cash and cash equivalents	\$ 77,496	1,469	139,241
Receivables, net	1,939		
Due from other funds	167	5,000	
Inventory			
<b>Total assets</b>	<b>\$ 79,602</b>	<b>6,469</b>	<b>139,241</b>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 13,657		
Advanced from other funds			
Due to other funds			
<b>Total liabilities</b>	<b>\$ 13,657</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable receipts	\$ 1,939		
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	64,006	6,469	139,241
Unassigned			
<b>Total fund balance (deficit)</b>	<b>\$ 64,006</b>	<b>6,469</b>	<b>139,241</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 79,602</b>	<b>6,469</b>	<b>139,241</b>

**Special Revenue**

<u>DUI Grant</u>	<u>Senior Center</u>	<u>Homeland Security Grant</u>	<u>Recreation Path Grants</u>	<u>COPS TECH Earmark</u>
14,208	72,770		963	79,184
				1
<u>14,208</u>	<u>72,770</u>	<u>-</u>	<u>963</u>	<u>79,185</u>
		26,236		
<u>-</u>	<u>-</u>	<u>26,236</u>	<u>-</u>	<u>-</u>
14,208	72,770	(26,236)	963	79,185
<u>14,208</u>	<u>72,770</u>	<u>(26,236)</u>	<u>963</u>	<u>79,185</u>
<u>14,208</u>	<u>72,770</u>	<u>-</u>	<u>963</u>	<u>79,185</u>

(Continued)



## CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 June 30, 2019

	Special Revenue		
	Housatonic River Estuary	Dog Fund	School Lunch
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,055	1,682	392,450
Receivables, net			172,123
Due from other funds			
Inventory			23,156
<b>Total assets</b>	<b>\$ 2,055</b>	<b>1,682</b>	<b>587,729</b>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$		184,977
Advanced from other funds			
Due to other funds			827,613
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>1,012,590</b>
<b>Deferred inflows of resources:</b>			
Unavailable receipts	\$		
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	2,055	1,682	
Unassigned			(424,861)
<b>Total fund balance (deficit)</b>	<b>\$ 2,055</b>	<b>1,682</b>	<b>(424,861)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,055</b>	<b>1,682</b>	<b>587,729</b>

<u>Educational Grants</u>	<u>Athletic Association</u>	<u>Summer School</u>	<u>School Rental</u>	<u>Comp Voice Stress Analyzer</u>
1,071,739	6,990	28,870	13,963	1,078
283,877	25,764			
<u>1,355,616</u>	<u>32,754</u>	<u>28,870</u>	<u>13,963</u>	<u>1,078</u>
1,268,780		65,798	247,447	
1,268,780	-	65,798	247,447	-
86,836	32,754	(36,928)	(233,484)	1,078
86,836	32,754	(36,928)	(233,484)	1,078
<u>1,355,616</u>	<u>32,754</u>	<u>28,870</u>	<u>13,963</u>	<u>1,078</u>

(Continued)

## CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 June 30, 2019

	Special Revenue		
	Other Education Programs	Youth Services	Town Clerk
<b>ASSETS</b>			
Cash and cash equivalents	\$ 146,703		71,675
Receivables, net			
Due from other funds	13,722	24,916	49,840
Inventory			
<b>Total assets</b>	<u>\$ 160,425</u>	<u>24,916</u>	<u>121,515</u>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$	3,596	
Advanced from other funds			
Due to other funds			
<b>Total liabilities</b>	<u>\$ -</u>	<u>3,596</u>	<u>-</u>
<b>Deferred inflows of resources:</b>			
Unavailable receipts	\$		
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	160,425	21,320	121,515
Unassigned			
<b>Total fund balance (deficit)</b>	<u>\$ 160,425</u>	<u>21,320</u>	<u>121,515</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 160,425</u>	<u>24,916</u>	<u>121,515</u>

Conservation Commission	Police PVET Grant	Total Special Revenue Funds
822		8,028,474
		457,939
		1,721,511
		23,156
822	-	10,231,080
	885	923,113
		-
		8,220,491
-	885	9,143,604
		1,939
		-
		-
		-
		-
822		1,598,765
	(885)	(513,228)
822	(885)	1,085,537
822	-	10,231,080

(Continued)

## CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 June 30, 2019

	Permanent Funds		
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,131	920	810
Receivables, net			
Due from other funds			
Inventory			
<b>Total assets</b>	<b>\$ 2,131</b>	<b>920</b>	<b>810</b>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$		
Advanced from other funds			
Due to other funds			
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable receipts	\$		
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions	2,000	1,000	800
Debt service			
Committed for:			
Open spaces			
Assigned	131		10
Unassigned		(80)	
<b>Total fund balance (deficit)</b>	<b>\$ 2,131</b>	<b>920</b>	<b>810</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,131</b>	<b>920</b>	<b>810</b>

<b>Permanent Funds</b>					Total Nonmajor Governmental Funds
Lucy Beard	Hanson Edwards Legacy	Permanent War Memorial Scholarship	Mary & Charles Lavietes Memorial	Total Permanent	
1,382	1,028	36,618	741	43,630	8,072,104
				-	457,939
				-	1,721,511
				-	23,156
<u>1,382</u>	<u>1,028</u>	<u>36,618</u>	<u>741</u>	<u>43,630</u>	<u>10,274,710</u>
				-	923,113
				-	-
				-	8,220,491
-	-	-	-	-	9,143,604
				-	1,939
				-	-
1,000	1,000	35,000	700	41,500	41,500
				-	-
382	28	1,618	41	2,210	-
				(80)	1,600,975
					(513,308)
<u>1,382</u>	<u>1,028</u>	<u>36,618</u>	<u>741</u>	<u>43,630</u>	<u>1,129,167</u>
<u>1,382</u>	<u>1,028</u>	<u>36,618</u>	<u>741</u>	<u>43,630</u>	<u>10,274,710</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, 2019

	<b>Special Revenue</b>		
	<b>Town Road Aid</b>	<b>Conservation and Open Space</b>	<b>Vehicle Risk Retention</b>
<b>Revenues</b>			
Intergovernmental	\$ 505,860		
Charges for services		36,867	
Investment income			43
Other			
<b>Total revenues</b>	<b>\$ 505,860</b>	<b>36,867</b>	<b>43</b>
<b>Expenditures</b>			
Public safety	\$		
Public works	395,885		
Culture and recreation			
Education			
Other			
<b>Total expenditures</b>	<b>\$ 395,885</b>	<b>-</b>	<b>-</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 109,975</b>	<b>36,867</b>	<b>43</b>
<b>Other Financing Sources</b>			
Transfers in	\$		
Transfers (out)			(90,551)
<b>Total other financing sources</b>	<b>\$ -</b>	<b>-</b>	<b>(90,551)</b>
<b>Changes in Fund Balances (Deficits)</b>	<b>\$ 109,975</b>	<b>36,867</b>	<b>(90,508)</b>
<b>Fund Balances (Deficits) - beginning</b>	<b>365,424</b>	<b>(93,939)</b>	<b>90,508</b>
<b>Fund Balances (Deficits) - ended</b>	<b>\$ 475,399</b>	<b>(57,072)</b>	<b>-</b>

<b>Special Revenue</b>				
<u>Street Opening and Final Patch</u>	<u>Valley Street Crime B</u>	<u>E. Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>
			1,632	
690,555				
151	22	2	28	
3,000				450
693,706	22	2	1,660	450
			960	
731,755				
731,755	-	-	960	-
(38,049)	22	2	700	450
-	-	-	-	-
(38,049)	22	2	700	450
226,779	44,887	4,416	56,589	61
188,730	44,909	4,418	57,289	511

(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, 2019

	Special Revenue		
	Uninsured Loss Fund	Pine Rock Park	Gristmill Lane Maintenance
<b>Revenues</b>			
Intergovernmental	\$		
Charges for services			
Investment income	239	142	
Other			
<b>Total revenues</b>	\$ 239	142	-
<b>Expenditures</b>			
Public safety	\$		
Public works			
Culture and recreation			
Education			
Other			
<b>Total expenditures</b>	\$ -	-	-
<b>Revenue Over (Under) Expenditures</b>	\$ 239	142	-
<b>Other Financing Sources</b>			
Transfers in	\$		
Transfers (out)	(496,193)	(294,500)	
<b>Total other financing sources</b>	\$ (496,193)	(294,500)	-
<b>Changes in Fund Balances (Deficits)</b>	\$ (495,954)	(294,358)	-
<b>Fund Balances (Deficits) - beginning</b>	495,954	294,358	1,867
<b>Fund Balances (Deficits) - ended</b>	\$ -	-	1,867

<b>Special Revenue</b>				
<u>Asset Seizure Account</u>	<u>Pine Rock Improvement</u>	<u>Adult Education</u>	<u>Small Cities Grant</u>	<u>Trails Committee</u>
58,982		941,249 116,774 280	27	3
58,982	11	1,058,303	27	3
5,006		1,016,139		
5,006	-	1,016,139	-	-
53,976	11	42,164	27	3
-	-	-	-	-
53,976	11	42,164	27	3
95,080	21,524	37,167	31,310	5,289
149,056	21,535	79,331	31,337	5,292

(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, 2019

	Special Revenue		
	Sewer Assessment	One Time Use Grant	CRRA Consent Order
<b>Revenues</b>			
Intergovernmental	\$	5,000	
Charges for services			
Investment income	37	1	67
Other			
<b>Total revenues</b>	\$ 37	5,001	67
<b>Expenditures</b>			
Public safety	\$		
Public works	13,657		
Culture and recreation			
Education			
Other			
<b>Total expenditures</b>	\$ 13,657	-	-
<b>Revenue Over (Under) Expenditures</b>	\$ (13,620)	5,001	67
<b>Other Financing Sources</b>			
Transfers in	\$		
Transfers (out)			
<b>Total other financing sources</b>	\$ -	-	-
<b>Changes in Fund Balances (Deficits)</b>	\$ (13,620)	5,001	67
<b>Fund Balances (Deficits) - beginning</b>	77,626	1,468	139,174
<b>Fund Balances (Deficits) - ended</b>	\$ 64,006	6,469	139,241

**SCHEDULE 4**  
**Page 3 of 6**

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<b>Special Revenue</b>			
<u>DUI Grant</u>	<u>Senior Center</u>	<u>Homeland Security Grant</u>	<u>Recreation Path Grants</u>
7	8,247 974		
7	9,221	-	-
	4,658		
-	4,658	-	-
7	4,563	-	-
-	-	-	-
7	4,563	-	-
14,201	68,207	(26,236)	963
14,208	72,770	(26,236)	963

(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, 2019

	Special Revenue		
	COPS TECH Earmark	Housatonic River Estuary	Dog Fund
<b>Revenues</b>			
Intergovernmental	\$		
Charges for services	38		
Investment income		1	17
Other			
<b>Total revenues</b>	\$ 38	1	17
<b>Expenditures</b>			
Public safety	\$		
Public works			
Culture and recreation			
Education			
Other			
<b>Total expenditures</b>	\$ -	-	-
<b>Revenue Over (Under) Expenditures</b>	\$ 38	1	17
<b>Other Financing Sources</b>			
Transfers in	\$		
Transfers (out)			
<b>Total other financing sources</b>	\$ -	-	-
<b>Changes in Fund Balances (Deficits)</b>	\$ 38	1	17
<b>Fund Balances (Deficits) - beginning</b>	79,147	2,054	1,665
<b>Fund Balances (Deficits) - ended</b>	\$ 79,185	2,055	1,682

<b>Special Revenue</b>				
<b>School Lunch</b>	<b>Educational Grants</b>	<b>Athletic Association</b>	<b>Summer School</b>	<b>School Rental</b>
845,324	3,009,301			
1,158,643	10,901	68,020	32,694	20,636
<u>2,003,967</u>	<u>3,020,202</u>	<u>68,020</u>	<u>32,694</u>	<u>20,636</u>
2,250,434	2,847,477	85,656	55,152	139,281
<u>2,250,434</u>	<u>2,847,477</u>	<u>85,656</u>	<u>55,152</u>	<u>139,281</u>
<u>(246,467)</u>	<u>172,725</u>	<u>(17,636)</u>	<u>(22,458)</u>	<u>(118,645)</u>
	2,690,819			
<u>-</u>	<u>2,690,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
(246,467)	2,863,544	(17,636)	(22,458)	(118,645)
<u>(178,394)</u>	<u>(2,776,708)</u>	<u>50,390</u>	<u>(14,470)</u>	<u>(114,839)</u>
<u>(424,861)</u>	<u>86,836</u>	<u>32,754</u>	<u>(36,928)</u>	<u>(233,484)</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, 2019

	Special Revenue		
	Comp Voice Stress Analyzer	Other Education Programs	Youth Services
<b>Revenues</b>			
Intergovernmental	\$		6,949
Charges for services		263,338	
Investment income	11		1
Other			11,951
<b>Total revenues</b>	\$ 11	263,338	18,901
<b>Expenditures</b>			
Public safety	\$		
Public works			
Culture and recreation			
Education		18,765	16,693
Other			
<b>Total expenditures</b>	\$ -	18,765	16,693
<b>Revenue Over (Under) Expenditures</b>	\$ 11	244,573	2,208
<b>Other Financing Sources</b>			
Transfers in	\$		
Transfers (out)		(225,846)	
<b>Total other financing sources</b>	\$ -	(225,846)	-
<b>Changes in Fund Balances (Deficits)</b>	\$ 11	18,727	2,208
<b>Fund Balances (Deficits) - beginning</b>	1,067	141,698	19,112
<b>Fund Balances (Deficits) - ended</b>	\$ 1,078	160,425	21,320

<b>Special Revenue</b>				
<u>Town Clerk</u>	<u>Conservation Commission</u>	<u>Police PVET Grant</u>	<u>Total Special Revenues</u>	<u>Debt Service</u>
			5,374,297	
172,760			2,568,572	
515	8		13,488	
			15,401	
<u>173,275</u>	<u>8</u>	<u>-</u>	<u>7,971,758</u>	<u>-</u>
			5,966	
			1,141,297	
			4,658	
			6,429,597	
159,192			159,192	
<u>159,192</u>	<u>-</u>	<u>-</u>	<u>7,740,710</u>	<u>-</u>
14,083	8	-	231,048	-
			2,690,819	
			(1,107,090)	
-	-	-	1,583,729	-
14,083	8	-	1,814,777	-
107,432	814	(885)	(729,240)	-
<u>121,515</u>	<u>822</u>	<u>(885)</u>	<u>1,085,537</u>	<u>-</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, 2019

	Permanent Funds		
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial
<b>Revenues</b>			
Intergovernmental	\$		
Charges for services			
Investment income	22	10	9
Other			
<b>Total revenues</b>	\$ 22	10	9
<b>Expenditures</b>			
Public safety	\$		
Public works			
Culture and recreation			
Education	75	50	50
Other			
<b>Total expenditures</b>	\$ 75	50	50
<b>Revenue Over (Under) Expenditures</b>	\$ (53)	(40)	(41)
<b>Other Financing Sources</b>			
Transfers in	\$		
Transfers (out)			
<b>Total other financing sources</b>	\$ -	-	-
<b>Changes in Fund Balances (Deficits)</b>	\$ (53)	(40)	(41)
<b>Fund Balances (Deficits) - beginning</b>	2,184	960	851
<b>Fund Balances (Deficits) - ended</b>	\$ 2,131	920	810

<b>Permanent Funds</b>					
<u>Lucy Beard</u>	<u>Hanson Edwards Legacy</u>	<u>War Memorial Scholarship</u>	<u>Mary &amp; Charles Lavietes Memorial</u>	<u>Total Permanent Funds</u>	<u>Totals</u>
				-	5,374,297
				-	2,568,572
14	11	369	8	443	13,931
				-	15,401
14	11	369	8	443	7,972,201
				-	5,966
				-	1,141,297
				-	4,658
50		1,000	50	1,275	6,430,872
				-	159,192
50	-	1,000	50	1,275	7,741,985
(36)	11	(631)	(42)	(832)	230,216
				-	2,690,819
				-	(1,107,090)
-	-	-	-	-	1,583,729
(36)	11	(631)	(42)	(832)	1,813,945
1,418	1,017	37,249	783	44,462	(684,778)
1,382	1,028	36,618	741	43,630	1,129,167

**W.P.C.A REVENUES, EXPENDITURES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance With Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating revenues:</b>				
Charges for services	\$ 2,742,300	2,742,300	2,752,644	10,344
Miscellaneous	8,254	8,254	1,125	(7,129)
Investments	5	5	-	(5)
<b>Total operating revenues</b>	<b>\$ 2,750,559</b>	<b>2,750,559</b>	<b>2,753,769</b>	<b>3,210</b>
<b>Operating expenses:</b>				
Salaries and benefits	\$ 950,622	950,622	946,141	(4,481)
Supplies and chemicals	135,253	135,253	110,192	(25,061)
Utilities	440,438	440,438	394,601	(45,837)
Administration and operation	1,224,246	1,224,246	1,087,979	(136,267)
<b>Total operating expenditures</b>	<b>\$ 2,750,559</b>	<b>2,750,559</b>	<b>2,538,913</b>	<b>(211,646)</b>
Total Operating Income, Budgetary Basis	\$ -	-	214,856	
Depreciation expense			\$ (1,831,703)	
Capital Accounts Activity:				
Surplus reserve			75,000	
Other revenues			288,555	
<b>Total Operating Income</b>			<b>\$ (1,253,292)</b>	

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET FUND POSITION**  
**June 30, 2019**

	Workers' Compensation Fund	Medical Insurance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 75,000	545,065	620,065
Investments			-
Other receivables			-
Due from other funds			-
<b>Total assets</b>	<u>\$ 75,000</u>	<u>545,065</u>	<u>620,065</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$		-
Due to other funds	2,876,503		2,876,503
Claims payable			
<b>Total current liabilities</b>	<u>\$ 2,876,503</u>	<u>-</u>	<u>2,876,503</u>
Noncurrent liabilities:			
Claims incurred but not reported	\$ 1,364,966	568,412	1,933,378
<b>Total liabilities</b>	<u>\$ 4,241,469</u>	<u>568,412</u>	<u>4,809,881</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ (4,166,469)</u>	<u>(23,347)</u>	<u>(4,189,816)</u>
<b>Total net position</b>	<u>\$ (4,166,469)</u>	<u>(23,347)</u>	<u>(4,189,816)</u>

## INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2019

	Workers' Compensation Fund	Medical Insurance Fund	Total
<b>OPERATING REVENUES</b>			
Employer contribution	\$ 1,350,000	12,129,708	13,479,708
Employee contribution		2,240,500	2,240,500
Other Revenues	71,784	137,950	209,734
<b>Total operating revenues</b>	<u>\$ 1,421,784</u>	<u>14,508,158</u>	<u>15,929,942</u>
<b>OPERATING EXPENSES</b>			
Administrative			-
Salaries, benefits and claims	\$ 1,293,490	14,298,351	15,591,841
<b>Total operating expenses</b>	<u>\$ 1,293,490</u>	<u>14,298,351</u>	<u>15,591,841</u>
<b>Operating income (loss)</b>	<u>\$ 128,294</u>	<u>209,807</u>	<u>338,101</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	\$	38,644	38,644
Interest expense			-
<b>Total nonoperating revenues (expenses)</b>	<u>\$ -</u>	<u>38,644</u>	<u>38,644</u>
<b>Transfer from other funds</b>	<u>\$</u>		<u>-</u>
<b>Changes in Fund Net Position</b>	<u>\$ 128,294</u>	<u>248,451</u>	<u>376,745</u>
<b>FUND NET POSITION, beginning</b>	(4,294,763)	(271,798)	(4,566,561)
<b>FUND NET POSITION, ending</b>	<u><u>\$ (4,166,469)</u></u>	<u><u>(23,347)</u></u>	<u><u>(4,189,816)</u></u>

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**June 30, 2019**

	Workers' Compensation Fund	Medical Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,421,784	14,508,158	15,929,942
Payments for benefits	<u>(1,421,784)</u>	<u>(14,508,158)</u>	<u>(15,929,942)</u>
<b>Net cash (used in) provided by operating activities</b>	\$ -	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received on investments	\$	38,644	38,644
<b>Net cash provided by (used in) investing activities</b>	\$ -	<u>38,644</u>	<u>38,644</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ -	38,644	38,644
<b>CASH AND CASH EQUIVELANTS, beginning</b>	<u>75,000</u>	<u>506,421</u>	<u>581,421</u>
<b>CASH AND CASH EQUIVELANTS, ending</b>	<u>\$ 75,000</u>	<u>545,065</u>	<u>620,065</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities</b>			
Change in Net Fund Position	\$ 128,294	209,807	338,101
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Decrease) increase in accounts payable		(266,431)	(266,431)
(Decrease) increase in Intergovernmental payables			
(Decrease) increase in claims payable	<u>(128,294)</u>	<u>56,624</u>	<u>(71,670)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ -	-	-

## CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 June 30, 2019

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	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,447	435	2,118	1,044
Investments	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u>\$ 10,447</u>	<u>435</u>	<u>2,118</u>	<u>1,044</u>
<b>LIABILITIES</b>				
Accounts payable	\$			
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Held in trust for specific purposes	<u>\$ 10,447</u>	<u>435</u>	<u>2,118</u>	<u>1,044</u>

**SCHEDULE 9**  
**Page 1 of 2**

<u>Municipal Parking Lot Improvements</u>	<u>Shelton Park Commission</u>	<u>Gazebo Fund</u>	<u>Project D.A.R.E</u>	<u>Youth Service Bureau</u>	<u>Constitution Park Donations</u>
1,402	3,025	67,531	54	405	5,831
<u>1,402</u>	<u>3,025</u>	<u>67,531</u>	<u>54</u>	<u>405</u>	<u>5,831</u>
-	-	-	-	-	-
<u>1,402</u>	<u>3,025</u>	<u>67,531</u>	<u>54</u>	<u>405</u>	<u>5,831</u>

(Continued)



## CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2019

	Local Schools	Plumb Memorial Library	Student Activity	Special Response Team
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,138	142,101	398,496	2,744
Investments	<u>                    </u>	<u>3,117,800</u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u>\$ 2,138</u>	<u>3,259,901</u>	<u>398,496</u>	<u>2,744</u>
<b>LIABILITIES</b>				
Accounts payable	\$			
Other liabilities	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Held in trust for specific purposes	<u>\$ 2,138</u>	<u>3,259,901</u>	<u>398,496</u>	<u>2,744</u>

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O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Total
2,944	30,844	40	58,971	730,570
				3,117,800
2,944	30,844	40	58,971	3,848,370
				-
				-
-	-	-	-	-
2,944	30,844	40	58,971	3,848,370

## CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 For the Year Ended June 30, 2019

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	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
<b>ADDITIONS</b>				
Contributions	\$ 500			
Other			275	
<b>Total contributions</b>	\$ 500	-	275	-
<b>Investment earnings</b>				
Net (decrease) in fair value	\$			
Interest and dividends		5	19	10
Less: Investment expense				
<b>Total investment earnings</b>	\$ -	5	19	10
<b>DEDUCTIONS</b>				
Benefits	\$			
Other				
<b>Total deductions</b>	\$ -	-	-	-
<b>Change in net position</b>	\$ 500	5	294	10
<b>Net Position - beginning</b>	9,947	430	1,824	1,034
<b>Net Position - ending</b>	\$ 10,447	435	2,118	1,044

**SCHEDULE 10**  
**Page 1 of 2**

<u>Municipal Parking Lot Improvements</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>
		3,800			
-	-	3,800	-	-	-
14	30	647	1	8	57
14	30	647	1	8	57
		5,054			
-	-	5,054	-	-	-
14	30	(607)	1	8	57
1,388	2,995	68,138	53	397	5,774
1,402	3,025	67,531	54	405	5,831

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
For the Year Ended June 30, 2019

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		Local Schools	Plumb Memorial Library	Student Activity	Special Response Team
<b>ADDITIONS</b>					
Contributions	\$		2,667	812,542	
Other			19,242		
<b>Total contributions</b>	\$	-	21,909	812,542	-
<b>Investment earnings</b>					
Net increase in fair value	\$		169,580		
Interest and dividends		21	55,585		27
Less: Investment expense			(18,557)		
<b>Total investment earning:</b>	\$	21	206,608	-	27
<b>DEDUCTIONS</b>					
Benefits	\$				
Other			129,694	811,228	
<b>Total deductions</b>	\$	-	129,694	811,228	-
<b>Change in net position</b>	\$	21	98,823	1,314	27
<b>Net Position - beginning</b>		2,117	3,161,078	397,182	2,717
<b>Net Position - ending</b>	\$	2,138	3,259,901	398,496	2,744

**SCHEDULE 10**  
**Page 2 of 2**

O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Total
			8,755	824,464
			402	23,719
-	-	-	9,157	848,183
				169,580
29	303		528	57,284
				(18,557)
29	303	-	528	208,307
				-
				945,976
-	-	-	-	945,976
29	303	-	9,685	110,514
2,915	30,541	40	49,286	3,737,856
2,944	30,844	40	58,971	3,848,370

## CITY OF SHELTON, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF FIDUCIARY FUNDS NET POSITION

June 30, 2019

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	<u>Argraves AHO Easement</u>	<u>Security Deposit</u>	<u>Lane Street Improvements</u>	<u>SWEROC</u>	<u>Sewer Escrows</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,450		23,085	2,074	1,582
<b>Total Assets</b>	<u>\$ 6,450</u>	<u>-</u>	<u>23,085</u>	<u>2,074</u>	<u>1,582</u>
<b>LIABILITIES</b>					
Other liabilities	\$				
Held for deposits for others	6,450		23,085	2,074	1,582
<b>Total Liabilities</b>	<u>\$ 6,450</u>	<u>-</u>	<u>23,085</u>	<u>2,074</u>	<u>1,582</u>

SCHEDULE 11

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<b>Reservoir Associates</b>	<b>Union Highway Pension Escrow</b>	<b>The Maples</b>	<b>Turro Sewer Assessment</b>	<b>P and Z Developer Bonds</b>	<b>Total</b>
82,969	9,414	77		503,001	628,652
82,969	9,414	77	-	503,001	628,652
					-
	9,414	77		503,000	545,682
-	9,414	77	-	503,000	545,682



## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Argraves AHO Easement</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 6,387	1,626	-	8,013
<b>Liabilities</b>				
Accounts payable	\$ 4,200			4,200
Deposits held for others	2,187		-	2,187
\$	6,387	-	-	6,387
<b>Security Deposits</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 11,176		-	11,176
<b>Liabilities</b>				
Due to City of Shelton	\$ 300			300
Deposits held for others	10,876		-	10,876
\$	11,176	-	-	11,176
<b>Lane Street Improvements</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 22,858	226	-	23,084
<b>Liabilities</b>				
Deposits held for others	\$ 22,858	226	-	23,084
<b>SWEROC</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,054	20	-	2,074
<b>Liabilities</b>				
Deposits held for others	\$ 2,054	20	-	2,074
<b>Sewer Escrows</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,566	16	-	1,582
<b>Liabilities</b>				
Deposits held for others	\$ 1,566	16	-	1,582
<b>Reservoir Associates</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 82,154	815	-	82,969
<b>Liabilities</b>				
Deposits held for others	\$ 82,154	815	-	82,969

(Continued)

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Union Highway Pension Escrow</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 9,252	162	-	9,414
<b>Liabilities</b>				
Deposits held for others	\$ 9,252	162	-	9,414
<b>Maple Escrow</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 75	2	-	77
<b>Liabilities</b>				
Deposits held for others	\$ 75	2	-	77
<b>Turro Sewer Assessment Escrow</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 7,061	123	-	7,184
<b>Liabilities</b>				
Deposits held for others	\$ 7,061	123	-	7,184
<b>P and Z Developer Bonds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 645,093	18,257	160,350	503,000
Other Assets	-	-	-	-
	645,093	18,257	160,350	503,000
<b>Liabilities</b>				
Deposits held for others	\$ 645,093	18,257	160,350	503,000
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 787,676	21,247	160,350	648,573
Other Assets	-	-	-	-
	787,676	21,247	160,350	648,573
<b>Liabilities</b>				
Accounts payable	\$ 4,500	-	-	4,500
Deposits held for others	783,176	19,621	160,350	644,073
	787,676	19,621	160,350	648,573

## CITY OF SHELTON, CONNECTICUT

## SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2019

Grand List Year	Uncollected Balance & New Levy July 1, 2017	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2003	15,843			(14,939)	904
2004	16,442	399		(15,504)	1,337
2005	20,706	341		(15,977)	5,070
2006	21,608			(15,980)	5,628
2007	23,018	432	(335)	(17,023)	6,092
2008	30,318			(22,939)	7,379
2009	63,468			(43,198)	20,270
2010	73,688			(43,105)	30,583
2011	90,668			(52,216)	38,452
2012	113,463			(50,079)	63,384
2013	195,729			(56,591)	139,138
2014	281,028	745	(178)	(55,325)	226,270
2015	505,275	1,122	(1,830)	(52,801)	451,766
2016	1,064,512	4,810	(112,657)	(31,695)	924,970
Total	\$ 2,515,766	7,849	(115,000)	(487,372)	1,921,243
2017	102,956,665	1,431,602	(322,762)	(38,977)	104,026,528
Total	\$ 105,472,431	1,439,451	(437,762)	(526,349)	105,947,771

SCHEDULE 13

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Balance June 30, 2018
			-	904
399			399	938
671	1,962		2,633	4,399
			-	5,628
97			97	5,995
			-	7,379
4,823	5,343	48	10,214	15,447
9,242	13,256	54	22,552	21,341
9,921	11,117	48	21,086	28,531
10,284	11,537	59	21,880	53,100
54,087	21,037	222	75,346	85,051
84,862	50,533	452	135,847	141,408
174,591	69,280	1,282	245,153	277,175
461,407	114,791	3,997	580,195	463,563
810,384	298,856	6,162	1,115,402	1,110,859
102,944,553	241,400	4,012	103,189,965	1,081,975
103,754,937	540,256	10,174	104,305,367	2,192,834

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION  
For the Year Ended June 30, 2019

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	<u>General Purpose</u>
<b>Debt Limitation:</b>	
2 1/4 Times Base	\$ 234,687,076
4 1/2 Times Base	
3 3/4 Times Base	
3 1/4 Times Base	
3 Times Base	
7 Times Base	
	<hr/>
<b>Total Debt Limitation</b>	<b>\$ 234,687,076</b>
<b>Indebtedness:</b>	
Bonds payable	\$ 23,509,950
Bonds authorized and unissued	<u>2,396,906</u>
<b>Total Indebtedness</b>	<b>\$ 25,906,856</b>
<b>Less: School Construction Grants Receivable</b>	<u>-</u>
<b>Total Indebtedness of the City</b>	<b>\$ 25,906,856</b>
<b>Debt Limitation In Excess of Outstanding and Authorized Debt</b>	<b>\$ <u>208,780,220</u></b>

**SCHEDULE 14**

Total Tax Collections (Including Interest and Lien Fees)  
For The Year Ended June 30, 2019 \$ 104,305,367

Reimbursement For Revenue Loss On:  
Elderly Tax Relief - Freeze -

**Base** \$ 104,305,367

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
469,374,152	391,145,126	338,992,443	312,916,101	730,137,569
<u>469,374,152</u>	<u>391,145,126</u>	<u>338,992,443</u>	<u>312,916,101</u>	<u>730,137,569</u>
6,295,050				29,805,000
<u>729,145</u>	<u>4,259,171</u>			<u>7,385,222</u>
7,024,195	4,259,171	-	-	37,190,222
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,024,195</u>	<u>4,259,171</u>	<u>-</u>	<u>-</u>	<u>37,190,222</u>
<u>462,349,957</u>	<u>386,885,955</u>	<u>338,992,443</u>	<u>312,916,101</u>	<u>692,947,347</u>