

CITY OF SHELTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

June 30, 2025

CITY OF SHELTON, CONNECTICUT
JUNE 30, 2025

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CLERMONT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Shelton, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut as of June 30, 2025, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4a through 4h and the required supplemental information on pages 50-54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025 reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Shelton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Shelton, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES LLC
Waterbury, Connecticut



December 31, 2025

CITY OF SHELTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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, 2025. Please read this MD&A in conjunction with the City's financial statements.

Financial Highlights

- The net position of our governmental activities decreased by \$65 thousand.
- The net position of our business-type activities decreased by \$366 thousand.
- The General Fund reported a fund balance this year of \$4.4 million.
\$2.3 million more than the General Fund balance reported in the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits A and B. The Statement of Net Position and the Statement of Activities report 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 the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

- *Governmental funds (Exhibits C and D)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits G, H, and I)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities, such as the City's Worker's Compensation Internal Service Fund.
- *Fiduciary funds (Exhibits J and K)* - The City is the trustee, or fiduciary, for its employees' pension plans. All 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 \$65 thousand to end at \$173 million. The majority of this decrease was attributed to the use of prior years' surpluses in the general fund.

The City's net position for the business-type activities decreased \$366 thousand for the fiscal year ending June 30, 2025, which was due to depreciation expense. The net position was \$30.8 million at June 30, 2025.

TABLE 1 - NET POSITION

	Governmental Activities	
	2025	2024
Current and other assets	\$ 16,231,999	19,698,906
Capital assets	197,154,124	201,688,809
Deferred outflows	6,224,356	6,537,446
Total assets & deferred outflows	<u>\$ 219,630,479</u>	<u>227,925,161</u>
Current and other liabilities	\$ 8,238,316	9,398,435
Deferred inflows	2,395,211	4,584,498
Long-term liabilities	35,889,216	40,768,783
Total liabilities & deferred inflows	<u>\$ 46,522,743</u>	<u>54,751,716</u>
Net position:		
Investment in capital assets	\$ 190,481,631	190,600,531
Restricted	5,787,785	5,048,461
Unrestricted	(23,161,680)	(22,475,547)
Total net position	<u>\$ 173,107,736</u>	<u>173,173,445</u>
	Business-type Activities	
	2025	2024
Current and other assets	\$ 3,352,778	2,988,039
Capital assets	31,238,599	33,305,138
Total assets	<u>\$ 34,591,377</u>	<u>36,293,177</u>
Current and other liabilities	\$ 1,465,454	638,013
Long-term liabilities	2,325,990	4,489,627
Total liabilities	<u>\$ 3,791,444</u>	<u>5,127,640</u>
Net position:		
Investment in capital assets, net of related debt	\$ 28,282,652	28,815,511
Unrestricted	2,517,281	2,350,026
Total net position	<u>\$ 30,799,933</u>	<u>31,165,537</u>

TABLE 2 - CHANGE IN NET ASSETS

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 7,840,748	6,476,780
Operating grants and contributions	33,205,161	28,723,191
Capital grants and contributions	2,548,831	3,865,149
General revenues:		
Property taxes	118,919,158	107,333,035
Grants and contributions not restricted to specific purposes	109,548	825,813
Unrestricted investment earnings	2,031,978	2,334,062
Other general revenues (and transfers)	909,040	45,628
Total revenues	<u>\$ 165,564,464</u>	<u>149,603,658</u>
Program expenses:		
General government	\$ 19,301,477	18,972,183
Public safety	12,212,272	11,811,314
Public works	11,873,271	11,920,878
Health and welfare	482,649	332,223
Culture and recreation	6,935,738	4,583,471
Education	114,555,827	110,239,030
Interest and fiscal charges	268,939	283,965
Total program expenses	<u>\$ 165,630,173</u>	<u>158,143,064</u>
(Decrease) increase in net position	<u>\$ (65,709)</u>	<u>(8,539,406)</u>
	Business-type Activities	
	2025	2024
Revenues:		
Operating revenues:		
Charges for services	\$ 3,881,499	3,324,844
Non-operating revenues:		
Other general revenues (and transfers)	1,151,019	1,151,019
Total revenues	<u>\$ 5,032,518</u>	<u>4,475,863</u>
Operating expenses:		
Salaries and benefits	\$ 788,789	1,424,189
Materials and supplies	138,282	142,497
Utilities	585,638	430,586
Depreciation	1,603,870	1,603,870
Administration	2,201,535	1,528,126
Interest and fiscal charges	80,008	101,200
Total expenses	<u>\$ 5,398,122</u>	<u>5,230,468</u>
(Decrease) increase in net position	<u>\$ (365,604)</u>	<u>(754,605)</u>

City Funds Financial Analysis

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$10.3 million, which is a \$1.9 million increase from the previous year. Included in this year's total includes an increase of \$2.1 million in general fund balance, a decrease of \$3.0 million in the City's Capital projects and a \$626 thousand increase in the City's increase in Other Governmental Funds.

The General Fund surplus was a result of increased property taxes to meet the demands of growing costs associated with healthcare and special education as well as better than expected collections in fees and licenses as new construction continues to grow within the City. Cost savings initiatives within the general government expenses help fund a \$3.5 million operating surplus in the Board of Education.

Proprietary Funds

The City reports the Water Pollution Control Authority as a proprietary fund (Exhibit F, G, and H). Under this presentation, the loss was \$330 thousand as the W.P.C.A., net of depreciation expense of \$1.6 million. The operating deficit of \$100 thousand was funded through one time hookup fees originated from new construction within the City.

The Internal Service Fund recorded a deficit in net fund position. Operating expenses were below the operating revenues by \$406 thousand. Management is aware of the accumulated net deficits in the workers' compensation and medical self-insurance funds and has a long-term financing plan to fund this through growing employer contributions, reducing the worker's compensation expenses and reorganizing the funding structure. The loss was attributed to the accrued expenses in reserves due to the increase in medical expenses.

General Fund Budgetary Highlights

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

- Investment income was more than expected due to the interest rate increase.
- Charges for services were more than expected as new construction continues within the City.
- The medical expenses and educational expenses increased, which were funded by savings in the City departments as well as prior year surpluses. This was a two-year trend and management of the City and Board of Education have made adjustments to lower the expenditures in these areas as well as increased future budgets fund the budget deficit.

Capital Assets

At June 30, 2025, the City’s governmental activities had \$203 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines. In separating the Water Pollution Control Authority from the government funds, \$37.1 million in capital assets, which mainly includes sewers and the newly constructed facility. The City’s total amount represents a net decrease (including additions and deductions) of \$5.5 million, net of depreciation expenses. The construction in progress includes a school construction program and a bridge program.

TABLE 3 - CAPITAL ASSETS (Net of Depreciation)

		Governmental Activities	
		2025	2024
Land	\$	38,738,466	37,862,466
Buildings and improvements		109,066,752	111,921,285
Furniture, fixtures, and equipment		7,886,211	7,956,716
Infrastructure		41,462,695	43,948,342
Totals	\$	<u>197,154,124</u>	<u>201,688,809</u>
		Business-type Activities	
		2025	2024
Buildings and improvements	\$	8,911,233	10,497,793
Infrastructure		22,790,035	22,344,676
Construction in progress			462,669
Totals	\$	<u>31,701,268</u>	<u>33,305,138</u>

The City continues to support economic development through state programs and the improvement of lands and roads as well as balancing this growth with a substantial investment in open space. In the June 30, 2025, fiscal year, the City invested \$876,000 into land purchases for these programs.

TABLE 4 - OUTSTANDING DEBT

Long-Term Liabilities

At June 30, 2024, the City had \$45.3 million in long term liabilities versus \$41.2 million last year, an increase of 10.0%, as shown in Table 4.

TABLE 4 – LONG-TERM LIABILITIES

		<u>2025</u>	<u>2024</u>
Debt obligations	\$	6,672,493	15,577,905
Other long-term liabilities		29,216,723	29,680,505
Total long-term liabilities	\$	<u>35,889,216</u>	<u>45,258,410</u>

General obligation bonds and bank notes decreased by \$4.4 million as the City uses the General Fund surplus and intergovernmental grants to fund major capital projects to maintain the outstanding debt. Included in the business-type activities is \$3.4 million in notes payable, which was the State of Connecticut's Clean Water Notes for the construction of the new water pollution control facilities. The City issued a \$1.5 million note subsequent to the fiscal year.

Other obligations include accrued vacation pay and sick leave and the state administered pension plan for the police and volunteer firefighters. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2025-2026 budget tax rates. One of those factors is the economy and the benefits of continual development within the City.

These indicators along with a projected modest inflationary increase were considered when adopting the General Fund budget for 2025-2026.

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, 2025

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 6,336,876		6,336,876
Investments	6,993,365		6,993,365
Receivables, net	5,570,998	83,509	5,654,507
Prepaid assets	6,000		6,000
Inventory	131,360		131,360
Internal balances	(2,806,600)	2,806,600	-
Due from agency funds			-
Capital assets:			
Capital assets, not being depreciated	38,738,466	462,669	39,201,135
Capital assets, being depreciated, net	158,415,658	31,238,599	189,654,257
Total assets	<u>\$ 213,386,123</u>	<u>34,591,377</u>	<u>247,977,500</u>
Deferred outflows of resources:			
Deferred pension expense	\$ 6,244,356	-	6,244,356
Total deferred outflows of resources	<u>\$ 6,244,356</u>	<u>-</u>	<u>6,244,356</u>
Liabilities:			
Accounts payable and other current liabilities	\$ 3,652,671	360,248	4,012,919
Accrued interest	86,406		86,406
Claims incurred, but not reported	3,571,926		3,571,926
Unearned revenue	927,313	12,580	939,893
Noncurrent liabilities:			
Due within one year	3,430,493	1,092,626	4,523,119
Due in more than one year	32,458,723	2,325,990	34,784,713
Total liabilities	<u>\$ 44,127,532</u>	<u>3,791,444</u>	<u>47,918,976</u>
Deferred inflows of resources:			
Resources from pension	\$ 1,459,059		1,459,059
Advance tax collections	936,152		936,152
Total deferred inflows of resources	<u>\$ 2,395,211</u>	<u>-</u>	<u>2,395,211</u>
Net position:			
Invested in capital assets, net of related debt	\$ 190,481,631	28,282,652	218,764,283
Restricted for:			
Donor's intentions	7,223,128		7,223,128
Unrestricted	(24,597,023)	2,517,281	(22,079,742)
Total net position	<u>\$ 173,107,736</u>	<u>30,799,933</u>	<u>203,907,669</u>

* After internal balances have been eliminated

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 19,301,477	2,277,668	19,915	472,022	(16,531,872)		(16,531,872)
Public safety	12,212,272	3,078,549	192,211		(8,941,512)		(8,941,512)
Public works	11,873,271	249,321	1,247,750	820,389	(9,555,811)		(9,555,811)
Health and welfare	482,649		12,769		(469,880)		(469,880)
Culture and recreation	6,935,738	531,185	126,182		(6,278,371)		(6,278,371)
Education	114,555,827	1,704,025	31,606,334	1,256,420	(79,989,048)		(79,989,048)
Interest on long-term debt	268,939				(268,939)		(268,939)
Total governmental activities	\$ 165,630,173	7,840,748	33,205,161	2,548,831	(122,035,433)	-	(122,035,433)
Business-type activities:							
Water Pollution Control Authority	\$ 5,318,114	3,881,499			-	(1,436,615)	(1,436,615)
Interest on long-term debt	80,008				-	(80,008)	(80,008)
Total business-type activities	\$ 5,398,122	3,881,499	-	-	-	(1,516,623)	(1,516,623)
Total primary government	\$ 171,028,295	11,722,247	33,205,161	2,548,831	(122,035,433)	(1,516,623)	(123,552,056)
General revenues and transfers:							
Property taxes					\$ 118,919,158		118,919,158
Grants and contributions not restricted for specific programs					109,548		109,548
Unrestricted investment earnings					2,031,978		2,031,978
Other unrestricted income					2,060,059		2,060,059
Transfers					(1,151,019)	1,151,019	-
Total general revenues and transfers					\$ 121,969,724	1,151,019	123,120,743
Change in net position					\$ (65,709)	(365,604)	(431,313)
Net position, beginning					173,173,445	31,165,537	204,338,982
Net position, ended					\$ 173,107,736	30,799,933	203,907,669

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Capital Projects	American Recovery	Plumb Library	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 2,689,580			153,793	3,413,771	6,257,144
Investments	1,556,184	1,191		4,788,614	1,939	6,347,928
Receivables, net	5,244,842				324,656	5,569,498
Due from other funds	8,175,203		39,946		1,369,336	9,584,485
Inventories	57,293				74,067	131,360
Prepaid expenses	6,000					6,000
Total assets	\$ 17,729,102	1,191	39,946	4,942,407	5,183,769	27,896,415
Liabilities:						
Accounts and other payables	\$ 3,479,870	12,232			152,656	3,644,758
Payments in advance	49,114	105,938	6,059		766,201	927,312
Due to other funds	4,493,637	2,417,170			809,388	7,720,195
Total liabilities	\$ 8,022,621	2,535,340	6,059	-	1,728,245	12,292,265
Deferred inflows of resources:						
Unavailable receipts	\$ 4,345,001					4,345,001
Tax payments in advance	936,152					936,152
Total deferred inflows of resources	\$ 5,281,153	-	-	-	-	5,281,153
Fund balances:						
Nonspendable	\$ 63,293				74,067	137,360
Restricted for:						
Donor's intentions			33,887	4,942,407	2,246,834	7,223,128
Committed for:						
Specific use					411,854	411,854
Assigned					1,061,250	1,061,250
Unassigned	4,362,035	(2,534,149)			(338,481)	1,489,405
Total fund balances	\$ 4,425,328	(2,534,149)	33,887	4,942,407	3,455,524	10,322,997
Total liabilities, deferred inflows of resources and fund balances	\$ 17,729,102	1,191	39,946	4,942,407	5,183,769	

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

Capital assets used in the governmental activities are not financial resources, and therefore, are not reported in the funds.	197,154,124
Other long-term assets, deferred inflows and outflows are not available to pay for current period expenditures, and therefore, are deferred in the funds.	9,130,297
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the Statement of Net Position.	(7,524,060)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(35,975,622)</u>
Net position of governmental activities (Exhibit A)	<u>\$ 173,107,736</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2025

	General	Capital Projects	American Recovery	Plumb Library	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes and assessments	\$ 118,741,366					118,741,366
Intergovernmental	26,771,171	747,389	1,801,442		6,543,538	35,863,540
Charges for services	5,577,735				1,743,827	7,321,562
Investment income	1,462,974	55		558,250	10,699	2,031,978
Miscellaneous	2,445,991			19,004	405,781	2,870,776
Total revenues	\$ 154,999,237	747,444	1,801,442	577,254	8,703,845	166,829,222
Expenditures:						
Current:						
General government	\$ 18,664,740					18,664,740
Public safety	11,712,015				20,016	11,732,031
Public works	7,465,876				430,591	7,896,467
Public health	329,417					329,417
Culture and recreation	4,101,374			63,396	83,909	4,248,679
Education	101,107,172				6,899,129	108,006,301
Other	3,579,093				149,114	3,728,207
Capital outlay		3,763,543	1,801,442			5,564,985
Debt service	4,729,038					4,729,038
Total expenditures	\$ 151,688,725	3,763,543	1,801,442	63,396	7,582,759	164,899,865
Excess (deficiency) of revenues over (under) expenditures	\$ 3,310,512	(3,016,099)	-	513,858	1,121,086	1,929,357
Other financing sources (uses):						
Transfer to other funds	\$ (1,151,019)					(1,151,019)
Total other financing sources (uses)	\$ (1,151,019)	-	-	-	-	(1,151,019)
Net changes in fund balances	\$ 2,159,493	(3,016,099)	-	513,858	1,121,086	778,338
Fund balances (deficits) - beginning	2,265,835	481,950	33,887	4,428,549	2,334,438	9,544,659
Fund balances (deficits) - ended	\$ 4,425,328	(2,534,149)	33,887	4,942,407	3,455,524	10,322,997

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, 2025

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 778,338
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(4,534,685)
Noncurrent assets previously recognized in the Statement of Activities that provided current financial resources in the current year.	(113,739)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,073,897
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(269,520)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (65,709)</u>

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

STATEMENT OF NET FUND POSITION
 PROPRIETARY FUNDS
 June 30, 2025

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$	79,732
Investments		645,437
Receivables, net of allowance	83,509	
Due from other funds	2,806,600	277,755
Total current assets	\$ 2,890,109	1,002,924
Noncurrent assets:		
Capital assets, not being depreciated	\$ 462,669	-
Capital assets, net of accumulated depreciation	31,238,599	-
Total noncurrent assets	\$ 31,701,268	-
Total assets	\$ 34,591,377	1,002,924
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 360,248	7,913
Payments in advance	12,580	
Due to other funds		4,947,145
Notes payable - current	1,092,626	
Total current liabilities	\$ 1,465,454	4,955,058
Noncurrent liabilities:		
Claims incurred, but not reported	\$	2,895,968
Notes payable, less current portion	2,325,990	
Total noncurrent liabilities	\$ 2,325,990	2,895,968
Total liabilities	\$ 3,791,444	7,851,026
Net fund position:		
Invested in capital assets, net of related debt	\$ 28,282,652	
Unrestricted	2,517,281	(6,848,102)
Total net fund position	\$ 30,799,933	(6,848,102)

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, 2025

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
Operating revenues:		
Charges for services and other revenues	\$ 3,878,799	
Employer's contribution		14,344,215
Employee's contribution		699,008
Other	2,700	
Total operating revenues	<u>\$ 3,881,499</u>	<u>15,043,223</u>
Operating expenses:		
Salaries and benefits	\$ 788,789	14,652,263
Material and supplies	138,282	
Utilities	585,638	
Depreciation	1,603,870	
Administration and operation	2,201,535	33,644
Total operating expenses	<u>\$ 5,318,114</u>	<u>14,685,907</u>
Operating income (loss)	<u>\$ (1,436,615)</u>	<u>357,316</u>
Nonoperating revenues (expenses):		
Gain (loss) on investments	\$	49,122
Interest expense	(80,008)	
Total nonoperating revenues (expenses)	<u>\$ (80,008)</u>	<u>49,122</u>
Transfer from other funds	<u>\$ 1,151,019</u>	<u>-</u>
Change in net fund position	<u>\$ (365,604)</u>	<u>406,438</u>
Net fund position (deficit), beginning	<u>31,165,537</u>	<u>(7,254,540)</u>
Net fund position (deficit), ended	<u>\$ 30,799,933</u>	<u>(6,848,102)</u>

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, 2025

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,743,886	15,454,685
Payments to suppliers	(2,955,097)	
Payments to employees and benefits	(788,789)	(15,374,953)
Net cash flows provided by (used in) operating activities	<u>\$ -</u>	<u>79,732</u>
Cash flows from capital and related financing activities:		
Principal payments on capital debt	\$ (1,071,011)	
Interest paid on capital debt	(80,008)	
Net cash provided by (used in) capital and related financing activities	<u>\$ (1,151,019)</u>	<u>-</u>
Cash flows from noncapital and related financing activities:		
Transfer in and payments made through governmental activities	\$ 1,151,019	
Net cash provided by (used in) noncapital and related financing activities	<u>\$ 1,151,019</u>	<u>-</u>
Cash flows from investing activities:		
Gain (loss) on investments	\$ -	49,122
Net cash provided by (used in) investing activities	<u>\$ -</u>	<u>49,122</u>
Net increase (decrease) in cash and cash equivalents	\$ -	128,854
Cash and cash equivalents, beginning	-	596,316
Cash and cash equivalents, ended	<u>\$ -</u>	<u>725,170</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,436,615)	357,316
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,603,870	
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	16,276	411,462
Decrease (increase) in due from other funds	81,654	188,115
Increase (decrease) in accounts payable	(111,296)	
Increase (decrease) in payments in advance	(153,889)	
Increase (decrease) in claims incurred but not reported		(877,161)
Net cash flows from operating activities	<u>\$ -</u>	<u>79,732</u>

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

STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 June 30, 2025

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 1,439,170
Total assets	<u>\$ 1,439,170</u>
Liabilities:	
Due to other funds	\$ 1,499
Total liabilities	<u>\$ 1,499</u>
Net position:	
Held in deposit for employees	\$ 557,972
Held in deposit for contractors	236,329
Held in deposit for organizations	144,299
Held in deposit for students	499,071
Held in trust for benefits and other purposes	<u>\$ 1,437,671</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 For the Year Ended June 30, 2025

	<u>Custodial Funds</u>
Additions:	
Contributions:	
Contributions and donations	\$ 54,954
Other	<u>979,302</u>
Total contributions	<u>\$ 1,034,256</u>
Investment earnings:	
Interest and dividends	<u>7,871</u>
Total investment earnings	<u>\$ 7,871</u>
Total additions	<u>\$ 1,042,127</u>
Deductions:	
Other deductions	<u>\$ 979,287</u>
Total deductions	<u>\$ 979,287</u>
Change in net position	\$ 62,840
Net position, beginning	<u>1,374,831</u>
Net position, ended	<u>\$ 1,437,671</u>

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Note 1 - Summary of Significant Accounting Policies

Reporting entity

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

The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents.

Measurement focus, basis of accounting and financial statement presentation

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

Government-wide financial statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment of, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

The City reports on the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Assets, liabilities and net assets or equity

Cash and cash equivalents

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

Investments

Investments are stated at fair value using quoted market prices.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Inventories

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

Receivables and payables

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

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

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

Capital assets

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

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

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Deferred outflows/inflows of resources

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

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

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

Compensated absences

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

Net pension liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Net OPEB liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity and net position

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

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

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

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

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

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

Fair value of financial instruments

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

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

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Note 2 - Budgets and Budgetary Accounting

General fund

The Statement of Revenues and Expenditures and Change in Fund Balance - Budgetary Basis - Budget to Actual presented in the financial statements for the general fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the City's general budget policies are as follows:

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
Balance, budgetary basis	\$ 140,960,679	139,486,292
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	15,111,064	15,111,064
In accordance with State Statutes, the City's Board of Education recognizes the following receipts net of expenses for budgetary purposes:		
Excess costs grant	2,382,209	2,382,209
The Shelton bus contract is funds received by the City from the City's Board of Education to operate and maintain the school buses	(3,454,715)	(3,454,715)
Expenditure from lawsuit verdict budgeted in the current year's expenditures, but incurred and paid during the prior fiscal year		(685,106)
Payment on-behalf of W.P.C.A. was made through the operating budget, but was recorded as a transfer for budgetary purposes, netted against capital grants		(1,151,019)
Balance, GAAP basis	<u>\$ 154,999,237</u>	<u>151,688,725</u>

Special revenue funds

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

Capital projects funds

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

Explanation of certain differences between the government fund Balance Sheet and the government-wide Statement of Net Position

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

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

Land	\$	38,738,466
Net capital assets being depreciated		<u>158,415,658</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>197,154,124</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	\$	(6,672,493)
Compensated absences		(10,925,638)
Accrued interest on debt		(86,406)
Net pension obligations		(17,351,085)
Litigation obligation		<u>(940,000)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(35,975,622)</u>

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

Delinquent property tax and interest	\$	4,345,001
Deferred outflows (inflows) of pension charges		<u>4,785,296</u>
Net adjustment to increase fund balance to arrive at net position of governmental activities	\$	<u>9,130,297</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

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

Acquisitions	\$	2,829,476
Depreciation		<u>(7,364,161)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u>(4,534,685)</u>

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

Payments of debt		4,415,785
Change in compensated absences		(3,195,360)
Net pension obligation		(1,123,842)
Accrued interest		44,314
Litigation settlement payments and insurance coverage		<u>3,933,000</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u>4,073,897</u>

Other long-term assets, deferred outflows, and deferred inflows previously recognized in the State of Activities that provided current financial resources in the current fiscal year:

Change in delinquent accounts and assessments	\$	<u>(113,739)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$	<u>(113,739)</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Note 4 - Deposits and Investments

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

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental activities	\$ 6,257,144		6,257,144
Investments:			
Governmental activities		6,347,928	6,347,928
Total deposits and investments	<u>\$ 6,257,144</u>	<u>6,347,928</u>	<u>12,605,072</u>

Custodial credit risk

As of June 30, 2025, the carrying amount of the City's deposits had bank balances of approximately \$7,036,013. The amount of the bank balance covered under federal depository insurance was approximately \$750,000. 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, 2025, approximately \$703,601 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2025, 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	\$ 1,555,642	.2	Na
State Investment Fund	General Fund	542	.2	Na
State Investment Fund	Capital Projects	1,191	.2	Na
State Investment Fund	Nonmajor Funds	1,939	.2	Na
Mutual Funds	Plumb Library	4,788,614	.2	Na
Mutual Funds	Internal Service	645,437	.2	Na
Total investments		<u>\$ 6,993,365</u>		

Interest rate risk

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

Credit risk

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Investment policies

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

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2025, for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Government Funds		
	General Fund	Non-major Funds	Total
Property taxes	\$ 3,352,329		3,352,329
Interest and liens	1,505,586		1,505,586
Intergovernmental		324,656	324,656
Accounts	386,927		386,927
Total net receivables	\$ 5,244,842	324,656	5,569,498

	Proprietary Funds	
	W.P.C.A.	Total
Accounts	\$ 83,509	83,509
Total net receivables	\$ 83,509	83,509

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Payments unavailable and unearned

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

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes and interest	\$ 4,297,602	
Delinquent accounts	47,399	
Overpayment of taxes		25,072
Advanced payment of taxes		911,079
Other advanced payments		49,115
Capital Projects		
Payments in advance		105,938
American Recovery		
Payments in advance		6,059
Other governmental funds:		
Grants paid in advance		766,201
Total unavailable & unearned revenue	\$ 4,345,001	1,863,464

Payables

Payables as of June 30, 2025, for the City's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Total</u>
General fund	\$ 1,674,203	1,805,667	3,479,870
Capital projects fund	12,232		12,232
Non-major funds	152,656		152,656
Total governmental funds	\$ 1,839,091	1,805,667	3,644,758
Internal service funds	7,913		7,913
W.P.C.A.	360,248		360,248
Total payables	\$ 2,207,252	1,805,667	4,012,919

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2025 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Internal service funds	\$ 4,947,145
General fund	Nonmajor funds	809,388
General fund	Trust and agency funds	1,500
General fund	Capital projects	<u>2,417,170</u>
	Total	\$ <u>8,175,203</u>
American recovery	General fund	\$ 39,946
W.P.C.A.	General fund	2,806,600
Internal Service fund	General fund	277,755
Nonmajor funds	General fund	<u>1,369,336</u>
	Total	\$ <u>4,493,637</u>

Inter-fund transfers

The following inter-fund payments were also made:

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,862,466	876,000		38,738,466
Total capital assets not being deprec.	<u>\$ 37,862,466</u>	<u>876,000</u>	<u>-</u>	<u>38,738,466</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 198,599,577			198,599,577
Machinery and equipment	33,005,251	1,953,476		34,958,727
Infrastructure	99,969,570			99,969,570
Total capital assets being deprec.	<u>\$ 331,574,398</u>	<u>1,953,476</u>	<u>-</u>	<u>333,527,874</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 86,678,292	2,854,533		89,532,825
Machinery and equipment	25,048,535	2,023,981		27,072,516
Infrastructure	56,021,228	2,485,647		58,506,874
Total accumulated depreciation	<u>\$ 167,748,055</u>	<u>7,364,161</u>	<u>-</u>	<u>175,112,216</u>
Net capital assets being depreciated	<u>\$ 163,826,343</u>	<u>(5,410,685)</u>		<u>158,415,658</u>
Total capital assets, governmental	<u>\$ 201,688,809</u>	<u>(4,534,685)</u>	<u>-</u>	<u>197,154,124</u>

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

Governmental activities:	
General government	\$ 71,594
Education	2,483,982
Public works	3,629,158
Public safety	1,040,327
Culture and recreation	<u>139,100</u>
Total depreciation expense governmental activities	<u>\$ 7,364,161</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 462,669	-	462,669	-
Capital assets being depreciated:				
Buildings and improvements	\$ 51,531,760	-		51,531,760
Sewers	40,578,832	462,669		41,041,501
Total capital assets being depreciated	\$ 92,110,592	462,669	-	92,573,261
Less: accumulated depreciation:				
Buildings and improvements	\$ 41,033,967	1,586,560		42,620,527
Sewers	18,234,156	17,310		18,251,466
Total accumulated depreciation	\$ 59,268,123	1,603,870	-	60,871,993
Net capital assets being depreciated	\$ 32,842,469	(1,141,201)	-	3,1701,268
Total capital assets, business-type	\$ 33,305,138	(1,141,201)	462,669	31,701,268

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 10,707,139		4,147,139	6,560,000	2,378,000
Bank promissory notes	381,139		268,646	112,493	112,493
Total long-term debt	\$ 11,088,278	-	4,415,785	6,672,493	2,490,493
Other long-term liabilities:					
Net pension obligation	17,077,227	273,858		17,351,085	
Claims and judgments	4,873,000		3,933,000	940,000	
Compensated absences	7,730,278	3,195,360		10,925,638	
Total governmental activities long-term liabilities	\$ 40,768,783	3,469,218	8,348,785	35,889,216	2,490,493
Business-type activities:					
Clean water fund notes	\$ 4,489,627	-	1,071,009	3,418,619	1,092,627
Total business-type activities long-term liabilities	\$ 4,489,627	-	1,071,009	3,418,619	1,092,627
Total long-term liabilities	\$ 45,258,410	3,469,218	9,419,794	39,307,834	3,583,120

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 5 year and 10-year serial bonds with equal amounts of principal maturing each year. As of June 30, 2025, the outstanding general obligation bonded indebtedness of the City was as follows:

	General
\$2,750,000 G.O. Bank loan 2015, lot B , issue of 8/10/2015, due 8/1/2025, interest at 2.0% to 5.0%, annual principal and interest payments	\$ 310,000
\$5,055,000 G.O. Bank loan 2021 , issue of 12/9/2021, due 1/10/2025, interest at 1.72%, annual principal and interest payments	2,022,000
\$5,285,000 G.O. Bank loan 2023 , issue of 12/19/2023, due 12/15/2028, interest at 4.3%, annual principal and interest payments	4,228,000
Total general obligation bond and loans	\$ 6,560,000

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2026	\$ 2,378,000	172,812
2027	2,068,000	118,049
2028	1,057,000	69,313
2029	1,057,000	23,104
Total	\$ 6,560,000	383,278

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, 2025, as follows:

General purpose	\$ 1,672,997
Schools	190,700
Total	\$ 1,863,697

As stated in Note13, \$1,944,000 of these authorizations were issued on July 16, 2025.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Bank promissory note

The City has an outstanding balance of \$112,493 on a bank promissory note due to Newton Savings. The note was issued on November 30, 2020, and requires sixty equal monthly payments of combined principal and interest (rate of .70%) until the maturity date of December 16, 2025. The note is secured by, among other things, a security interest in certain assets of the City.

Debt service requirements until maturity are as follows:

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2026	\$ 112,493	13
Total	\$ 112,493	13

Clean water fund loans payable

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

Note	Balance
165-C	\$ 3,051,390
104-C	367,228
Total clean water fund loans	\$ 3,418,618

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
2026	1,092,626	58,393
2027	1,114,680	36,339
2028	1,045,823	14,322
2029	165,490	383
	\$ 3,418,619	109,437

Lawsuit settlement

During the fiscal year, the City of Shelton was found liable in a case involving the Shelton Police Department. After further negotiations, a final settlement was reached of \$4,873,000 to be paid by the City. The amount remaining to be paid, net of insurance reimbursements is estimated to be \$940,000 as of June 30, 2025.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025, Continued

Note 9 - Commitments and Contingencies

Lawsuits

There were several personal injuries, negligence, and personnel related lawsuits pending against the City. Other than the case described in Note 8, the outcome and eventual liability of the City, if any in these cases, is not known at this time. Based upon consultation with counsel, the City's management estimates that potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

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

Municipal solid waste management services contract

On July 1, 2024, the City entered into a five-year municipal solid waste management services contract with WIN Waste Innovations. The City agrees to pay \$84.00 per ton of acceptable waste delivered to the facility with a minimum charge of 1 ton per delivery plus an environmental fee of \$2.25 per ton. The tip fee will escalate by the greater of 4% or 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; errors and omissions; injuries to employees; employee health; and natural disasters. The City generally obtains commercial insurance for these risks but has chosen to retain the risks for workers' compensation, including heart and hypertension, and physical damage of the City's vehicles.

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025, Continued

Changes in the balance of claim liabilities for the worker’s compensation and health insurance were as follows:

Fiscal Year Ended June 30,	Claims Payable Beginning	Claims and Changes in Estimates	Claims Paid	Claims Payable Ending
Worker’s Compensation				
2024	\$ 2,001,239	1,538,161	1,350,000	2,189,400
2025	2,189,400	(11,361)	1,270,268	907,771
Health Insurance				
2024	1,508,001	18,963,415	18,449,949	2,021,467
2025	2,021,467	10,095,021	14,104,685	(1,988,197)
Total Internal Service				
2024	3,509,240	20,501,576	19,799,949	4,210,867
2025	4,210,867	10,083,660	15,374,953	(1,080,426)

Note 10 - Employee Retirement Plans

Merit employee’s retirement plan

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

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

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

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

The City’s total covered payroll under the plan, excluding the Board of Education, for the fiscal year ended June 30, 2025, was approximately \$6.6 million. The City’s matching contribution for city employees was \$449,298.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

Connecticut municipal employees' retirement system – defined benefit plan

Plan description

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

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

Summary of significant accounting policies

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

Benefit provisions

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

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

In 2023, Connecticut's legislature passed House Bill 6930 which makes several changes beginning July 1, 2025 including a five-year phase-out of the Cost-Of-Living-Adjustment (COLA) floor from the existing 2.5% to 0%, which reduces the floor by 0.5% each year for future retirees, beginning July 1, 2025, reducing to 0% on July 1, 2029. Subject to the COLA floors outlined above, for years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the inflation rate up to 6.0%, and 75% of the inflation rate in excess of 6.0% with a maximum COLA of 7.5%.

Contribution requirements

Contributions are established by State Statutes as follows:

Employer

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

The current rate is 25.03% of the annual covered payroll. The contribution requirements of the City are established and may be amended by the State Retirement Commission. The City's contributions to CMERS for the years ended June 30, 2024, 2023 and 2022 were \$1,665,364, \$1,270,407, and \$1,157,426 respectively, equal to the required contributions for each year.

Employee

Plan members not covered by social security are required to contribute 6% of compensation. Employees covered by social security are required to contribute 3.25% of compensation up to the social security taxable wage base plus 6% of compensation, if any, in excess of such base.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

At June 30, 2025, 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 \$14,893,041 based on the City's allocation percentage of 3.173786%

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The changes in assumptions that affected the measurement of the total pension liability since the prior measurement date, were updating rates of inflation, real investment return mortality, withdrawal, disability, retirement, and salary increase to more closely reflect actual and anticipated experience.

The City recognized its proportionate share of the collective pension expense in the amount of \$2,766,784 for the year ended June 30, 2025.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to CMERS pension benefits as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$	238,908
Change of assumptions	1,424,297	
Change in proportionate share	527,757	873,680
Net difference between employers expected and actual experience	<u>1,897,095</u>	
Total	\$ <u>3,849,149</u>	<u>1,112,588</u>

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

<u>Year Ended June 30,</u>		<u>Net Pension Expense Increase</u>
2026	\$	1,073,930
2027		1,720,532
2028		82,174
2029		(141,764)
Thereafter		<u>1,689</u>
	\$	<u>2,736,561</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Actuarial assumptions

The total pension liability is based upon the June 30, 2024, 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	3.50-9.50%, including inflation
Long-term investment rate of return	7.00%, net of pension plan investment expense, including inflation

For the period after retirement and for dependent beneficiaries, mortality rates were based on the Pub-2010 Mortality tables set forward one year (except Active employees) are projected generationally with scale MP2021. Future Cost-of-Living Annually compounded increases are applied to disabled and nondisabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring between July 1, 2025 and June 30, 2026, the COLA assumption is 2.5%. The COLA assumption is reduced to 2.3% for members retiring between July 1, 2026 and June 30, 2027; 2.1% for members retiring between July 1, 2027 and June 30, 2028; and 2.0% for members retiring after July 1, 2028.

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Global equity	37	%	6.8	%
Public Credit	2		2.9	
Core fixed income	13		0.4	
Liquidity fund	1		-0.4	
Risk mitigation	5		.01	
Private equity	15		11.2	
Private credit	10		6.1	
Real estate	10		6.3	
Infra. & natural resources	7		7.7	
Total	100	%		

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Discount rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$ 21,539,460	14,893,041	9,345,746

Shelton Volunteer Fire Length of Service Awards Program

Program Description

The City sponsors, a single employer defined benefit plan known as the Length of Service Awards Program (LOSAP) to provide municipally funded retirement-like benefits for members of the Shelton Volunteer Fire Department (SVF). The City is the plan sponsor and may amend the benefits provided for in the programs plan documents. Management of the plan is vested in the plan administrator. All volunteer members who have attained the age of 14 and completed a defined probationary period are eligible to participate in the program.

Benefits Provided – The program provides benefits for members of the SVF who provide active volunteer services, as determined in accordance with program rules and procedures. Eligible members are vested as a set dollar amount is credited to each participant's account annually, increasing over time. Vesting begins when members reach 5 years of qualifying service.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

The normal retirement date for members is attained at age 60 with one year of credited service. Volunteers earn points for specific activities such as attending meetings, training, and responding to calls.

Net pension liability –

Total pension liability	\$ 2,073,714	
Program fiduciary net position	-	
Net pension liability	<u>\$ 2,073,714</u>	
Program fiduciary net position as a percentage of total pension liability		0.00
Covered payroll		N/A
Net pension liability as a percentage of covered payroll		N/A

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.00%
Salary increases	N/A
Investment rate of return	4.81% net of pension plan investment expense, including Inflation
Mortality	No pre-retirement mortality; post-retirement RP 2000 projected to 2030.
Retirement	First eligible
Turnover	T5
Disability	None

Discount Rate – The discount rate used to measure the total pension liability was 4.81%. Since the plan is considered to be unfunded, the discount rate was based on the 20-year AA tax-exempt general obligation bond rate as of June 30, 2021 in conformance with GASB criteria.

Changes in the Net Pension Liability – The changes in the City’s net pension liability for the program during the year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at July 1, 2024	\$ -	-	-
Service costs	\$ 52,605		52,605
Interest	(963)		(963)
Differences between expected and actual experience	2,874,248		2,874,248
Changes in assumptions	(415,765)		(415,765)
Benefit payments and expenses	(51,541)		(51,541)
Net changes	<u>2,458,044</u>	-	<u>2,458,044</u>
Balance at June 30, 2025	<u>\$ 2,458,044</u>	-	<u>2,458,044</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table that follows presents the Town’s proportionate share of the net pension liability, calculated using the discount rate of 4.81%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.81%) or 1 percentage point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Net pension liability	\$ 2,952,369	2,458,044	2,073,714

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Total LOSAP program pension expense recognized for the year-ended June 30, 2025 was \$460,849. The Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,395,207	
Changes in assumptions		346,471
Total	\$ 2,395,207	346,471

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30,	Amount
2026	\$ 409,747
2027	409,747
2028	409,747
2029	409,747
2030	409,747
Total	\$ 2,048,736

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Board ("TRB"). The State Treasurer is responsible for investing in Teachers' Retirement System funds for the exclusive benefit of the TRS members.

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

Benefit provisions

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

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

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

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

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025, Continued

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, 2024, \$2,781,537 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the City was \$39,736,237.

Administrative expenses

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

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, 2024; 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		26,371,297
Total net pension liability	\$	<u>26,371,297</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2024, the City has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$15,100,591 as payments made by the State of Connecticut on behalf of the City for teachers' pension.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Actuarial assumptions

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

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

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with the MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members. Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on

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

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Global Equity	37.0	%	6.8	%
Public Credit	2.0		2.9	
Core Fixed Income	13.0		0.4	
Liquidity Fund	1.0		-0.4	
Risk Mitigation	5.0		0.1	
Private Equity	15.0		11.2	
Private Credit	10.0		6.1	
Real Estate	10.0		6.2	
Infrastructure and Natural Resource	7.0		7.7	
Total	<u>100</u>	<u>%</u>		

Discount rate

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

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

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

Note 11 - Other Post-Employment Benefit Plan

Teachers' retirement OPEB plan

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

Plan description

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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

Benefit provisions

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

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

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, 2023, are as follows:

- Medicare Supplement with Prescriptions
- Medicare Supplement with Prescriptions and Dental
- Medicare Supplement with Prescriptions, Dental, Vision, and Hearing Included

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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 the plan costs through annual appropriation in the General Fund.

Employer (School Districts)

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

Employees

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

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

For the year ended June 30, 2025, \$2,347,144 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the City was \$39,199,068.

Administrative expenses

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

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, 2025, 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		128,556
Total net OPEB liability	\$	<u>128,556</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2025, the City has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$824,769 as payments made by the State of Connecticut on behalf of the City for teachers' OPEB.

Actuarial assumptions

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

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	0.50%
Wage inflation	3.00%
Municipal bond index rate	3.54%, (2.16% at prior measurement date)
Single equivalent interest rate	3.53% net of OPEB plan investment expense, including inflation (2.17% at prior measurement date)
Healthcare cost trend rates	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly
Year fund net position will be depleted	2028

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

The PubT-2010 Disabled Retiree Table projected generationally with the MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

Long-term rate of return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Treasuries (cash equivalents)	<u>100.0%</u>	3.25%

Discount rate

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

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

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

Note 12 - Fund Balance and Net Position

Restricted Fund Balance

The City has the following restricted fund balances at June 30, 2025,

<u>Fund</u>	<u>Balance</u>	<u>Restriction</u>
American Recovery Act	\$ 33,887	Federal regulation restrictions
Plumb Library	4,942,407	Donor's Intentions
Nonmajor programs	674,131	Donor's Intentions
Total	<u>\$ 5,650,425</u>	

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025, Continued

Fund deficits

The City has the following fund deficits at June 30, 2025, 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	\$ 1,259	Future contributions
Summer School	223,175	Future contributions
School Rental	51,491	Future contributions
Police PVET Grant	885	Future grant receipts
Worker's Compensation	5,562,925	Future employer payments
Medical Insurance	1,285,177	Future employer payments
Homeland Security	26,236	Future grant receipts
DUI Grant	35,435	Future grant receipts

Note 13 - Subsequent Events

On July 16, 2025, the City of Shelton entered into a tax-exempt note agreement with Newton Saving Bank in the amount of \$1,944,000. The funds will be used to reimburse the City of Shelton for capital projects and purchases authorized by the Board of Alderman. The note will be paid over five years by annual payments made December 15 of each year. Interest payments will be made semiannually at a fixed rate of 4.00%.

Management has evaluated events subsequent to the date of the financial statements through December 31, 2025, the date the financial statements were available to be issued. No other events have occurred subsequent to the Statement of Net Position date through December 31, 2025 that would require readjustment to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 118,547,213	118,547,213	118,741,366	194,153
Intergovernmental	9,339,968	9,339,968	9,206,625	(133,343)
Charges for services	7,966,725	7,966,725	9,032,450	1,065,725
Investment income	1,400,000	1,400,000	1,462,974	62,974
Other revenues	4,015,928	4,015,928	2,445,991	(1,569,937)
Total revenues	\$ 141,269,834	141,269,834	140,889,406	(380,428)
Expenditures:				
Current:				
General government	\$ 23,250,216	25,125,900	20,271,963	4,853,937
Public safety	10,803,196	10,803,196	10,104,792	698,404
Public works	8,327,665	8,327,665	7,465,876	861,789
Health and welfare	332,000	332,000	329,417	2,583
Culture and recreation	4,335,583	4,340,450	4,026,187	314,263
Education	83,555,327	83,566,276	87,068,614	(3,502,338)
Other	4,620,596	4,620,596	4,264,199	356,397
Debt service:				
Principal retirements	4,147,138	4,147,138	4,192,377	(45,239)
Capital lease payments	261,441	261,441	266,142	(4,701)
Interest and other charges	485,652	485,652	270,519	215,133
Payment on behalf of W.P.C.A.	1,151,020	1,151,020	1,151,019	1
Total expenditures	\$ 141,269,834	143,161,334	139,411,105	3,750,229
Revenues over (under) expenditures	\$ -	(1,891,500)	1,478,301	3,369,801
Other financing sources (uses):				
Appropriation of fund balance		1,891,500	1,891,500	-
Total other financing sources (uses)	\$ -	1,891,500	1,891,500	-
Revenues over expenditures and other financing sources (uses)	\$ -	-	3,369,801	3,369,801
Add (less):				
Change in prepaid expenditures			685,056	
Special appropriations activity, net			(3,914)	
Net change in unassigned fund balance			\$ 4,050,943	
Unassigned fund balance, July 1, 2024			311,092	
Unassigned fund balance, June 30, 2025			\$ 4,362,035	

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

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	<u>3.173786%</u>	<u>3.447406%</u>	<u>3.629673%</u>	<u>3.105665%</u>	<u>3.295676%</u>	<u>3.495627%</u>	<u>3.866734%</u>	<u>3.481790%</u>	<u>3.481790%</u>	<u>3.753945%</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 14,893,041</u>	<u>17,077,227</u>	<u>16,783,317</u>	<u>7,316,148</u>	<u>11,187,259</u>	<u>11,362,066</u>	<u>10,535,204</u>	<u>2,672,834</u>	<u>1,961,193</u>	<u>3,158,806</u>
City's covered payroll	<u>\$ 6,874,606</u>	<u>6,952,645</u>	<u>6,653,085</u>	<u>5,644,365</u>	<u>5,598,181</u>	<u>5,953,782</u>	<u>6,071,799</u>	<u>5,812,452</u>	<u>5,323,127</u>	<u>5,276,705</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>216.64%</u>	<u>245.62%</u>	<u>252.26%</u>	<u>129.62%</u>	<u>199.84%</u>	<u>190.84%</u>	<u>173.51%</u>	<u>45.98%</u>	<u>36.84%</u>	<u>59.86%</u>
Plan fiduciary net position as a percentage of total pension liability	<u>72.85%</u>	<u>69.54%</u>	<u>68.71%</u>	<u>82.59%</u>	<u>71.18%</u>	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>

Changes in benefit terms None

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

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

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF CITY CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,052,248	1,711,425	1,665,364	1,270,407	1,157,426	932,980	1,027,956	984,048	914,347	790,450
Contributions in relation to the contractually required contribution	<u>2,052,248</u>	<u>1,711,425</u>	<u>1,665,364</u>	<u>1,270,407</u>	<u>1,157,426</u>	<u>932,980</u>	<u>1,027,956</u>	<u>984,048</u>	<u>914,347</u>	<u>790,450</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ <u>6,874,606</u>	<u>6,952,645</u>	<u>6,653,085</u>	<u>5,644,365</u>	<u>5,598,181</u>	<u>5,953,782</u>	<u>6,071,799</u>	<u>5,812,452</u>	<u>6,103,787</u>	<u>5,276,705</u>
Contributions as a percentage of covered payroll	29.85%	24.62%	25.03%	22.51%	20.68%	15.67%	16.93%	16.93%	14.98%	14.98%

Notes to Schedule

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

Changes in benefit terms None

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

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

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF CITY CONTRIBUTIONS
 SHELTON VOLUNTEER FIREMEN LENGTH OF SERVICE AWARDS PROGRAM
 Last One Fiscal Year

	<u>2025</u>
Total pension liability:	
Service cost	\$ 52,065
Interest	(963)
Changes in benefit terms	
Differences between expected and actual experience	2,874,248
Changes in assumptions	(415,765)
Benefit payments, including refund of member contributions	<u>(51,541)</u>
Net change in total pension liability \$	2,458,044
Total pension liability - beginning	-
Total pension liability - ended	<u>\$ 2,458,044</u>
Covered payroll	<u>\$ N/A</u>
Net pension liability as a percentage of its covered payroll	<u>N/A</u>
Expected average remaining service years of participants	<u>6</u>

Notes To Schedule

Changes in benefit terms	None
Changes in assumptions	None, other than discount rate

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	6 years remaining as of July 1, 2024
Asset valuation method	6-year smoothed market (20% write up)
Inflation	0.00%
Salary increase	N/A
Investment rate of return	4.81%, net of pension plan investment expense, including inflation

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

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

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the City (thousands)	128,556	144,013	156,238	131,739	166,335	154,855	119,402	118,187	124,688	95,054
Total	\$ 128,556	144,013	156,238	131,739	166,335	154,855	119,402	118,187	124,688	95,054
City's covered payroll	\$ 39,199,068	37,332,959	39,736,237	38,631,032	36,758,643	36,758,643	37,696,000	36,700,000	36,364,599	31,569,440
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

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

Changes in assumptions None

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of salary closed, grading to a level dollar amortization method for June 30, 2024 valuation
Single equivalent amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS' RETIREMENT PLAN
Last Seven Fiscal Years

	2025	2024	2023	2022	2021	2020	2019
City's proportion of the net OPEB liability	0%	0%	0%	0%	0%	0%	0%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the City	26,371,297	13,492,042	13,682,878	14,352,712	24,808,903	23,869,248	23,869,248
Total	\$ 26,371,297	\$ 13,492,042	\$ 13,682,878	\$ 14,352,712	\$ 24,808,903	\$ 23,869,248	\$ 23,869,248
City's covered payroll	\$ 39,199,068	\$ 37,332,959	\$ 39,736,237	\$ 38,631,032	\$ 36,758,643	\$ 36,758,643	\$ 37,696,000
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	208%	1.49%

Notes to Schedule

Changes in benefit terms In June 2022, There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

Changes in assumptions The single equivalent interest rate was updated to 3.53% as of June 30, 2022.

The expected annual per capita claims cost were updated to reflect anticipated medical and prescription drug claim experience; The assumed age related annual percentage increases in expected annual per capita health care claim costs were updated; Long-term health care cost trend rates were updated; and The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.50%
Real Wage Growth	0.50%
Wage inflation	3.00%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	3.00%, net of investment related expense, including inflation

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

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current years' levy	\$ 117,222,213	117,222,213	117,020,468	(201,745)
Prior years' levies	970,000	970,000	974,281	4,281
Interest and penalties	475,000	475,000	847,511	372,511
Statutory refunds	(120,000)	(120,000)	(100,894)	19,106
Total property taxes	\$ 118,547,213	118,547,213	118,741,366	194,153
Intergovernmental:				
State grants for education	\$ 8,343,906	8,343,906	8,282,155	(61,751)
Other state grants	996,062	996,062	924,470	(71,592)
Total intergovernmental	\$ 9,339,968	9,339,968	9,206,625	(133,343)
Charges for services:				
Licenses and permits	\$ 2,356,425	1,002,000	2,507,173	1,505,173
Charges for services	5,587,300	6,941,725	6,487,527	(454,198)
Fines and forfeits	23,000	23,000	37,750	14,750
Total charges for services	\$ 7,966,725	7,966,725	9,032,450	1,065,725
Investment income	\$ 1,400,000	1,400,000	1,462,974	62,974
Miscellaneous revenues	\$ 4,015,928	4,015,928	2,445,991	(1,569,937)
Total revenues	\$ 141,269,834	141,269,834	140,889,406	(380,428)
Other financing sources:				
Appropriation of fund balance	\$ -	1,891,500	1,891,500	-
Total other financing sources	\$ -	1,891,500	1,891,500	-
Total revenue & other financing sources	\$ 141,269,834	143,161,334	142,780,906	(380,428)

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Administrative	\$ 754,876	754,876	622,445	132,431
Employee resources	10,104,716	10,074,421	9,069,282	1,005,139
Legislative	171,021	171,021	169,581	1,440
Board of Ethics	600	600	-	600
Elections	185,703	342,567	342,567	
Inland wetlands	115,212	115,212	90,520	24,692
Economic development committee	75,300	75,300	55,213	20,087
Economic development	128,000	128,000	127,998	2
Planning and zoning	614,058	614,058	440,622	173,436
Probate court	14,700	14,700	11,925	2,775
Elected/appointed officials	18,450	18,450	15,000	3,450
Conservation commission	80,041	80,041	65,554	14,487
City/Town clerk	489,850	489,850	355,334	134,516
Appeals board	200	200	-	200
Zoning appeals board	23,320	23,320	14,016	9,304
Legal services corporate counsel	242,270	242,270	233,265	9,005
Management information systems	598,320	598,320	446,565	151,755
Assessor	679,975	679,975	567,511	112,464
Tax collector	363,580	363,580	345,440	18,140
Purchasing	371,767	371,767	237,497	134,270
Public risk management	2,211,088	2,211,088	2,139,845	71,243
Accounting and control	697,853	697,853	694,485	3,368
Miscellaneous	5,134,316	7,025,816	4,194,683	2,831,133
Contingency	175,000	32,615	32,615	-
Total general government	\$ 23,250,216	25,125,900	20,271,963	4,853,937
Public safety:				
Public safety and energy services	\$ 131,470	131,470	94,025	37,445
EMS commission	122,317	122,317	117,816	4,501
Fire marshal	368,018	368,018	316,132	51,886
Animal control	382,422	382,422	312,238	70,184
Fire department	1,215,175	1,215,175	1,148,806	66,369
Police department	8,583,794	8,583,794	8,115,775	468,019
Total public safety	\$ 10,803,196	10,803,196	10,104,792	698,404
Public works:				
Building department	\$ 423,799	423,799	383,581	40,218
Highways and bridges	3,955,869	3,955,869	3,439,850	516,019
Road repair	50,000	50,000	47,006	2,994
Public works director	80,702	80,702	75,718	4,984
Engineering	454,657	454,657	288,223	166,434
Tree warden	135,175	135,175	125,699	9,476
Recycling program	67,302	67,302	32,032	35,270
Sanitation	3,160,161	3,160,161	3,073,767	86,394
Total public works	\$ 8,327,665	8,327,665	7,465,876	861,789

(Continued)

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Health and welfare:				
Public health	\$ 332,000	332,000	329,417	2,583
Total health and welfare	\$ 332,000	332,000	329,417	2,583
Culture and recreation:				
Recreation	\$ 1,839,484	1,839,484	1,790,307	49,177
Senior center	485,344	485,344	390,875	94,469
Youth service bureau	241,110	241,110	165,781	75,329
Library	1,289,745	1,292,112	1,292,112	-
Community development	92,550	92,550	3,162	89,388
Outside agency contributions	387,350	389,850	383,950	5,900
Total culture and recreation	\$ 4,335,583	4,340,450	4,026,187	314,263
Education:				
Board of Education	\$ 79,809,827	79,809,827	83,312,165	(3,502,338)
Shelton bus transportation	3,745,500	3,756,449	3,756,449	-
Total education	\$ 83,555,327	83,566,276	87,068,614	(3,502,338)
Other:				
Utilities	\$ 2,878,250	2,878,250	2,604,357	273,893
Municipal property maintenance	1,742,346	1,742,346	1,659,842	82,504
Total other	\$ 4,620,596	4,620,596	4,264,199	356,397
Debt service:				
Principal	\$ 4,147,138	4,147,138	4,192,377	(45,239)
Interest	261,441	261,441	266,142	(4,701)
W.P.C.A. transfer	485,652	485,652	270,519	215,133
Capital leases	1,151,020	1,151,020	1,151,019	1
Total debt service	\$ 6,045,251	6,045,251	5,880,057	165,194
Total expenditures and financial uses	\$ 141,269,834	143,161,334	139,411,105	3,750,229

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2025

	Special Revenue			
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch	Valley Street Crime B
Assets:				
Cash and cash equivalents	\$ 276,477		129,872	44,268
Investments				
Receivables, net				
Due from other funds			3,676	
Inventory				
Total assets	<u>\$ 276,477</u>	<u>-</u>	<u>133,548</u>	<u>44,268</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,682			
Payments in advance				
Due to other funds		1,259		
Total liabilities	<u>\$ 4,682</u>	<u>1,259</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable receipts	\$ -	-	-	-
Fund balance (deficits):				
Nonspendable	\$			
Restricted for:				
Donor's intentions				
Committed for:				
Specific purposes	271,795			
Assigned			133,548	44,268
Unassigned		(1,259)		
Total fund balance (deficits)	<u>\$ 271,795</u>	<u>(1,259)</u>	<u>133,548</u>	<u>44,268</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 276,477</u>	<u>-</u>	<u>133,548</u>	<u>44,268</u>

Special Revenue

Emergency Medical Service Training	Police Seizure Fund	Surface Transportation	Gristmill Lane Maintenance	Asset Seizure Account	NIP Fees	Affordable Housing Grant
4,453	43,439	515	1,883	438	99,250	10,575
	8,603			67,688		
<u>4,453</u>	<u>52,042</u>	<u>515</u>	<u>1,883</u>	<u>68,126</u>	<u>99,250</u>	<u>10,575</u>
	586					
<u>-</u>	<u>586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
					-	-
	51,456			68,126	99,250	
4,453		515	1,883			10,575
<u>4,453</u>	<u>51,456</u>	<u>515</u>	<u>1,883</u>	<u>68,126</u>	<u>99,250</u>	<u>10,575</u>
<u>4,453</u>	<u>52,042</u>	<u>515</u>	<u>1,883</u>	<u>68,126</u>	<u>99,250</u>	<u>10,575</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2025

	Special Revenue			
	LoCIP Fund	Pine Rock	Pine Rock Improvements	Adult Education
Assets:				
Cash and cash equivalents	\$		6,496	39,704
Investment				
Receivables, net				
Due from other funds	826,168	292,257		
Inventory				
Total assets	\$ 826,168	292,257	6,496	39,704
Liabilities:				
Accounts payable and accrued liabilities	\$ 26,685			
Advanced from other funds	758,454			
Due to other funds				
Total liabilities	\$ 785,139	-	-	-
Deferred inflows of resources:				
Unavailable receipts	\$ -	-	-	-
Fund balance (deficits):				
Nonspendable	\$			
Restricted for:				
Donor's intentions	41,029	292,257		
Committed for:				
Specific purposes				
Assigned			6,496	39,704
Unassigned				
Total fund balance (deficits)	\$ 41,029	292,257	6,496	39,704
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 826,168	292,257	6,496	39,704

Special Revenue

Small Cities Grant	Trails Committee	Sewer Assessments	One Time Use Grant	CRRA Consent Order	Opioids Settlement	Concession Stand
57,890	5,334	77,657 1,939		140,364	152,725	8,118
		167	1,431			
<u>57,890</u>	<u>5,334</u>	<u>79,763</u>	<u>1,431</u>	<u>140,364</u>	<u>152,725</u>	<u>8,118</u>
		15,597				
-	-	15,597	-	-	-	-
-	-	-	-	-	-	-
57,890					152,725	
	5,334	64,166	1,431	140,364		8,118
<u>57,890</u>	<u>5,334</u>	<u>64,166</u>	<u>1,431</u>	<u>140,364</u>	<u>152,725</u>	<u>8,118</u>
<u>57,890</u>	<u>5,334</u>	<u>79,763</u>	<u>1,431</u>	<u>140,364</u>	<u>152,725</u>	<u>8,118</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2025

	Special Revenue		
	DUI Grant	Senior Center	Homeland Security Grant
Assets:			
Cash and cash equivalents	\$	66,377	
Investments			
Receivables, net			
Due from other funds			
Inventory			
Total assets	<u>\$ -</u>	<u>66,377</u>	<u>-</u>
Liabilities:			
Accounts payable and accrued liabilities	\$		
Advanced from other funds			
Due to other funds	35,435		26,236
Total liabilities	<u>\$ 35,435</u>	<u>-</u>	<u>26,236</u>
Deferred inflows of resources:			
Unavailable receipts	\$ -	-	-
Fund balance (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Committed for:			
Specific purposes			
Assigned		66,377	
Unassigned	(35,435)		(26,236)
Total fund balance (deficits)	<u>\$ (35,435)</u>	<u>66,377</u>	<u>(26,236)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>66,377</u>	<u>-</u>

Special Revenue

Recreation Path Grants	COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants
971	79,824	2,071	1,775	1,034,088	440,933
				148,733	175,923
				74,067	
<u>971</u>	<u>79,824</u>	<u>2,071</u>	<u>1,775</u>	<u>1,256,888</u>	<u>616,856</u>
				105,106	7,747
					266,846
-	-	-	-	105,106	274,593
-	-	-	-	-	-
				74,067	
				1,077,715	342,263
971	79,824	2,071	1,775		
<u>971</u>	<u>79,824</u>	<u>2,071</u>	<u>1,775</u>	<u>1,151,782</u>	<u>342,263</u>
<u>971</u>	<u>79,824</u>	<u>2,071</u>	<u>1,775</u>	<u>1,256,888</u>	<u>616,856</u>

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2025

	<u>Special Revenue</u>			
	<u>Tech Repair</u>	<u>Summer School</u>	<u>School Rental</u>	<u>Comp Voice Stress Analyzer</u>
Assets:				
Cash and cash equivalents	\$ 25,510	62,195	141,866	1,138
Investments				
Receivables, net				
Due from other funds				
Inventory				
Total assets	<u>\$ 25,510</u>	<u>62,195</u>	<u>141,866</u>	<u>1,138</u>
Liabilities:				
Accounts payable and accrued liabilities	\$			
Advanced from other funds				
Due to other funds		285,370	193,357	
Total liabilities	<u>\$ -</u>	<u>285,370</u>	<u>193,357</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable receipts	\$ -	-	-	-
Fund balance (deficits):				
Nonspendable	\$			
Restricted for:				
Donor's intentions	25,510			
Committed for:				
Specific use				
Assigned				1,138
Unassigned		(223,175)	(51,491)	
Total fund balance (deficits)	<u>\$ 25,510</u>	<u>(223,175)</u>	<u>(51,491)</u>	<u>1,138</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 25,510</u>	<u>62,195</u>	<u>141,866</u>	<u>1,138</u>

Special Revenue

Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Special Revenue Funds
140,059	1,851	276,028	1,014		3,375,158
					1,939
					324,656
	119,505	49,841			1,369,336
					74,067
<u>140,059</u>	<u>121,356</u>	<u>325,869</u>	<u>1,014</u>	<u>-</u>	<u>5,145,156</u>
					152,656
					766,201
				885	809,388
-	-	-	-	885	1,728,245
-	-	-	-	-	-
					74,067
					2,208,221
140,059	121,356	325,869	1,014		411,854
				(885)	1,061,250
					(338,481)
<u>140,059</u>	<u>121,356</u>	<u>325,869</u>	<u>1,014</u>	<u>(885)</u>	<u>3,416,911</u>
<u>140,059</u>	<u>121,356</u>	<u>325,869</u>	<u>1,014</u>	<u>-</u>	<u>5,145,156</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
 June 30, 2025

	Permanent Funds			
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial	Lucy Beard
Assets:				
Cash and cash equivalents	\$ 1,778	688	750	1,354
Investments				
Receivables, net				
Due from other funds				
Inventory				
Total assets	<u>\$ 1,778</u>	<u>688</u>	<u>750</u>	<u>1,354</u>
Liabilities:				
Accounts payable and accrued liabilities				
Advanced from other funds				
Due to other funds				
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable receipts	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficits):				
Nonspendable	\$			
Restricted for:				
Donor's intentions	1,778	688	750	1,354
Committed for:				
Specific use				
Assigned				
Unassigned				
Total fund balance (deficits)	<u>\$ 1,778</u>	<u>688</u>	<u>750</u>	<u>1,354</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,778</u>	<u>688</u>	<u>750</u>	<u>1,354</u>

Permanent Funds				
Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Lavietes Memorial	Total Permanent Funds	Nonmajor Governmental Funds
1,085	32,459	499	38,613	3,413,771
			-	1,939
			-	324,656
			-	1,369,336
			-	74,067
1,085	32,459	499	38,613	5,183,769
			-	152,656
			-	766,201
			-	809,388
-	-	-	-	1,728,245
-	-	-	-	
			-	74,067
1,085	32,459	499	38,613	2,246,834
			-	411,854
			-	1,061,250
			-	(338,481)
1,085	32,459	499	38,613	3,455,524
1,085	32,459	499	38,613	5,183,769

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, 2025

	Special Revenue			
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch	Valley Street Crime B
Revenues:				
Intergovernmental	\$ 504,250			
Charges for services			17,524	
Investment income	651		288	102
Other				
Total revenues	<u>\$ 504,901</u>	<u>-</u>	<u>17,812</u>	<u>102</u>
Expenditures:				
Public safety	\$ 12,500			
Public works	430,171			
Culture and recreation				
Education				
Other				
Total expenditures	<u>\$ 442,671</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>\$ 62,230</u>	<u>-</u>	<u>17,812</u>	<u>102</u>
Other financing sources:				
Transfer in from other funds	\$			
Transfer out from other funds				
Total other financing sources	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances (deficits)	<u>\$ 62,230</u>	<u>-</u>	<u>17,812</u>	<u>102</u>
Fund balances (deficits) - beginning	<u>209,565</u>	<u>(1,259)</u>	<u>115,736</u>	<u>44,166</u>
Fund balances (deficits) - ended	<u><u>\$ 271,795</u></u>	<u><u>(1,259)</u></u>	<u><u>133,548</u></u>	<u><u>44,268</u></u>

Special Revenue

<u>Emergency Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>	<u>Gristmill Lane Maintenance</u>	<u>Asset Seizure Account</u>	<u>NIP Fees</u>	<u>Affordable Housing Grant</u>
	48,038			7,297	42,879	
10	39	1	4		205	
<u>10</u>	<u>48,077</u>	<u>1</u>	<u>4</u>	<u>7,297</u>	<u>43,084</u>	<u>-</u>
					10,010	
-	-	-	-	-	10,010	-
<u>10</u>	<u>48,077</u>	<u>1</u>	<u>4</u>	<u>7,297</u>	<u>33,074</u>	<u>-</u>
-	-	-	-	-	-	-
10	48,077	1	4	7,297	33,074	-
4,443	3,379	514	1,879	60,829	66,176	10,575
<u>4,453</u>	<u>51,456</u>	<u>515</u>	<u>1,883</u>	<u>68,126</u>	<u>99,250</u>	<u>10,575</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, 2025

	Special Revenue			
	LoCIP Fund	Pine Rock	Pine Rock Improvement	Adult Education
Revenues:				
Intergovernmental	\$ 87,470			947,398
Charges for services				9,928
Investment income			15	
Other				
Total revenues	<u>\$ 87,470</u>	<u>-</u>	<u>15</u>	<u>957,326</u>
Expenditures:				
Public safety	\$ 7,516			
Public works				
Culture and recreation	79,054			
Education				1,020,810
Other	900			
Total expenditures	<u>\$ 87,470</u>	<u>-</u>	<u>-</u>	<u>1,020,810</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>15</u>	<u>(63,484)</u>
Other financing sources:				
Transfer in from other funds	\$			
Transfer out from other funds				
Total other financing sources	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances (deficits)	<u>\$ -</u>		<u>15</u>	<u>(63,484)</u>
Fund balances (deficits) - beginning	<u>41,029</u>	<u>292,257</u>	<u>6,481</u>	<u>103,188</u>
Fund balances (deficits) - ended	<u><u>\$ 41,029</u></u>	<u><u>292,257</u></u>	<u><u>6,496</u></u>	<u><u>39,704</u></u>

Special Revenue

<u>Small Cities Grant</u>	<u>Trails Committee</u>	<u>Sewer Assessment</u>	<u>One Time Use Grant</u>	<u>CRRA Consent Order</u>	<u>Opioids Settlement</u>	<u>Concession Stand</u>
134	12	133	-	325	329 37,427	25 1,430
134	12	133	-	325	37,756	1,455
						420
		-	-	-	-	420
134	12	133	-	325	37,756	1,035
-	-	-	-	-	-	-
134	12	133	-	325	37,756	1,035
57,756	5,322	64,033	1,431	140,039	114,969	7,083
57,890	5,334	64,166	1,431	140,364	152,725	8,118

(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, 2025

	<u>Special Revenue</u>			
	<u>DUI Grant</u>	<u>Senior Center</u>	<u>Homeland Security Grant</u>	<u>Recreation Path Grants</u>
Revenues:				
Intergovernmental	\$			
Charges for services				
Investment income		3,438		2
Other		1,498		
Total revenues	\$ -	4,936	-	2
Expenditures:				
Public safety	\$			
Public works				
Culture and recreation		4,855		
Education				
Other				
Total expenditures	\$ -	4,855	-	-
Revenue over (under) expenditures	\$ -	81	-	2
Other financing sources:				
Transfer in from other funds	\$			
Transfer out from other funds				
Total other financing sources	\$ -	-	-	-
Changes in fund balances (deficits)	\$ -	81	-	2
Fund balances (deficits) - beginning	(35,435)	66,296	(26,236)	969
Fund balances (deficits) - ended	<u>(35,435)</u>	<u>66,377</u>	<u>(26,236)</u>	<u>971</u>

Special Revenue

<u>COPS TECH Earmark</u>	<u>Housatonic River Estuary</u>	<u>Dog Fund</u>	<u>School Lunch</u>	<u>Educational Grants</u>
			1,375,408	3,508,100
185	5	46	1,508,769	
<u>185</u>	<u>5</u>	<u>46</u>	<u>2,884,177</u>	<u>3,508,100</u>
			2,721,080	2,883,007
-	-	-	2,721,080	2,883,007
<u>185</u>	<u>5</u>	<u>46</u>	<u>163,097</u>	<u>625,093</u>
			-	-
185	5	46	163,097	625,093
<u>79,639</u>	<u>2,066</u>	<u>1,729</u>	<u>988,685</u>	<u>(282,830)</u>
<u>79,824</u>	<u>2,071</u>	<u>1,775</u>	<u>1,151,782</u>	<u>342,263</u>

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, 2025

	<u>Special Revenue</u>		
	<u>Tech Repair</u>	<u>Summer School</u>	<u>School Rental</u>
Revenues:			
Intergovernmental	\$		
Charges for services	59,940		147,666
Investment income		131	
Other			
Total revenues	<u>\$ 59,940</u>	<u>131</u>	<u>147,666</u>
Expenditures:			
Public safety	\$		
Public works			
Culture and recreation			
Education	60,000	1,859	94,973
Other			
Total expenditures	<u>\$ 60,000</u>	<u>1,859</u>	<u>94,973</u>
Revenue over (under) expenditures	<u>\$ (60)</u>	<u>(1,728)</u>	<u>52,693</u>
Other financing sources:			
Transfer in from other funds	\$		
Transfer out from other funds			
Total other financing sources	<u>\$ -</u>	<u>-</u>	<u>-</u>
Changes in fund balances (deficits)	<u>\$ (60)</u>	<u>(1,728)</u>	<u>52,693</u>
Fund balances (deficits) - beginning	<u>25,570</u>	<u>(221,447)</u>	<u>(104,184)</u>
Fund balances (deficits) - ended	<u><u>\$ 25,510</u></u>	<u><u>(223,175)</u></u>	<u><u>(51,491)</u></u>

Special Revenue						
<u>Comp Voice Stress Analyzer</u>	<u>Other Education Programs</u>	<u>Youth Services</u>	<u>Town Clerk</u>	<u>Conservation Commission</u>	<u>Police PVET Grant</u>	Total Special Revenue Funds
		22,698				6,543,538
17	180	10	3,813	15		1,743,827
	217,965	400	147,061			10,115
						405,781
17	218,145	23,108	150,874	15	-	8,703,261
						20,016
						430,591
	117,400					83,909
		4,832	132,372			6,899,129
						148,114
-	117,400	4,832	132,372	-	-	7,581,759
17	100,745	18,276	18,502	15	-	1,121,502
						-
						-
-	-	-	-	-	-	-
17	100,745	18,276	18,502	15	-	1,121,502
1,121	39,314	103,080	307,367	999	(885)	2,295,409
1,138	140,059	121,356	325,869	1,014	(885)	3,416,911

(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, 2025

	Permanent Funds			
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial	Lucy Beard
Revenues:				
Intergovernmental	\$			
Charges for services				
Investment income	27	10	11	20
Other				
Total revenues	<u>\$ 27</u>	<u>10</u>	<u>11</u>	<u>20</u>
Expenditures:				
Public safety	\$			
Public works				
Culture and recreation				
Education				
Other				
Total expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>\$ 27</u>	<u>10</u>	<u>11</u>	<u>20</u>
Other financing sources:				
Transfer in from other funds	\$			
Transfer out from other funds				
Total other financing sources	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balances (deficits)	<u>\$ 27</u>	<u>10</u>	<u>11</u>	<u>20</u>
Fund balances (deficits) - beginning	<u>1,751</u>	<u>678</u>	<u>739</u>	<u>1,334</u>
Fund balances (deficits) - ended	<u><u>\$ 1,778</u></u>	<u><u>688</u></u>	<u><u>750</u></u>	<u><u>1,354</u></u>

Permanent Funds					Total Nonmajor Governmental Funds
Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Lavietes Memorial	Total Permanent Funds		
			-		6,543,538
			-		1,743,827
16	493	7	584		10,699
			-		405,781
16	493	7	584		8,703,845
			-		20,016
			-		430,591
			-		83,909
			-		6,899,129
	1,000		1,000		149,114
-	1,000	-	1,000		7,582,759
16	(507)	7	(416)		1,121,086
					-
					-
-	-	-	-		-
16	(507)	7	(416)		1,121,086
1,069	32,966	492	39,029		2,334,438
1,085	32,459	499	38,613		3,455,524

W.P.C.A.
 COMBINING STATEMENT OF NET FUND POSITION
 For The Year Ended June 30, 2025

	<u>Operating</u>	<u>Capital Reserve</u>	<u>Eliminations</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$			-
Receivables, net of allowance	83,630			83,630
Due from other funds	161,567	2,805,347	(160,435)	2,806,479
Total current assets	<u>\$ 245,197</u>	<u>2,805,347</u>	<u>(160,435)</u>	<u>2,890,109</u>
Noncurrent assets:				
Capital assets, not being depreciated	\$ 462,669			462,669
Capital assets, net of accumulated deprec.	31,238,599			31,238,599
Total noncurrent assets	<u>\$ 31,701,268</u>	<u>-</u>	<u>-</u>	<u>31,701,268</u>
Total assets	<u>\$ 31,946,465</u>	<u>2,805,347</u>	<u>(160,435)</u>	<u>34,591,377</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 360,248			360,248
Due to other funds	160,435		(160,435)	-
Payments in advance	12,580			12,580
Notes payable - current	1,092,626			1,092,626
Total current liabilities	<u>\$ 1,625,889</u>	<u>-</u>	<u>(160,435)</u>	<u>1,465,454</u>
Noncurrent liabilities:				
Notes payable, less current portion	\$ 2,325,990			2,325,990
Total noncurrent liabilities	<u>\$ 2,325,990</u>	<u>-</u>	<u>-</u>	<u>2,325,990</u>
Total liabilities	<u>\$ 3,951,879</u>	<u>-</u>	<u>(160,435)</u>	<u>3,791,444</u>
Net position:				
Invested in capital assets, net of related debt	\$ 28,282,652			28,282,652
Unrestricted	(288,066)	2,805,347	-	2,517,281
Total net position	<u>\$ 27,994,586</u>	<u>2,805,347</u>	<u>-</u>	<u>30,799,933</u>

W.P.C.A.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION
For the Year Ended June 30, 2025

	Operating	Capital Reserve	Eliminations	Total
Operating revenues:				
Charges for services	\$ 3,377,941	500,858		3,878,799
Other revenues	2,700			2,700
Total operating revenues	<u>\$ 3,380,641</u>	<u>500,858</u>	<u>-</u>	<u>3,881,499</u>
Operating expenses:				
Salaries and benefits	\$ 788,789			788,789
Materials and supplies	138,282			138,282
Utilities	585,638			585,638
Depreciation	1,603,870			1,603,870
Administration and operation	1,968,024	233,511		2,201,535
Total operating expenses	<u>\$ 5,084,603</u>	<u>233,511</u>	<u>-</u>	<u>5,318,114</u>
Operating income	<u>\$ (1,703,962)</u>	<u>267,347</u>	<u>-</u>	<u>(1,436,615)</u>
Nonoperating revenues (expense):				
Interest expense	\$ (80,008)			(80,008)
Total nonoperating revenues (expense)	<u>\$ (80,008)</u>	<u>-</u>	<u>-</u>	<u>(80,008)</u>
Transfers to (from) other funds:				
Transfers from general fund - debt	\$ 1,151,019	(329,822)	329,822	1,151,019
Transfers to capital reserve	329,822		(329,822)	-
Total transfers to (from) other funds	<u>\$ 1,480,841</u>	<u>(329,822)</u>	<u>-</u>	<u>1,151,019</u>
Changes in fund net position	<u>\$ (303,129)</u>	<u>(62,475)</u>		<u>(365,604)</u>
Fund net position - beginning	<u>28,297,715</u>	<u>2,867,822</u>		<u>31,165,537</u>
Fund net position - ending	<u>\$ 27,994,586</u>	<u>2,805,347</u>	<u>-</u>	<u>30,799,933</u>

W.P.C.A REVENUES, EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 3,644,235	3,644,235	3,377,941	(266,294)
Miscellaneous	-	-	2,700	2,700
Total operating revenues	<u>\$ 3,644,235</u>	<u>3,644,235</u>	<u>3,380,641</u>	<u>(263,594)</u>
Operating expenses:				
Salaries and benefits	\$ 1,571,821	1,571,821	788,789	(783,032)
Supplies and chemicals	199,268	199,268	138,282	(60,986)
Utilities	448,011	448,011	585,638	137,627
Administration and operation	1,425,135	1,425,135	1,968,024	542,889
Total operating expenses	<u>\$ 3,644,235</u>	<u>3,644,235</u>	<u>3,480,733</u>	<u>(163,502)</u>
Total operating income, budgetary basis	\$ -	-	(100,092)	
Beginning operating fund balance			(517,796)	
Transfer surplus reserve from capital			<u>329,822</u>	
Ended operating fund balance			<u>\$ (288,066)</u>	

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET FUND POSITION
 June 30, 2025

	Workers' Compensation Fund	Medical Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 79,732		79,732
Investments		645,437	645,437
Due from other funds		277,755	277,755
	<u>79,732</u>	<u>923,192</u>	<u>1,002,924</u>
Total assets	\$ 79,732	923,192	1,002,924
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 7,913		7,913
Due to other funds	3,646,547	1,300,598	4,947,145
Total current liabilities	\$ 3,654,460	1,300,598	4,955,058
Noncurrent liabilities:			
Claims incurred but not reported	\$ 1,988,197	907,771	2,895,968
	<u>1,988,197</u>	<u>907,771</u>	<u>2,895,968</u>
Total liabilities	\$ 5,642,657	2,208,369	7,851,026
Net position:			
Unrestricted	\$ (5,562,925)	(1,285,177)	(6,848,102)
	<u>(5,562,925)</u>	<u>(1,285,177)</u>	<u>(6,848,102)</u>
Total net position	\$ (5,562,925)	(1,285,177)	(6,848,102)

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION
 For the Year Ended June 30, 2025

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 1,350,000	12,994,215	14,344,215
Employee contribution		699,008	699,008
Total operating revenues	<u>\$ 1,350,000</u>	<u>13,693,223</u>	<u>15,043,223</u>
Operating expenses:			
Administrative	\$ 33,046	598	33,644
Salaries, benefits, and claims	1,634,998	13,017,265	14,652,263
Total operating expenses	<u>\$ 1,668,044</u>	<u>13,017,863</u>	<u>14,685,907</u>
Operating income (loss)	<u>\$ (318,044)</u>	<u>675,360</u>	<u>357,316</u>
Nonoperating revenues (expenses):			
Net gain (loss) on investments	\$ -	49,122	49,122
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>49,122</u>	<u>49,122</u>
Changes in fund net position	<u>\$ (318,044)</u>	<u>724,482</u>	<u>406,438</u>
Fund net position, beginning	<u>(5,244,881)</u>	<u>(2,009,659)</u>	<u>(7,254,540)</u>
Fund net position, ended	<u>\$ (5,562,925)</u>	<u>(1,285,177)</u>	<u>(6,848,102)</u>

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 June 30, 2025

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,350,000	14,104,685	15,454,685
Payments for benefits	(1,270,268)	(14,104,685)	(15,374,953)
Net cash provided by (used in) operating activities	\$ 79,732	-	79,732
Cash flows from noncapital and related financing activities:			
Transfers in and payments made through governmental activities	\$ -	-	-
Net cash provided by (used in) noncapital and related financing activities	\$ -	-	-
Cash flows from investing activities:			
Interest received on investments	\$ -	49,122	49,122
Net cash provided by (used in) investing activities	\$ -	49,122	49,122
Net increase (decrease) in cash and cash equivalents	\$ 79,732	49,122	128,854
Cash and cash equivalents, beginning	-	596,316	596,316
Cash and cash equivalents, ended	\$ 79,732	645,438	725,170
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ (318,044)	675,360	357,316
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in other receivables		411,462	411,462
(Increase) decrease in investments			-
(Decrease) increase in interfund payable	598,979	(410,864)	188,115
(Decrease) increase in claims payable	(201,203)	(675,958)	(877,161)
Net increase (decrease) in cash and cash equivalents	\$ 79,732	-	79,732

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
 COMBINING STATEMENT OF NET POSITION
 June 30, 2025

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Assets:				
Cash and cash equivalents	\$ 11,891	459	2,308	1,102
Total assets	<u>\$ 11,891</u>	<u>459</u>	<u>2,308</u>	<u>1,102</u>
Liabilities:				
Due to other funds	\$ _____	_____	_____	_____
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:				
Held in deposit for employees	\$ _____	_____	2,308	1,102
Held in deposit for contractors	11,891	_____	_____	_____
Held in deposit for organizations	_____	459	_____	_____
Held in deposit for students	_____	_____	_____	_____
Total net position	<u>\$ 11,891</u>	<u>459</u>	<u>2,308</u>	<u>1,102</u>

Municipal Parking Lot Improvements	Shelton Park Commission	Gazebo Fund	Project D.A.R.E.	Youth Service Bureau	Constitution Park Donations	Local Schools	Student Activity	Special Response Team
1,480	3,193	63,239	57	849	6,155	2,256	499,071	2,896
1,480	3,193	63,239	57	849	6,155	2,256	499,071	2,896
		85						
-	-	85	-	-	-	-	-	-
		63,154		849				2,896
1,480	3,193		57		6,155	2,256	499,071	
1,480	3,193	63,154	57	849	6,155	2,256	499,071	2,896

(Continued)

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
 COMBINING STATEMENT OF NET POSITION
 June 30, 2025

	O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Argraves AHO
Assets:					
Cash and cash equivalents	\$ 5,462	87,167	69	133,413	6,808
Total assets	<u>\$ 5,462</u>	<u>87,167</u>	<u>69</u>	<u>133,413</u>	<u>6,808</u>
Liabilities:					
Due to other funds	\$ _____	_____	_____	_____	_____
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:					
Held in deposit for employees	\$ 5,462				
Held in deposit for contractors		87,167		133,413	
Held in deposit for organizations			69		6,808
Held in deposit for students	_____	_____	_____	_____	_____
Total net position	<u>\$ 5,462</u>	<u>87,167</u>	<u>69</u>	<u>133,413</u>	<u>6,808</u>

Security	Lane Street	SWEROC	Sewer Escrows	Reservoir Associates	Union Highway Pension Escrow	Turro Sewer Assessment	P and Z Developer Bonds	Total
4,298	24,366	2,189	1,669	87,575	9,936	7,583	473,679	1,439,170
4,298	24,366	2,189	1,669	87,575	9,936	7,583	473,679	1,439,170
							1,414	1,499
-	-	-	-	-	-	-	1,414	1,499
					9,936		472,265	557,972
4,298	24,366	2,189	1,669	87,575		7,583		236,329
								144,299
								499,071
4,298	24,366	2,189	1,669	87,575	9,936	7,583	472,265	1,437,671

CITY OF SHELTON, CONNECTICUT

CUSTODIAL ACCOUNTS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 For the Year Ended June 30, 2025

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range	Municipal Parking Lot Improvements
Additions:					
Contributions	\$				
Other			25		
Total contributions	\$ -	-	25	-	-
Investment earnings:					
Net (decrease) in fair value	\$				
Interest and dividends	175	7	34	16	22
Less: investment expense					
Total investment earnings	\$ 175	7	34	16	22
Deductions:					
Other	\$ -	-	-	-	-
Total deductions	\$ -	-	-	-	-
Change in net position	\$ 175	7	59	16	22
Net position - beginning	11,716	452	2,249	1,086	1,458
Net position - ended	\$ 11,891	459	2,308	1,102	1,480

Shelton Park Commission	Gazebo Fund	Project D.A.R.E.	Youth Services Bureau Donation	Constitution Park Donations	Local Schools	Student Activity	Special Response Team
	5,150	-	-	-	-	-	-
-	5,150	-	-	-	-	960,593	-
						960,593	-
47	976	2	12	91	33		43
47	976	2	12	91	33	-	43
	7,146				-	915,141	-
-	7,146	-	-	-	-	915,141	-
47	(1,020)	2	12	91	33	45,452	43
3,146	64,174	55	837	6,064	2,223	453,619	2,853
3,193	63,154	57	849	6,155	2,256	499,071	2,896

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 For the Year Ended June 30, 2025

	O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Argraves AHO
Additions:					
Contributions	300	33,500		11,317	-
Other					
Total contributions	<u>300</u>	<u>33,500</u>	<u>-</u>	<u>11,317</u>	<u>-</u>
Investment earnings:					
Net (decrease) in fair value					
Interest and dividends	84	973	1	1,862	100
Less: investment expense					
Total investment earnings	<u>84</u>	<u>973</u>	<u>1</u>	<u>1,862</u>	<u>100</u>
Deductions:					
Other	2,000	-	-	-	-
Total deductions	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(1,616)	34,473	1	13,179	100
Net position - beginning	<u>7,078</u>	<u>52,694</u>	<u>68</u>	<u>120,234</u>	<u>6,708</u>
Net position - ending	<u><u>5,462</u></u>	<u><u>87,167</u></u>	<u><u>69</u></u>	<u><u>133,413</u></u>	<u><u>6,808</u></u>

Security	Lane Street	SWEROC	Sewer Escrows	Reservoir Associates	Union Highway Pension Escrow	Turro Sewer Assessment	P and Z Developer Bonds	Total
							4,687	54,954
							18,684	979,302
-	-	-	-	-	-	-	23,371	1,034,256
64	359	32	24	1,292	146	112	1,364	7,871
64	359	32	24	1,292	146	112	1,364	7,871
	-	-	-	-	-	-	55,000	979,287
-	-	-	-	-	-	-	55,000	979,287
64	359	32	24	1,292	146	112	(30,265)	62,840
4,234	24,007	2,157	1,645	86,283	9,790	7,471	502,530	1,374,831
4,298	24,366	2,189	1,669	87,575	9,936	7,583	472,265	1,437,671

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
 For the Year Ended June 30, 2025

Grand List Year	Uncollected Balance & New Levy July 1, 2024	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2009	14,334			36	14,370
2010	15,418			24	15,442
2011	14,818			26	14,844
2012	20,095			439	20,534
2013	27,433			700	28,133
2014	38,205	90		666	38,961
2015	60,521			1,460	61,981
2016	76,960			1,230	78,190
2017	124,935			1,510	126,445
2018	201,651	1,622	(203)	478	203,548
2019	253,625	647	(393)	(1,925)	251,954
2020	379,683	2,721	(1,336)	(11,158)	369,910
2021	596,132	8,067	(74,387)	(16,634)	513,178
2022	1,263,396	19,136	(95,048)	(4,099)	1,183,385
Total	\$ 3,087,206	32,283	(171,367)	(27,247)	2,920,875
2023	117,200,710	1,420,847	(477,054)	(2,771)	118,141,732
Total	\$ 120,287,916	1,453,130	(648,421)	(30,018)	121,062,607

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Balance June 30, 2025
2,662	7,218	96	9,976	11,708
2,390	5,867	48	8,305	13,052
2,180	5,001	24	7,205	12,664
3,586	7,937	48	11,571	16,948
3,847	6,947	206	11,000	24,286
14,381	9,719	337	24,437	24,580
9,985	15,780	200	25,965	51,996
19,183	20,218	384	39,785	59,007
41,381	39,640	425	81,446	85,064
47,374	38,325	743	86,442	156,174
60,282	40,190	591	101,063	191,672
106,550	62,069	1,026	169,645	263,360
142,233	76,433	2,838	221,504	370,945
563,054	135,275	7,304	705,633	620,331
1,019,088	470,619	14,270	1,503,977	1,901,787
116,691,189	316,414	5,061	117,012,664	1,450,543
117,710,277	787,033	19,331	118,516,641	3,352,330

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2025

	<u>General Purpose</u>
Debt limitation:	
2 1/4 times base	\$ 253,625,612
4 1/2 times base	
3 3/4 times base	
3 1/4 times base	
3 times base	
7 times base	
	<hr/>
Total debt limitation	\$ <u>253,625,612</u>
Indebtedness:	
Bonds payable	\$
Bonds authorized and unissued	<u>1,672,997</u>
Total indebtedness	\$ 1,672,997
Less: School construction grants receivable	<u>-</u>
Total indebtedness of the City	\$ <u>1,672,997</u>
Debt limitation in excess of outstanding and authorized debt	\$ <u><u>251,952,615</u></u>

Total tax collections (including interest and lien fees)
for the year ended June 30, 2025 \$ 118,516,641

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

Base \$ 118,516,641

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
533,324,885	444,437,404	385,179,083	355,549,923	829,616,487
<u>533,324,885</u>	<u>444,437,404</u>	<u>385,179,083</u>	<u>355,549,923</u>	<u>829,616,487</u>
190,700	-	-	-	-
<u>190,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,863,697</u>
190,700	-	-	-	1,863,697
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>190,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,863,697</u>
<u><u>533,134,185</u></u>	<u><u>444,437,404</u></u>	<u><u>385,179,083</u></u>	<u><u>355,549,923</u></u>	<u><u>827,752,790</u></u>