

CITY OF SHELTON, CONNECTICUT

ANNUAL FINANCIAL REPORT

June 30, 2020

CITY OF SHELTON, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Shelton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelton, Connecticut as of June 30, 2020, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3a through 3g and the required supplemental information on pages 50-53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2020, on our consideration of the City of Shelton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Shelton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Shelton, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES, LLC
Prospect, Connecticut



December 12, 2020

CITY OF SHELTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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, 2020. Please read this MD&A in conjunction with the City's financial statements.

Financial Highlights

- Net position of our governmental activities increased by \$9.6 million;
- Net position of our business-type activities increased by \$565 thousand;
- The General Fund reported a fund balance this year of \$1.66 million; \$1.58 million more than the General Fund balance reported in the prior year;
- The surplus resources available for appropriation in the General Fund (unassigned fund balance) were depleted in the previous fiscal year and remain as negative balance after the \$1.6 million appropriated to the subsequent fiscal 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 statements by providing information about the City's most significant funds. In addition, the City maintains the Water Pollution Control Authority as a proprietary fund (Exhibit G, H and I). The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities and business-type activities. The City's net position for governmental activities increased \$9.6 million from \$160.0 million in 2019 to \$169.6 million in 2020. The majority of this increase can be attributed to unfunded large capital program grants and the surplus in the general fund.

The City's net position for the business-type activities increased \$565 thousand for the fiscal year ending June 30, 2020. The net position was \$32.7 million at June 30, 2020.

TABLE 1 - NET POSITION

		Governmental Activities	
		2020	2019
Current and other assets	\$	10,599,374	7,730,895
Capital assets		214,614,982	217,778,816
Deferred outflows		4,200,437	707,883
Total assets & deferred outflows	\$	229,414,793	226,217,594
Current and other liabilities	\$	7,717,654	7,225,449
Deferred inflows		8,547,486	10,835,013
Long-term liabilities		43,592,761	48,173,932
Total liabilities & deferred inflows	\$	59,857,901	66,234,394
Net position:			
Investment in capital assets	\$	190,093,975	179,707,025
Restricted		41,500	41,500
Unrestricted		(20,578,583)	(19,765,325)
Total net position	\$	169,556,892	159,983,200

		Business-type Activities	
		2020	2019
Current and other assets	\$	3,474,187	10,817,375
Capital assets		40,385,773	41,401,459
Total assets	\$	43,859,960	52,218,834
Current and other liabilities	\$	2,606,137	10,560,491
Long-term liabilities		8,565,914	9,535,084
Total liabilities	\$	11,172,051	20,095,575
Net position:			
Investment in capital assets, net of related debt	\$	31,819,859	31,866,375
Unrestricted		868,050	256,884
Total net position	\$	32,687,909	32,123,259

TABLE 2 - CHANGE IN NET ASSETS

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 5,418,074	6,880,617
Operating grants and contributions	23,746,381	34,414,149
Capital grants and contributions	2,415,554	710,529
General revenues:		
Property taxes	108,538,651	104,019,721
Grants and contributions not restricted to specific purposes	785,869	953,275
Unrestricted investment earnings	241,094	244,993
Other general revenues (and transfers)	(1,073,544)	(775,006)
Total revenues	<u>\$ 140,072,079</u>	<u>146,448,278</u>
Program expenses:		
General government	\$ 12,702,314	15,829,933
Public safety	10,446,995	29,881,933
Public works	10,999,736	10,937,560
Health and welfare	296,657	328,006
Culture and recreation	3,413,060	5,049,368
Education	92,187,359	104,605,977
Interest and fiscal charges	452,266	556,458
Total program expenses	<u>\$ 130,498,387</u>	<u>167,189,235</u>
(Decrease) increase in net position	<u>\$ (9,573,692)</u>	<u>(20,740,957)</u>

	Business-type Activities	
	2020	2019
Revenues:		
Operating revenues:		
Charges for services	\$ 2,989,741	3,042,324
Non-operating revenues:		
Capital contributions	500,000	435,092
Other general revenues (and transfers)	1,151,019	1,151,019
Total revenues	<u>\$ 4,640,760</u>	<u>4,628,435</u>
Operating expenses:		
Salaries and benefits	\$ 992,207	946,141
Materials and supplies	116,983	110,192
Utilities	395,875	394,601
Depreciation	1,478,355	1,831,703
Administration	910,841	1,012,979
Interest and fiscal charges	181,850	201,024
Total expenses	<u>\$ 4,076,111</u>	<u>4,496,640</u>
(Decrease) increase in net position	<u>\$ 564,649</u>	<u>131,795</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 (\$1,984) thousand, which is a \$1.0 million increase from the previous year. Included in this year's total change in fund balance is a decrease of \$6.5 million in the City's General Fund. This is mainly due to capital outlay, which a portion will be funded by state grants and bonding in the subsequent year in the capital projects and a budgeted reduction in General Fund balance.

The General Fund provided savings through the management of payroll and expenses. This savings in expenditures were netted against less than anticipated tax revenue, grants and investments to produce a \$1.976 million operating surplus on a budgetary basis. \$1.6 million of prior year surplus was appropriated by the Board of Alderman to reduce taxes in the subsequent year's budget and an additional \$787 thousand was appropriated to enhance the City's capital assets.

Proprietary Funds

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

The Internal Service Fund recorded a positive change in net fund position. Operating revenues were better than operating expenses by \$565 thousand. Management is aware of the accumulated net deficits in the workers' compensation and medical self-insurance funds and has a long-term financing plan to fund this through growing employer contributions, reducing the worker's compensation expenses and reorganizing the funding structure. This is the seventh consecutive year of positive changes in fund balance.

General Fund Budgetary Highlights

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

- Taxes were less than expected because of the State of Connecticut interest reduction on delinquent property tax program on payment of taxes due to COVID-19.
- Grants were less than expected because the City did not recognized the excess cost grant as revenue but rather as a net of the education appropriations.
- Other revenues were less than expected because of an estimated discount on bond issuance.
- The general government, public safety and public works expenditures came in below the budget by \$753,000, \$1,778,000 and \$1,268,000 respectively due to cost saving initiatives and the reduction of services due to COVID-19.

Capital Assets

At June 30, 2020, the City's governmental activities had \$215 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines. In separating the Water Pollution Control Authority from the government funds, \$41 million in capital assets, which mainly includes sewers and the newly constructed facility. The City's total amount represents a net increase (including additions and deductions) of \$300 thousand, net of depreciation expenses. The construction in progress includes a school construction program and a bridge program.

TABLE 3 - CAPITAL ASSETS (Net of Depreciation)

		Governmental Activities	
		2020	2019
Land	\$	36,636,576	35,524,521
Buildings and improvements		118,346,742	116,521,963
Furniture, fixtures and equipment		9,717,966	11,676,025
Infrastructure		46,665,978	44,031,282
Construction in progress		3,247,720	10,304,490
Totals	\$	214,614,982	218,058,281

		Business-type Activities	
		2020	2019
Buildings and improvements	\$	18,065,628	15,618,483
Machinery and equipment		13,827	24,344
Infrastructure		21,843,649	22,425,304
Construction in progress		462,669	3,333,328
Totals	\$	40,385,773	41,401,459

TABLE 4 - OUTSTANDING DEBT

Long-Term Liabilities

At June 30, 2020 the City had \$52.2 million in long term liabilities versus \$57.7 million last year, a decrease of 12%, as shown in Table 4.

	2020	2019
\$	<u>52,158,675</u>	<u>57,709,016</u>

General obligation bonds have decreased \$0.5 million as the City uses the General Fund surplus to fund major capital projects in an effort to reduce the outstanding debt. The increase in long-term liabilities was caused by an increase in the State of Connecticut's net pension obligation, which the City participates.

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

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2021 budget tax rates. One of those factors is the economy and the benefits of continual development within the City.

These indicators along with a projected modest inflationary increase were taken into account when adopting the General Fund budget for 2020-21.

The COVID-19 pandemic has affected the operations and financial results of the City of Shelton during the 2019-2020 fiscal year and we expect this to continue through the 2020-2021 fiscal year.

Contacting the City's Financial Management

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

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 8,663,289		8,663,289
Investments	384,838		384,838
Receivables, net	4,814,844	97,673	4,912,517
Prepaid assets	6,000		6,000
Inventory	106,917		106,917
Internal balances	(3,376,514)	3,376,514	-
Capital assets:			
Capital assets, not being depreciated	39,884,296	462,669	40,346,965
Capital assets, being depreciated, net	174,730,686	39,923,104	214,653,790
Total assets	\$ 225,214,356	43,859,960	269,074,316
Deferred outflows on resources:			
Deferred pension expense	\$ 4,200,437		4,200,437
Total deferred outflows on resources	\$ 4,200,437	-	4,200,437
Liabilities:			
Accounts payable and other current liabilities	\$ 3,774,952	2,472,337	6,247,289
Accrued interest	236,026		236,026
Claims incurred, but not reported	3,524,319		3,524,319
Unearned revenue	182,357	133,800	316,157
Noncurrent liabilities:			
Due within one year	9,048,000	949,995	9,997,995
Due in more than one year	34,544,761	7,615,919	42,160,680
Total liabilities	\$ 51,310,415	11,172,051	62,482,466
Deferred inflows on resources:			
Resources from pension	\$ 1,068,355		1,068,355
Advance tax collections	7,479,131		7,479,131
Total deferred inflows on resources	\$ 8,547,486	-	8,547,486
Net position:			
Invested in capital assets, net of related debt	\$ 190,093,975	31,819,859	221,913,834
Restricted for:			
Donor's intentions	41,500		41,500
Unrestricted	(20,578,583)	868,050	(19,710,533)
Total net position	\$ 169,556,892	32,687,909	202,244,801

* After internal balances have been eliminated

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

CITY OF SHELTON, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Functions/programs	Expenses	Program Revenues
		Charges for Services
Primary government:		
Governmental activities:		
General government	\$ 12,702,314	2,066,532
Public safety	10,446,995	1,470,255
Public works	10,999,736	333,020
Health and welfare	296,657	65,000
Culture and recreation	3,413,060	433,290
Education	92,187,359	1,049,977
Interest on long-term debt	452,266	
Total governmental activities	\$ 130,498,387	5,418,074
Business-type activities:		
Water Pollution Control Authority	\$ 3,894,261	2,989,741
Interest on long-term debt	181,850	
Total business-type activities	\$ 4,076,111	2,989,741
Total primary government	\$ 134,574,498	8,407,815

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

EXHIBIT B

Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
		(10,635,782)		(10,635,782)
39,209		(8,937,531)		(8,937,531)
505,277	2,415,554	(7,745,885)		(7,745,885)
10,919		(220,738)		(220,738)
		(2,979,770)		(2,979,770)
23,190,976		(67,946,406)		(67,946,406)
		(452,266)		(452,266)
<u>23,746,381</u>	<u>2,415,554</u>	<u>(98,918,378)</u>	<u>-</u>	<u>(98,918,378)</u>
			(904,520)	(904,520)
			(181,850)	(181,850)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,086,370)</u>	<u>(1,086,370)</u>
<u>23,746,381</u>	<u>2,415,554</u>	<u>(98,918,378)</u>	<u>(1,086,370)</u>	<u>(100,004,748)</u>
General revenues:				
Property taxes	\$	108,538,651		108,538,651
Grants and contributions not restricted for specific programs		785,869		785,869
Unrestricted investment earnings		241,094	-	241,094
Disposal of assets		77,476		77,476
Other unrestricted income			500,000	500,000
Transfers		(1,151,020)	1,151,020	-
Total general revenues and transfers	\$	<u>108,492,070</u>	<u>1,651,020</u>	<u>110,143,090</u>
Change in net position	\$	9,573,692	564,650	10,138,342
Net position, beginning		<u>159,983,200</u>	<u>32,123,259</u>	<u>192,106,459</u>
Net position, ending	\$	<u>169,556,892</u>	<u>32,687,909</u>	<u>202,244,801</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 4,550,144	6,996	3,451,680	8,008,820
Investments	384,838			384,838
Receivables, net	3,942,936	726,938	143,472	4,813,346
Advanced to other funds				-
Due from other funds	15,676,395	6,042,707	682,884	22,401,986
Inventories	57,293		49,624	106,917
Prepaid expenses	6,000			6,000
Total assets	<u>\$ 24,617,606</u>	<u>6,776,641</u>	<u>4,327,660</u>	<u>35,721,907</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts and other payables	\$ 2,374,785	784,537	607,716	3,767,038
Unearned revenue	23,930		158,427	182,357
Due to other funds	9,890,464	10,153,854	2,867,741	22,912,059
Total liabilities	<u>\$ 12,289,179</u>	<u>10,938,391</u>	<u>3,633,884</u>	<u>26,861,454</u>
Deferred inflows of resources:				
Unavailable receipts	\$ 3,363,290	702,794	1,939	4,068,023
Payment in advance	6,776,337			6,776,337
Total deferred inflows of resources	<u>\$ 10,139,627</u>	<u>702,794</u>	<u>1,939</u>	<u>10,844,360</u>
Fund balances:				
Nonspendable	\$ 63,293		49,624	112,917
Restricted for:				
Donor's intentions			41,400	41,400
Committed for:				
Subsequent fiscal year	1,600,000			1,600,000
Encumbrances	135,100			135,100
Specific use	109,831			109,831
Assigned	119,181		1,325,781	1,444,962
Unassigned	161,395	(4,864,544)	(724,968)	(5,428,117)
Total fund balances	<u>\$ 2,188,800</u>	<u>(4,864,544)</u>	<u>691,837</u>	<u>(1,983,907)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,617,606</u>	<u>6,776,641</u>	<u>4,327,660</u>	

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.	214,614,982
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds.	6,497,311
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net position.	(5,742,707)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(43,828,787)
Net position of governmental activities (Exhibit A)	<u>\$ 169,556,892</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes and assessments	\$ 107,201,413			107,201,413
Intergovernmental	20,976,206	1,910,069	4,061,529	26,947,804
Charges for services	2,647,955		1,214,409	3,862,364
Investment income	226,744	16	14,334	241,094
Miscellaneous	1,724,979		353,829	2,078,808
Total revenues	<u>\$ 132,777,297</u>	<u>1,910,085</u>	<u>5,644,101</u>	<u>140,331,483</u>
Expenditures:				
Current:				
General government	\$ 14,441,811			14,441,811
Public safety	7,843,466		109,057	7,952,523
Public works	5,803,304		878,609	6,681,913
Public health	293,569			293,569
Culture and recreation	3,256,130		1,914	3,258,044
Education	84,285,458		4,627,860	88,913,318
Other	3,859,360		463,991	4,323,351
Capital outlay	535,094	5,196,401		5,731,495
Debt service	9,731,940			9,731,940
Total expenditures	<u>\$ 130,050,132</u>	<u>5,196,401</u>	<u>6,081,431</u>	<u>141,327,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,727,165</u>	<u>(3,286,316)</u>	<u>(437,330)</u>	<u>(996,481)</u>
Other financing sources (uses):				
Transfer to other funds	\$ (1,151,019)	(528,586)		(1,679,605)
Transfer from other funds	528,586			528,586
Proceeds from sale of bonds		3,100,000		3,100,000
Total other financing sources (uses)	<u>\$ (622,433)</u>	<u>2,571,414</u>	<u>-</u>	<u>1,948,981</u>
Net changes in fund balances	<u>\$ 2,104,732</u>	<u>(714,902)</u>	<u>(437,330)</u>	<u>952,500</u>
Fund balances (deficits) - beginning	<u>84,068</u>	<u>(4,149,642)</u>	<u>1,129,167</u>	<u>(2,936,407)</u>
Fund balances (deficits) - ending	<u>\$ 2,188,800</u>	<u>(4,864,544)</u>	<u>691,837</u>	<u>(1,983,907)</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

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)	\$ 952,500
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.	(3,163,834)
Noncurrent assets previously recognized in the statement of activities that provided current financial resources in the current year.	8,559,709
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.	4,778,208
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(1,552,891)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 9,573,692</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 108,147,649	108,147,649	107,201,413	(946,236)
Intergovernmental	8,479,958	8,479,958	7,563,285	(916,673)
Charges for services	6,766,923	6,766,923	7,260,398	493,475
Investment income	250,000	250,000	226,744	(23,256)
Other revenues	1,637,965	1,637,965	1,034,392	(603,573)
Total revenues	<u>\$ 125,282,495</u>	<u>125,282,495</u>	<u>123,286,232</u>	<u>(1,996,263)</u>
Expenditures:				
Current:				
General government	\$ 15,226,903	15,224,403	14,470,967	753,436
Public safety	9,678,391	9,678,391	7,900,004	1,778,387
Public works	7,095,538	7,095,538	5,827,883	1,267,655
Health and welfare	293,569	293,569	293,569	-
Culture and recreation	3,996,641	3,999,141	3,274,003	725,138
Education	76,146,146	76,146,146	74,796,915	1,349,231
Other	4,251,326	4,251,326	3,863,792	387,534
Debt service:				
Principal retirements	9,048,000	9,048,000	9,048,000	-
Interest and other charges	683,940	683,940	683,940	-
Payment on behalf of W.P.C.A.	1,151,020	1,151,020	1,151,019	1
Total expenditures	<u>\$ 127,571,474</u>	<u>127,571,474</u>	<u>121,310,092</u>	<u>6,261,382</u>
Revenues over (under) expenditures	<u>\$ (2,288,979)</u>	<u>(2,288,979)</u>	<u>1,976,140</u>	<u>4,265,119</u>
Other financing sources (uses):				
Contributions from fund balance	\$ 2,288,979	2,288,979		(2,288,979)
Total other financing sources (uses)	<u>\$ 2,288,979</u>	<u>2,288,979</u>	<u>-</u>	<u>(2,288,979)</u>
Revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>1,976,140</u>	<u>1,976,140</u>
Less:				
Residual equity transfer on closed capital projects			670,682	
Appropriated for capital expenditures			(787,021)	
Subsequent year's appropriation			(1,600,000)	
Net change in unassigned fund balance			\$ 259,801	
Unassigned fund balance, July 1, 2019			(98,406)	
Unassigned fund balance, June 30, 2020			<u>\$ 161,395</u>	

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

STATEMENT OF NET FUND POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$	654,469
Investments		
Receivables, net of allowance	97,673	
Due from other funds	3,761,231	
Total current assets	\$ 3,858,904	654,469
Noncurrent assets:		
Capital assets, not being depreciated	\$ 462,669	
Capital assets, net of accumulated depreciation	39,923,104	
Total noncurrent assets	\$ 40,385,773	-
Total assets	\$ 44,244,677	654,469
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,472,337	7,914
Payments in advance	133,800	
Due to other funds	384,717	2,864,943
Notes payable - current	949,995	
Total current liabilities	\$ 3,940,849	2,872,857
Noncurrent liabilities:		
Incurred, but not reported claims	\$	3,524,319
Notes payable, less current portion	7,615,919	
Total noncurrent liabilities	\$ 7,615,919	3,524,319
Total liabilities	\$ 11,556,768	6,397,176
Net fund position:		
Invested in capital assets, net of related debt	\$ 31,819,859	
Unrestricted	868,050	(5,742,707)
Total net fund position	\$ 32,687,909	(5,742,707)

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, 2020

	Business-type Activities <u>Water Pollution Control</u>	Governmental Activities <u>Internal Service Funds</u>
Operating revenues:		
Charges for services and other revenues	\$ 2,989,741	271,706
Employer's contribution		14,446,094
Employee's contribution		2,413,373
Total operating revenues	<u>\$ 2,989,741</u>	<u>17,131,173</u>
Operating expenses:		
Salaries and benefits	\$ 992,207	18,759,426
Material and supplies	116,983	
Utilities	395,875	
Depreciation	1,478,355	
Administration and operation	910,841	11,266
Total operating expenses	<u>\$ 3,894,261</u>	<u>18,770,692</u>
Operating income (loss)	<u>\$ (904,520)</u>	<u>(1,639,519)</u>
Nonoperating revenues (expenses):		
Interest income	\$	34,404
Interest expense	(181,850)	
Total nonoperating revenues (expenses)	<u>\$ (181,850)</u>	<u>34,404</u>
Capital contributions	<u>\$ 500,000</u>	<u>-</u>
Transfer from other funds	<u>\$ 1,151,020</u>	<u>-</u>
Change in net fund position	<u>\$ 564,650</u>	<u>(1,605,115)</u>
Net fund position (deficit), beginning	<u>32,123,259</u>	<u>(4,137,592)</u>
Net fund position (deficit), ending	<u><u>\$ 32,687,909</u></u>	<u><u>(5,742,707)</u></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, 2020

	Business-type Activities Water Pollution Control	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,953,575	17,131,173
Payments to suppliers	(1,423,699)	(17,179,751)
Payments to employees	(992,207)	
Internal activity payments from (to) other funds	(75,000)	
Net cash flows from operating activities	\$ 462,669	(48,578)
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$ (462,669)	
Principal payments on capital debt	(969,170)	
Interest paid on capital debt	(181,850)	
Net cash provided by (used in) capital and related financing activities	\$ (1,613,689)	-
Cash flows from noncapital and related financing activities:		
Transfer in and payments made through governmental activities	\$ 1,151,020	48,579
Net cash provided by (used in) noncapital and related financing activities	\$ 1,151,020	48,579
Cash flows from investing activities:		
Interest received on investments	\$ -	34,403
Net cash provided by investing activities	\$ -	34,403
Net increase (decrease) in cash and cash equivalents	\$ -	34,404
Cash and cash equivalents, beginning	-	620,065
Cash and cash equivalents, ending	\$ -	654,469
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (904,520)	(1,639,519)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,478,355	
Changes in assets and liabilities:		
Decrease (increase) in receivable accounts	(39,222)	
Decrease (increase) in due from other funds	(1,133,536)	
Increase (decrease) in accounts payable	1,241,362	
Increase (decrease) in payments in advance	500,000	
Increase (decrease) in due to other funds	(679,770)	
Increase (decrease) in claims incurred but not reported		1,590,941
Net cash flows from operating activities	\$ 462,669	(48,578)

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Private Purpose Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 711,066	551,520
Accounts receivable		
Investments, at fair value:		
Mutual funds	<u>3,117,800</u>	<u></u>
Total assets	<u>\$ 3,828,866</u>	<u>551,520</u>
Liabilities:		
Other liabilities	\$	4,200
Held for deposit for others	<u></u>	<u>547,320</u>
Total liabilities	<u>\$ -</u>	<u>551,520</u>
Net position:		
Held in trust for benefits and other purposes	<u>\$ 3,828,866</u>	<u>-</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020

	Private Purpose Trust Funds
Additions:	
Contributions:	
Contributions and donations	\$ 698,402
Other	20,043
Total contributions	<u>\$ 718,445</u>
Investment earnings:	
Net increase in fair value of investments	\$ 169,580
Interest and dividends	56,984
Less: investment expenses	<u>(18,557)</u>
Total investment earnings	<u>\$ 208,007</u>
Total additions	<u>\$ 926,452</u>
Deductions:	
Other deductions	\$ 845,819
Total deductions	<u>\$ 845,819</u>
Change in net position	\$ 80,633
Net position, beginning	<u>3,748,233</u>
Net position, ending	<u><u>\$ 3,828,866</u></u>

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Reporting entity

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

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

Measurement focus, basis of accounting and financial statement presentation

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

Government-wide financial statements

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Fund financial statements

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

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

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Assets, liabilities and net assets or equity

Cash and cash equivalents

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

Investments

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

Inventories

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

Receivables and payables

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

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

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

Capital assets

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

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

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued **June 30, 2020**

Deferred outflows/inflows of resources

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

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

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

Compensated absences

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

Net pension liability

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Net OPEB liability

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

Long-term obligations

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

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

Fund equity and net position

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

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

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

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

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

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

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

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

Fair value of financial instruments

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

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

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

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

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

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on quoted market prices and are presented in Note 4.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Note 2 - Budgets and Budgetary Accounting

General fund

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

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	\$ 123,286,232	121,310,092
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	12,042,056	12,042,056
Excess Cost Grant is netted in the education line item for budgetary and recognized as revenue in the modified accrual financial statements	1,370,865	1,370,865
Encumbrances as of June 30, 2020		(135,100)
Shelton bus contract is funds received by the City from the City's Board of Education to operate and maintain the school buses	(3,921,856)	(3,921,856)
Special appropriations capital expenditures		535,094
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>132,777,297</u>	<u>130,050,132</u>

Special revenue funds

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

Capital projects funds

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

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

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

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

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

Land	\$	36,636,576
Construction in progress		3,247,720
Net capital assets being depreciated		<u>174,730,686</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>214,614,982</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	\$	(24,093,026)
Compensated absences		(7,486,087)
Accrued interest on debt		(427,981)
Net pension obligation		(11,721,693)
Claims and litigation		<u>(100,000)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(43,828,787)</u>

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

Delinquent property tax and interest	\$	3,241,432
Delinquent accounts receivable		40,961
Deferred outflows (inflows) pension charges		3,132,082
Notes receivable – assessments		<u>82,836</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>6,497,311</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

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	\$ 4,107,241
Depreciation	<u>(7,271,075)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>(3,163,834)</u>

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

New issuances	\$ (3,100,000)
Payments of debt	9,048,000
Premium amortization	237,125
Savings on refunding	10,533
Net change in compensated absences	(125,510)
Net pension obligation	(1,186,489)
Claims and litigation	(100,000)
Accrued interest	<u>(5,451)</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	\$ <u>(4,778,208)</u>

Note 4 - Deposits and Investments

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

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental activities	\$ 8,663,289		8,663,289
Fiduciary funds	1,262,586		1,262,586
Investments:			
Governmental activities		384,838	384,838
Fiduciary funds		3,117,800	3,117,800
Total deposits and investments	\$ 9,925,875	3,502,638	13,428,513

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Deposits

The carrying amounts of the City's deposits at June 30, 2020 consist of the following:

Bank deposit accounts	\$	9,925,275
Cash on hand		<u>600</u>
Total deposits	\$	<u>9,925,875</u>

Custodial credit risk

As of June 30, 2020, the carrying amount of the City's deposits had bank balances of approximately \$10,496,988. The amount of the bank balance covered under federal depository insurance was approximately \$1,010,000. 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, 2020 approximately \$1,050,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2020, 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	\$ 384,838	.02	-
Mutual Funds*	Trust Funds	<u>3,117,800</u>	n/a	-
Total Investments		\$ <u>3,502,638</u>		

* Held in the Plumb Library Trust Fund

Interest rate risk

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

Credit risk

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

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, 2020 for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Government Funds			Total
	General Fund	Capital Projects	Non-major Funds	
Property taxes	\$ 2,690,262			2,690,262
Interest and liens	987,827			987,827
Intergovernmental		726,938	141,533	868,471
Accounts	184,363			184,363
Assessments	80,484		1,939	82,423
Net Total Receivables	\$ 3,942,936	726,938	143,472	4,813,346

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Deferred payments and unavailable receipts

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

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes	\$ 3,241,472	
Delinquent accounts	40,961	
Overpayment of taxes		23,930
Advanced payment of taxes		6,776,337
Assessments	80,857	
Other governmental funds:		
Grants paid in advance		158,427
Grants unavailable	702,794	
Assessments	1,939	
Total deferred revenue	\$ 4,068,023	6,958,694

Payables

Payables as of June 30, 2020 for the City's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Cash Overdraft</u>	<u>Total</u>
General fund	\$ 1,687,287	687,498		2,374,785
Capital projects fund	784,537			784,537
Non-major funds	559,104		48,612	607,716
Total governmental funds	\$ 3,030,928	687,498	48,612	3,767,038
Internal service funds	7,914			7,914
W.P.C.A.	197,798		2,274,539	2,472,337
Total payables	\$ 3,236,640	687,498	2,323,151	6,247,289

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2020

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2020 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Worker's Compensation	\$ 2,867,741
General Fund	Capital Projects	10,153,854
General Fund	Nonmajor	2,867,740
General Fund	W.P.C.A.	384,716
Capital Projects	General Fund	6,042,708
Nonmajor	Nonmajor	83,728
W.P.C.A.	General Fund	3,761,230
	Total	<u>\$ 26,161,717</u>

Inter-fund transfers

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

Several capital project funds were completed during the fiscal year and the excess appropriated funds, totaling 528,586, was returned to the general fund.

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2020 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	\$ 36,303,521	333,055		36,636,576
Construction in progress	12,310,766		9,063,046	3,247,720
Total capital assets not being deprec.	<u>\$ 48,614,287</u>	<u>333,055</u>	<u>9,063,046</u>	<u>39,884,296</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 189,423,387	6,123,354		195,546,741
Machinery and equipment	26,712,577	590,576		27,303,153
Infrastructure	85,290,871	6,123,302		91,414,173
Total capital assets being deprec.	<u>\$ 301,426,835</u>	<u>12,837,232</u>		<u>314,264,067</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 73,547,711	3,652,288		77,199,999
Machinery and equipment	15,629,356	1,955,831		17,585,187
Infrastructure	43,085,239	1,662,956		44,748,195
Total accumulated depreciation	<u>\$ 132,262,306</u>	<u>7,271,075</u>		<u>139,533,381</u>
Net capital assets being depreciated	<u>\$ 169,164,529</u>	<u>5,566,157</u>		<u>174,730,686</u>
Total capital assets, governmental	<u>\$ 217,778,816</u>	<u>5,899,212</u>	<u>9,063,046</u>	<u>214,614,982</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2020

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

Governmental activities:

General government	\$ 87,943
Education	3,048,532
Public safety	1,282,927
Public works	2,693,569
Cultural and recreation	<u>158,104</u>

**Total depreciation expense
governmental activities**

\$ 7,271,075

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ <u>3,333,328</u>	<u>462,669</u>	<u>3,333,328</u>	<u>462,669</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 48,122,628	3,333,328		51,455,956
Machinery and equipment	75,804			75,804
Sewers	<u>40,578,832</u>			<u>40,578,832</u>
Total capital assets being depreciated	\$ <u>88,777,264</u>	<u>3,333,328</u>	<u>-</u>	<u>92,110,592</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 32,504,145	886,183		33,390,328
Machinery and equipment	51,460	10,517		61,977
Sewers	<u>18,153,528</u>	<u>581,655</u>		<u>18,735,183</u>
Total accumulated depreciation	\$ <u>50,709,133</u>	<u>1,478,355</u>	<u>-</u>	<u>52,187,488</u>
Net capital assets being depreciated	\$ <u>38,068,131</u>	<u>1,854,973</u>	<u>-</u>	<u>39,923,104</u>
Total capital assets, business-type	\$ <u>41,401,459</u>	<u>2,317,642</u>	<u>3,333,328</u>	<u>40,385,773</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2020

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due In One Year</u>
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 20,041,000	3,100,000	3,608,000	19,533,000	4,353,000
G.O.B. refunding bonds	<u>9,764,000</u>		<u>5,440,000</u>	<u>4,324,000</u>	<u>4,695,000</u>
Total long-term debt	\$ 29,805,000	3,100,000	9,048,000	23,857,000	9,048,000
Deferred amount on:					
Issuance premium	<u>473,151</u>		<u>237,125</u>	<u>236,026</u>	
Net long-term debt	\$ 30,278,151	3,100,000	9,285,125	24,093,026	9,048,000
Other long-term liabilities:					
Net pension obligation	10,535,204	1,186,489		11,721,693	
Claims and judgments		100,000		100,000	
Compensated absences	<u>7,360,577</u>	<u>125,510</u>		<u>7,486,087</u>	
Total governmental activities long-term liabilities	\$ <u>48,173,932</u>	<u>4,511,999</u>	<u>9,285,125</u>	<u>43,400,806</u>	<u>9,048,000</u>
Business-type activities:					
Clean water fund notes	\$ <u>9,535,084</u>		<u>969,170</u>	<u>8,565,914</u>	<u>988,732</u>
Total business-type activities long-term liabilities	\$ <u>9,535,084</u>		<u>969,170</u>	<u>8,565,914</u>	<u>988,732</u>
Total long-term liabilities	\$ <u>57,709,016</u>	<u>4,511,999</u>	<u>10,254,295</u>	<u>51,966,720</u>	<u>10,036,732</u>

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

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, 2020, the outstanding general obligation bonded indebtedness of the City was as follows:

	<u>General</u>	<u>Refunding</u>
\$8,815,000 G.O. Bond 2014 , issue of 8/1/2014, due 8/1/2024, interest at 2.0% to 5.0%, annual principal and interest payments	\$ 3,620,000	
\$2,362,000 G.O. Bank loan 2015, lot A , issue of 8/10/2015, due 8/1/2020, interest at 2.0% to 5.0%, annual principal and interest payments	470,000	
\$2,750,000 G.O. Bank loan 2015, lot B , issue of 8/10/2015, due 8/1/2025, interest at 2.0% to 5.0%, annual principal and interest payments	1,835,000	
\$4,000,000 G.O. Bank loan 2016 , issue of 9/2/2016, due 9/1/2021, interest at 1.09%, annual principal and interest payments	1,600,000	
\$6,805,000 G.O. Bank loan 2015, lot C refunding , issue of 8/10/2015, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments		1,439,000
\$5,500,000 G.O. Bank note , issue of 8/10/2018, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments	3,300,000	
\$4,200,000 G.O. Bank loan 2018, refunding , issue of 8/10/2018, due 8/24/2020, interest at 2.0% to 5.0%, annual principal and interest payments		2,885,000
\$6,101,000 G.O. Bank loan 2018 , issue of 11/29/2018, due 11/24/2024, interest at 2.6% to 2.7%, annual principal and interest payments	5,608,000	
\$3,100,000 G.O. Bank loan 2019 , issue of 12/10/2019, due 1/10/2025, interest at 1.72%, annual principal and interest payments	<u>3,100,000</u>	
Total general obligation bond and loans	<u>\$ 19,533,000</u>	<u>4,324,000</u>

CITY OF SHELTON, CONNECTICUT**NOTES TO THE FINANCIAL STATEMENTS, Continued**
June 30, 2020

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2020	\$ 7,581,807	513,577
2021	5,680,728	376,019
2022	4,871,668	220,213
2023	3,333,659	109,298
2024	2,079,138	37,336
2025-2026	310,000	3,120
Total	\$ 23,857,000	1,259,563

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, 2020, as follows:

Sewer	\$ 4,259,171
General purpose	1,848,335
Schools	<u>729,145</u>
Total	\$ 6,836,651

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

Clean water fund loans payable

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

Note	Balance
165-C	\$ 7,492,954
104-C	<u>1,072,960</u>
Total clean water fund loans	\$ 8,565,914

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

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

Year Ended June 30,	Business-type Activity	
	Principal	Interest
2020	\$ 988,732	162,288
2021	1,008,688	142,331
2022	1,029,048	121,971
2023	1,049,819	101,200
2024	1,071,009	80,010
2025-2029	3,418,618	109,450
	<u>\$ 8,565,914</u>	<u>717,250</u>

Note 9 - Commitments and Contingencies

Lawsuits

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

The City 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.

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

Municipal solid waste management services contract

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

Risk management and self-insurance

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

risks for workers' compensation, including heart and hypertension, and physical damage of the City's vehicles.

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Worker's Compensation				
2019 \$	421,864	505,263	474,175	452,952
2020	452,952	1,888,126	1,223,021	1,118,057
Heart and Hypertension				
2019	943,102	2,482,364	2,513,452	912,014
2020	912,014	64,292	112,067	864,239
Medical				
2019	511,788	14,354,975	14,298,351	568,412
2020	568,412	16,754,783	15,781,172	1,542,023
Total Internal Service				
2019	1,876,754	17,342,602	17,285,978	1,933,378
2020	1,933,378	18,707,201	17,116,260	3,524,319

Note 10 - Employee Retirement Plans

Merit employees retirement plan

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

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

Employees are eligible to participate once they have completed one year of continuous service, with no minimum age requirement. The City contributes an amount equal to 6% of the

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

employee's annual base wages, while employees must contribute 3%. Employees may also make voluntary contributions up to 10% of annual wages.

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

The City's total covered payroll under the plan, excluding the Board of Education, for the fiscal year ended June 30, 2020, was approximately \$5.9 million. The employee's required contribution was \$206,076. The City's matching contribution was \$412,515.

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

Connecticut municipal employees' retirement system – defined benefit plan

Plan description

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

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

Summary of significant accounting policies

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

Benefit provisions

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

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

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

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

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

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

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

Contribution requirements

Contributions are established by State Statutes as follows:

Employer

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

The current rate is 16.93% of annual covered payroll. The contribution requirements of the City are established and may be amended by the State Retirement Commission. The City's contributions to CMERS for the years ended June 30, 2020, 2019 and 2018 were \$1,404,755, \$1,027,956, and \$984,048 respectively, equal to the required contributions for each year.

Employee

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2020

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

At June 30, 2020, the City reported an asset for its proportionate share of the net pension liability (asset) in the government-wide statement of net position. The amount recognized by the City for its proportionate share of the net pension liability (asset) was \$11,721,693 based on the City's allocation percentage of 3.866734%.

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

The City recognized its proportionate share of the collective pension expense in the amount of \$19,018,824 for the year ended June 30, 2020.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to CMERS pension benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 354,812	
Change of assumptions	2,489,934	
Change in proportionate share	96,892	741,347
Net difference between employer expected and actual experience	1,258,799	327,008
Total	\$ 4,200,437	1,068,355

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

Year Ended June 30,	Net Pension Expense Increase
2020	\$ 1,379,877
2021	721,692
2022	868,442
2023	162,071
Thereafter	-
	\$ 3,132,082

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Actuarial assumptions

The total pension liability is based upon the June 30, 2019 actuarial valuation. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017. The key actuarial assumptions used in the valuation were as follows:

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

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

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

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bonds	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	100.0%	

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Discount rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$ 15,515,421	\$ 10,535,204	\$ 5,864,557

Teachers' retirement

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

Plan description

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

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

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.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

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 normal retirement age.

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

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

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

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

Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Effective July 1, 1992, participants are required to contribute 6.00% of their pensionable salary to the pension System as required by CGS Section 10-183b (7). Effective January 1, 2018, the required contribution increased to 7.00% of pensionable salary. For the year ended June 30, 2020, \$2,573,105 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the City was \$36,759,643.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Administrative expenses

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

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

The State has a statutory requirement to pay 100% of the required plan contribution, therefore as of June 30, 2020; the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>154,854,921</u>
Total net pension liability	\$	<u>154,854,921</u>

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

For the year ended June 30, 2020 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$19,018,824 as payments made by the State of Connecticut on behalf of the City for teachers' pension.

Actuarial assumptions

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

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-term rate of return

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

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

Discount rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2020

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

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

Note 11 - Other Postemployment Benefit Plan

Teachers' retirement OPEB plan

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

Plan description

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

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

Benefit provisions

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

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

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

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

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

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

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

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

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

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

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

Contributions

State of Connecticut

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

Employer (School Districts)

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Employees

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

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

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

Administrative expenses

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

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

The State has a statutory requirement to pay 100% of the required plan contribution; therefore as of June 30, 2020, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows. The amount recognized by the City as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability associated with the City were as follows:

City's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the City		<u>24,150,497</u>
Total net OPEB liability	\$	<u><u>24,150,497</u></u>

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

For the year ended June 30, 2020 the City has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$1,767,251 as payments made by the State of Connecticut on behalf of the City for teachers' OPEB.

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Actuarial assumptions

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

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

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

Long-term rate of return

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

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

CITY OF SHELTON, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2020

Discount rate

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

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

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

Note 12 - Fund Balance and Net Position

Fund deficits

The City has the following fund deficits at June 30, 2020 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	\$ 48,612	Future contributions
Small Cities	287,512	Future grant receipts
School Lunch	305,181	Future contributions
Summer School	60,380	Future contributions
School Rental	233,814	Future contributions
Police PVET Grant	885	Future grant receipts
Worker's Compensation	4,780,153	Future employer payments
Medical Insurance	962,554	Future employer payments
Capital Projects	4,335,958	Future general obligation bonds

Committed Fund balance

The general fund had the following committed fund balances:

2020/2021 Operating Budget	\$	1,600,000
Outstanding contracts		135,100
Capital Projects		251,927
	\$	<u>1,987,027</u>
Total committed funds balance		<u>1,987,027</u>

Management has also assigned \$119,181 to fulfill outstanding contracts appropriated through prior year's operating budget.

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

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	23 years
Asset valuation method	5-year smoothed market (20% write up)

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

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

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

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

Notes to Schedule

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

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

Changes in benefit terms None

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

Methods and assumptions used to determine contribution rate:

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

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

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

TEACHERS' RETIREMENT PLAN
Last Three Fiscal Years

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	-	-	-	-	-
State's proportionate share of the net pension liability associated with the City	154,854,921	119,402,141	118,187,255	124,688,459	95,054,242	87,858,598
Total	\$ 154,854,921	119,402,141	118,187,255	124,688,459	95,054,242	87,858,598
City's covered payroll	\$ 36,758,643	37,696,000	36,700,000	36,364,599	31,569,440	30,570,297
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

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

Methods and assumptions used to determine contribution rate:

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

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

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

TEACHERS' RETIREMENT PLAN
Last Three Fiscal Years

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

Notes to Schedule

Changes in benefit terms The Plan was amended by the State Board, effective July 1, 2018. The amendment added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System-sponsored health care plan for those who cancel coverage or choose not to enroll in a health care coverage option on or after the effective date.

Changes in assumptions The single equivalent interest rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate. The expected rate of return on assets increased from 2.75% to 3.00%. Changes were made to the assumed per capita claims costs, age related percentage increases, long-term health care cost trend rates, percentage of retired members expected to elect coverage in the future, percentage of retirees expected to enroll in Medicare, the post-disablement mortality table, which was updated to extend the projected mortality from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future benefits.

Methods and assumptions used to determine contribution rate:

Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of investment related expense, including inflation

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

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current years' levy	\$ 106,151,649	106,151,649	106,217,425	65,776
Prior years' levies	970,000	970,000	530,038	(439,962)
Interest and penalties	675,000	675,000	575,129	(99,871)
Statutory refunds	(149,000)	(149,000)	(107,179)	41,821
Personal property tax audits	500,000	500,000	(14,000)	(514,000)
Total property taxes	<u>\$ 108,147,649</u>	<u>108,147,649</u>	<u>107,201,413</u>	<u>(946,236)</u>
Intergovernmental:				
State grants for education	\$ 7,277,231	7,277,231	6,252,691	(1,024,540)
Other state grants	1,202,727	1,202,727	1,310,594	107,867
Total intergovernmental	<u>\$ 8,479,958</u>	<u>8,479,958</u>	<u>7,563,285</u>	<u>(916,673)</u>
Charges for services:				
Licenses and permits	\$ 2,095,177	2,095,177	1,939,990	(155,187)
Charges for services	4,590,246	4,590,246	5,236,057	645,811
Fines and forfeits	81,500	81,500	84,351	2,851
Total charges for services	<u>\$ 6,766,923</u>	<u>6,766,923</u>	<u>7,260,398</u>	<u>493,475</u>
Investment income	<u>\$ 250,000</u>	<u>250,000</u>	<u>226,744</u>	<u>(23,256)</u>
Miscellaneous revenues	<u>\$ 1,637,965</u>	<u>1,637,965</u>	<u>1,034,392</u>	<u>(603,573)</u>
Other financing sources:				
Appropriation of fund balance	\$ 2,288,979	2,288,979		(2,288,979)
Total other financing sources	<u>\$ 2,288,979</u>	<u>2,288,979</u>	<u>-</u>	<u>(2,288,979)</u>
Total revenue & other financing sources	<u>\$ 127,571,474</u>	<u>127,571,474</u>	<u>123,286,232</u>	<u>(4,285,242)</u>

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Administrative	\$ 614,187	615,687	553,360	62,327
Employee resources	6,754,239	6,754,239	6,906,950	(152,711)
Legislative	153,319	153,319	129,433	23,886
Board of Ethics	600	600	86	514
Elections	158,906	177,476	164,435	13,041
Inland wetlands	93,494	93,494	90,656	2,838
Economic development committee	39,501	39,501	21,068	18,433
Economic development	100,000	100,000	100,000	-
Planning and zoning	408,050	408,050	338,498	69,552
Probate court	13,960	13,960	12,819	1,141
Elected/appointed officials	18,450	18,450	6,410	12,040
Conservation commission	65,913	65,913	47,181	18,732
City/Town clerk	440,127	440,127	325,507	114,620
Drug and alcohol commission	1	1	-	1
Appeals board	200	200	-	200
Zoning appeals board	27,305	27,305	14,666	12,639
Legal services corporate counsel	200,971	200,971	157,848	43,123
Management information systems	449,017	449,017	364,254	84,763
Assessor	577,266	577,266	546,626	30,640
Tax collector	354,256	354,256	300,536	53,720
Purchasing	367,886	367,886	281,516	86,370
Public risk management	2,295,512	2,295,512	2,136,259	159,253
Accounting and control	608,437	608,437	517,817	90,620
Miscellaneous	1,365,306	1,367,749	1,421,657	(53,908)
Board of Aldermen	120,000	94,987	33,386	61,601
Total general government	\$ 15,226,903	15,224,403	14,470,967	753,436
Public safety:				
Public safety and energy services	\$ 123,171	123,171	77,959	45,212
EMS commission	131,239	131,239	127,296	3,943
Fire marshal	317,314	317,314	274,937	42,377
Animal control	253,245	253,245	196,800	56,445
Fire department	999,928	999,928	947,949	51,979
Police department	7,853,494	7,853,494	6,275,063	1,578,431
Total public safety	\$ 9,678,391	9,678,391	7,900,004	1,778,387
Public works:				
Building department	\$ 325,609	325,609	264,148	61,461
Highways and bridges	3,671,305	3,671,305	2,678,276	993,029
Road repairs	50,000	50,000	29,263	20,737
Public works director	51,480	51,480	49,000	2,480
Engineering	273,422	273,422	135,091	138,331
Tree warden	115,000	115,000	96,642	18,358
Recycling program	36,702	36,702	25,300	11,402
Sanitation	2,572,020	2,572,020	2,550,163	21,857
Total public works	\$ 7,095,538	7,095,538	5,827,883	1,267,655

(Continued)

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Health and welfare:				
Public health	\$ 293,569	293,569	293,569	-
Total health and welfare	<u>\$ 293,569</u>	<u>293,569</u>	<u>293,569</u>	<u>-</u>
Culture and recreation:				
Recreation	\$ 1,726,030	1,726,030	1,405,263	320,767
Capital spending			-	-
Senior center	381,521	381,521	273,950	107,571
Youth service bureau	217,860	217,860	138,190	79,670
Library	1,221,596	1,221,596	1,015,421	206,175
Community development	81,116	82,316	80,562	1,754
Outside agency contributions	368,518	369,818	360,618	9,200
Total culture and recreation	<u>\$ 3,996,641</u>	<u>3,999,141</u>	<u>3,274,003</u>	<u>725,138</u>
Education:				
Shelton bus transportation	\$ 3,381,146	3,381,146	2,533,836	847,310
Board of Education	72,765,000	72,765,000	72,263,079	501,921
Total education	<u>\$ 76,146,146</u>	<u>76,146,146</u>	<u>74,796,915</u>	<u>1,349,231</u>
Other:				
Utilities	\$ 2,778,679	2,778,679	2,520,765	257,914
Municipal property maintenance	1,472,647	1,472,647	1,343,027	129,620
Total other	<u>\$ 4,251,326</u>	<u>4,251,326</u>	<u>3,863,792</u>	<u>387,534</u>
Debt service:				
Principal	\$ 9,048,000	9,048,000	9,048,000	-
Interest	683,940	683,940	683,940	-
W.P.C.A. transfer	1,151,020	1,151,020	1,151,019	1
Total debt service	<u>\$ 10,882,960</u>	<u>10,882,960</u>	<u>10,882,959</u>	<u>1</u>
Total encumbrances and financial uses	<u>\$ 127,571,474</u>	<u>127,571,474</u>	<u>121,310,092</u>	<u>6,261,382</u>

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
ASSETS			
Cash and cash equivalents	\$		216,415
Receivables, net			
Due from other funds	298,718		
Inventory			
Total assets	<u>\$ 298,718</u>	<u>-</u>	<u>216,415</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$	48,612	
Advanced from other funds			
Due to other funds			6,405
Total liabilities	<u>\$ -</u>	<u>48,612</u>	<u>6,405</u>
Deferred inflows of resources:			
Unavailable receipts	\$		
Fund balance (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	298,718		210,010
Unassigned		(48,612)	
Total fund balance (deficits)	<u>\$ 298,718</u>	<u>(48,612)</u>	<u>210,010</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 298,718</u>	<u>-</u>	<u>216,415</u>

Special Revenue					
<u>Valley Street Crime B</u>	<u>Em. Medical Service Training</u>	<u>Police Seizure Fund</u>	<u>Surface Transportation</u>	<u>Gristmill Lane Maintenance</u>	<u>Asset Seizure Account</u>
44,935	4,420	29,916	511	1,869	
					70,887
<u>44,935</u>	<u>4,420</u>	<u>29,916</u>	<u>511</u>	<u>1,869</u>	<u>70,887</u>
		586			
		<u>1,397</u>			
-	-	<u>1,983</u>	-	-	-
44,935	4,420	27,933	511	1,869	70,887
<u>44,935</u>	<u>4,420</u>	<u>27,933</u>	<u>511</u>	<u>1,869</u>	<u>70,887</u>
<u>44,935</u>	<u>4,420</u>	<u>29,916</u>	<u>511</u>	<u>1,869</u>	<u>70,887</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, Continued
 June 30, 2020

	Special Revenue		
	Pine Rock Improvements	Adult Education	Small Cities Grant
ASSETS			
Cash and cash equivalents	\$ 21,545	1,137,986	57,460
Receivables, net			
Due from other funds		153,311	
Inventory			
Total assets	<u>\$ 21,545</u>	<u>1,291,297</u>	<u>57,460</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$	10,346	344,972
Advanced from other funds			
Due to other funds		1,196,089	
Total liabilities	<u>\$ -</u>	<u>1,206,435</u>	<u>344,972</u>
Deferred inflows of resources:			
Unavailable receipts	\$		
Fund balance (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	21,545	84,862	(287,512)
Unassigned			
Total fund balance (deficits)	<u>\$ 21,545</u>	<u>84,862</u>	<u>(287,512)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 21,545</u>	<u>1,291,297</u>	<u>57,460</u>

Special Revenue				
Trails Committee	Sewer Assessments	One Time Use Grant	CRRA Consent Order	DUI Grant
5,295	77,541 1,939 167	1,470 5,000	139,321	14,216
<u>5,295</u>	<u>79,647</u>	<u>6,470</u>	<u>139,321</u>	<u>14,216</u>
	13,657			
-	13,657	-	-	-
	1,939			
5,295	64,051	6,470	139,321	14,216
<u>5,295</u>	<u>64,051</u>	<u>6,470</u>	<u>139,321</u>	<u>14,216</u>
<u>5,295</u>	<u>79,647</u>	<u>6,470</u>	<u>139,321</u>	<u>14,216</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, Continued
 June 30, 2020

	Special Revenue		
	Senior Center	Homeland Security Grant	Recreation Path Grants
ASSETS			
Cash and cash equivalents	\$ 77,618		964
Receivables, net			
Due from other funds			
Inventory			
Total assets	<u>\$ 77,618</u>	<u>-</u>	<u>964</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$	26,236	
Advanced from other funds			
Due to other funds			
Total liabilities	<u>\$ -</u>	<u>26,236</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable receipts	\$		
Fund balance (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned	77,618		964
Unassigned		(26,236)	
Total fund balance (deficits)	<u>\$ 77,618</u>	<u>(26,236)</u>	<u>964</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 77,618</u>	<u>-</u>	<u>964</u>

Special Revenue					
COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants	Athletic Association
79,231	2,056	1,694	411,207 120,296	670,916 21,237	25,764
			49,624		
<u>79,231</u>	<u>2,056</u>	<u>1,694</u>	<u>581,127</u>	<u>692,153</u>	<u>25,764</u>
			56,297	93,768	
			830,011	158,427	
				434,658	
-	-	-	886,308	686,853	-
			49,624		
79,231	2,056	1,694	(354,805)	5,300	25,764
<u>79,231</u>	<u>2,056</u>	<u>1,694</u>	<u>(305,181)</u>	<u>5,300</u>	<u>25,764</u>
<u>79,231</u>	<u>2,056</u>	<u>1,694</u>	<u>581,127</u>	<u>692,153</u>	<u>25,764</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, Continued
 June 30, 2020

	Special Revenue		
	Summer School	School Rental	Comp Voice Stress Analyzer
ASSETS			
Cash and cash equivalents	\$ 10,771	17,209	1,086
Receivables, net			
Due from other funds		22,621	
Inventory			
Total assets	<u>\$ 10,771</u>	<u>39,830</u>	<u>1,086</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$		
Advanced from other funds			
Due to other funds	<u>71,151</u>	<u>273,644</u>	
Total liabilities	<u>\$ 71,151</u>	<u>273,644</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable receipts	\$		
Fund balance (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Debt service			
Committed for:			
Open spaces			
Assigned			1,086
Unassigned	<u>(60,380)</u>	<u>(233,814)</u>	
Total fund balance (deficits)	<u>\$ (60,380)</u>	<u>(233,814)</u>	<u>1,086</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,771</u>	<u>39,830</u>	<u>1,086</u>

Special Revenue					
Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Total Sp. Rev. Funds
275,413	1,722	105,523	828		3,409,138
	41,880	64,536			143,472
					682,884
					49,624
<u>275,413</u>	<u>43,602</u>	<u>170,059</u>	<u>828</u>	<u>-</u>	<u>4,285,118</u>
	621	11,736		885	607,716
49,900	4,486				158,427
					2,867,741
<u>49,900</u>	<u>5,107</u>	<u>11,736</u>	<u>-</u>	<u>885</u>	<u>3,633,884</u>
					1,939
					49,624
					-
					-
225,513	38,495	158,323	828	(885)	1,324,403
					(724,732)
<u>225,513</u>	<u>38,495</u>	<u>158,323</u>	<u>828</u>	<u>(885)</u>	<u>649,295</u>
<u>275,413</u>	<u>43,602</u>	<u>170,059</u>	<u>828</u>	<u>-</u>	<u>4,285,118</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS, Continued
 June 30, 2020

	Permanent Funds		
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial
ASSETS			
Cash and cash equivalents	\$ 1,947	817	816
Receivables, net			
Due from other funds			
Inventory			
Total assets	<u>\$ 1,947</u>	<u>817</u>	<u>816</u>
LIABILITIES AND FUND BALANCE (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	\$		
Advanced from other funds			
Due to other funds			
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable receipts	\$		
Fund balance (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions	2,000	1,000	800
Debt service			
Committed for:			
Open spaces			
Assigned			16
Unassigned	<u>(53)</u>	<u>(183)</u>	
Total fund balance (deficits)	<u>\$ 1,947</u>	<u>817</u>	<u>816</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,947</u>	<u>817</u>	<u>816</u>

Permanent Funds					
<u>Lucy Beard</u>	<u>Hanson Edwards Legacy</u>	<u>Permanent War Memorial Scholarship</u>	<u>Mary & Charles Lavietes Memorial</u>	<u>Total Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
1,392	1,035	35,899	636	42,542	3,451,680
				-	143,472
				-	682,884
				-	49,624
<u>1,392</u>	<u>1,035</u>	<u>35,899</u>	<u>636</u>	<u>42,542</u>	<u>4,327,660</u>
				-	607,716
				-	158,427
				-	2,867,741
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,633,884</u>
				-	1,939
				-	49,624
1,000	1,000	35,000	600	41,400	41,400
				-	-
				-	-
392	35	899	36	1,378	1,325,781
				(236)	(724,968)
<u>1,392</u>	<u>1,035</u>	<u>35,899</u>	<u>636</u>	<u>42,542</u>	<u>691,837</u>
<u>1,392</u>	<u>1,035</u>	<u>35,899</u>	<u>636</u>	<u>42,542</u>	<u>4,327,660</u>

CITY OF SHELTON, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue		
	Town Road Aid	Conservation and Open Space	Street Opening and Final Patch
Revenues:			
Intergovernmental	\$ 505,277		
Charges for services		8,460	161,958
Investment income			90
Other			26,460
Total revenues	\$ 505,277	8,460	188,508
Expenditures:			
Public safety	\$		
Public works	681,958		167,228
Culture and recreation			
Education			
Other			
Total expenditures	\$ 681,958	-	167,228
Revenue over (under) expenditures	\$ (176,681)	8,460	21,280
Other financing sources:			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ (176,681)	8,460	21,280
Fund balances (deficits) - beginning	475,399	(57,072)	188,730
Fund balances (deficits) - ending	\$ 298,718	(48,612)	210,010

Special Revenue					
Valley Street Crime B	E. Medical Service Training	Police Seizure Fund	Surface Transportation	Gristmill Lane Maintenance	Asset Seizure Account
					30,888
26	2	67		2	
26	2	67	-	2	30,888
		29,423			109,057
-	-	29,423	-	-	109,057
26	2	(29,356)	-	2	(78,169)
-	-	-	-	-	-
26	2	(29,356)	-	2	(78,169)
44,909	4,418	57,289	511	1,867	149,056
44,935	4,420	27,933	511	1,869	70,887

(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, 2020

	Special Revenue		
	Pine Rock Improvement	Adult Education	Small Cities Grant
Revenues:			
Intergovernmental	\$	915,395	
Charges for services			
Investment income	10		33
Other			
Total revenues	\$ 10	915,395	33
Expenditures:			
Public safety	\$		
Public works			
Culture and recreation			
Education		909,864	
Other			318,882
Total expenditures	\$ -	909,864	318,882
Revenue over (under) expenditures	\$ 10	5,531	(318,849)
Other financing sources:			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ 10	5,531	(318,849)
Fund balances (deficits) - beginning	21,535	79,331	31,337
Fund balances (deficits) - ending	\$ 21,545	84,862	(287,512)

Special Revenue				
Trails Committee	Sewer Assessment	One Time Use Grant	CRRA Consent Order	DUI Grant
3	45	1	80	8
3	45	1	80	8
-	-	-	-	-
3	45	1	80	8
-	-	-	-	-
3	45	1	80	8
5,292	64,006	6,469	139,241	14,208
5,295	64,051	6,470	139,321	14,216

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, 2020

	Special Revenue		
	Senior Center	Homeland Security Grant	Recreation Path Grants
Revenues:			
Intergovernmental	\$		
Charges for services			
Investment income	1,175		1
Other	5,587		
Total revenues	\$ 6,762	-	1
Expenditures:			
Public safety	\$		
Public works			
Culture and recreation	1,914		
Education			
Other			
Total expenditures	\$ 1,914	-	-
Revenue over (under) expenditures	\$ 4,848	-	1
Other financing sources:			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ 4,848	-	1
Fund balances (deficits) - beginning	72,770	(26,236)	963
Fund balances (deficits) - ending	\$ 77,618	(26,236)	964

Special Revenue					
COPS TECH Earmark	Housatonic River Estuary	Dog Fund	School Lunch	Educational Grants	Athletic Association
46	2	12	764,313 810,589	1,838,511 11,871 127,035	
46	2	12	1,574,902	1,977,417	-
			1,455,222	2,058,953	6,990
-	-	-	1,455,222	2,058,953	6,990
46	2	12	119,680	(81,536)	(6,990)
-	-	-	-	-	-
46	2	12	119,680	(81,536)	(6,990)
79,185	2,054	1,682	(424,861)	86,836	32,754
79,231	2,056	1,694	(305,181)	5,300	25,764

(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, 2020

	Special Revenue		
	Summer School	School Rental	Comp Voice Stress Analyzer
Revenues:			
Intergovernmental	\$		
Charges for services	24,377	74,585	
Investment income			8
Other			
Total revenues	\$ 24,377	74,585	8
Expenditures:			
Public safety	\$		
Public works			
Culture and recreation			
Education	47,829	74,915	
Other			
Total expenditures	\$ 47,829	74,915	-
Revenue over (under) expenditures	\$ (23,452)	(330)	8
Other financing sources:			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ (23,452)	(330)	8
Fund balances (deficits) - beginning	(36,928)	(233,484)	1,078
Fund balances (deficits) - ending	\$ (60,380)	(233,814)	1,086

Special Revenue					
Other Education Programs	Youth Services	Town Clerk	Conservation Commission	Police PVET Grant	Total Special Revenues
	7,145				4,061,529
134,394		561	6		1,214,409
	13,391	181,356			14,003
					353,829
134,394	20,536	181,917	6	-	5,643,770
					109,057
					878,609
					1,914
69,306	3,361				4,626,440
		145,109			463,991
69,306	3,361	145,109	-	-	6,080,011
65,088	17,175	36,808	6	-	(436,241)
					-
					-
-	-	-	-	-	-
65,088	17,175	36,808	6	-	(436,241)
160,425	21,320	121,515	822	(885)	1,085,536
225,513	38,495	158,323	828	(885)	649,295

(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, 2020**

	Permanent Funds		
	Edward C. Finn Scholarship	David Clark Scholarship	Paul Gerst Memorial
Revenues:			
Intergovernmental	\$		
Charges for services			
Investment income	16	7	6
Other			
Total revenues	\$ 16	7	6
Expenditures:			
Public safety	\$		
Public works			
Culture and recreation			
Education	200	110	
Other			
Total expenditures	\$ 200	110	-
Revenue over (under) expenditures	\$ (184)	(103)	6
Other financing sources:			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ (184)	(103)	6
Fund balances (deficits) - beginning	2,131	920	810
Fund balances (deficits) - ending	\$ 1,947	817	816

Permanent Funds					
Lucy Beard	Hanson Edwards Legacy	War Memorial Scholarship	Mary & Charles Laviates Memorial	Total Permanent Funds	Totals
				-	4,061,529
				-	1,214,409
10	7	281	4	331	14,334
				-	353,829
10	7	281	4	331	5,644,101
				-	109,057
				-	878,609
				-	1,914
		1,000	110	1,420	4,627,860
				-	463,991
-	-	1,000	110	1,420	6,081,431
10	7	(719)	(106)	(1,089)	(437,330)
				-	-
				-	-
-	-	-	-	-	-
10	7	(719)	(106)	(1,089)	(437,330)
1,382	1,028	36,618	742	43,631	1,129,167
1,392	1,035	35,899	636	42,542	691,837

**W.P.C.A REVENUES, EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 2,801,400	2,801,400	2,852,857	51,457
Miscellaneous	8,400	8,400	23,484	15,084
Investments	15	15	-	(15)
Total operating revenues	<u>\$ 2,809,815</u>	<u>2,809,815</u>	<u>2,876,341</u>	<u>66,526</u>
Operating expenses:				
Salaries and benefits	\$ 1,006,746	1,006,746	992,207	(14,539)
Supplies and chemicals	135,353	135,353	116,983	(18,370)
Utilities	432,502	432,502	395,875	(36,627)
Administration and operation	1,235,214	1,235,214	985,841	(249,373)
Total operating expenses	<u>\$ 2,809,815</u>	<u>2,809,815</u>	<u>2,490,906</u>	<u>(318,909)</u>
Total operating income, budgetary basis	<u>\$ -</u>	<u>-</u>	385,435	-
Depreciation expense			(1,478,355)	
Capital accounts activity:				
Surplus reserve			75,000	
Other revenues			<u>113,400</u>	
Total operating income			<u>\$ (904,520)</u>	

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET FUND POSITION
June 30, 2020

	Workers' Compensation Fund	Medical Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 75,000	579,469	654,469
Investments			-
Other receivables			-
Due from other funds			-
Total assets	\$ 75,000	579,469	654,469
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 7,914		7,914
Due to other funds	2,864,943		2,864,943
Claims payable			
Total current liabilities	\$ 2,872,857	-	2,872,857
Noncurrent liabilities:			
Claims incurred but not reported	\$ 1,982,296	1,542,023	3,524,319
Total liabilities	\$ 4,855,153	1,542,023	6,397,176
Net position:			
Unrestricted	\$ (4,780,153)	(962,554)	(5,742,707)
Total net position	\$ (4,780,153)	(962,554)	(5,742,707)

INTERNAL SERVICE FUNDS

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

For the Year Ended June 30, 2020

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 1,350,000	13,096,094	14,446,094
Employee contribution		2,413,373	2,413,373
Other revenues		271,706	271,706
Total operating revenues	<u>\$ 1,350,000</u>	<u>15,781,173</u>	<u>17,131,173</u>
Operating expenses:			
Administrative	\$ 11,266		11,266
Salaries, benefits and claims	2,004,643	16,754,783	18,759,426
Total operating expenses	<u>\$ 2,015,909</u>	<u>16,754,783</u>	<u>18,770,692</u>
Operating income (loss)	<u>\$ (665,909)</u>	<u>(973,610)</u>	<u>(1,639,519)</u>
Nonoperating revenues (expenses):			
Interest income	\$	34,404	34,404
Interest expense			-
Total nonoperating revenues (expenses)	<u>\$</u>	<u>34,404</u>	<u>34,404</u>
Changes in fund net position	<u>\$ (665,909)</u>	<u>(939,206)</u>	<u>(1,605,115)</u>
Fund net position, beginning	<u>(4,114,244)</u>	<u>(23,348)</u>	<u>(4,137,592)</u>
Fund net position, ending	<u><u>\$ (4,780,153)</u></u>	<u><u>(962,554)</u></u>	<u><u>(5,742,707)</u></u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
June 30, 2020

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,350,000	15,781,173	17,131,173
Payments for benefits	(1,398,579)	(15,781,172)	(17,179,751)
Net cash (used in) provided by operating activities	\$ (48,579)	1	(48,578)
Cash flows from noncapital and related financing activities:			
Transfer in and payments made through governmental activities	\$ 48,579		48,579
Net cash provided by (used in) noncapital and related financing activities	\$ 48,579	-	48,579
Cash flows from investing activities:			
Purchase of investments	\$		-
Interest received on investments		34,403	34,403
Investment expenses			-
Net cash provided by (used in) investing activities	\$ -	34,403	34,403
Net increase (decrease) in cash and cash equivalents	\$ -	34,404	34,404
Cash and cash equivalents, beginning	75,000	545,065	620,065
Cash and cash equivalents, ending	\$ 75,000	579,469	654,469
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ (665,909)	(973,610)	(1,639,519)
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in investments			-
(Increase) decrease in other receivables			-
(Decrease) increase in accounts payable			-
(Decrease) increase in intergovernmental payables			-
(Decrease) increase in claims payable	617,330	973,611	1,590,941
Net increase (decrease) in cash and cash equivalents	\$ (48,579)	1	(48,578)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION

June 30, 2020

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Assets:				
Cash and cash equivalents	\$ 10,823	438	2,134	1,052
Investments				
Total assets	\$ 10,823	438	2,134	1,052
Liabilities:				
Accounts payable	\$			
Other liabilities				
Total liabilities	\$ -	-	-	-
Net position:				
Held in trust for specific purposes	\$ 10,823	438	2,134	1,052

<u>Municipal Parking Lot Improvements</u>	<u>Shelton Park Commission</u>	<u>Gazebo Fund</u>	<u>Project D.A.R.E.</u>	<u>Youth Service Bureau</u>	<u>Constitution Park Donations</u>
1,413	3,048	63,082	54	811	5,876
<u>1,413</u>	<u>3,048</u>	<u>63,082</u>	<u>54</u>	<u>811</u>	<u>5,876</u>
-	-	-	-	-	-
<u>1,413</u>	<u>3,048</u>	<u>63,082</u>	<u>54</u>	<u>811</u>	<u>5,876</u>

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS

COMBINING STATEMENT OF NET POSITION, (Continued)

June 30, 2020

	Local Schools	Plumb Memorial Library	Student Activity	Special Response Team
Assets:				
Cash and cash equivalents	\$ 2,154	142,101	372,033	2,765
Investments		3,117,800		
Total assets	\$ 2,154	3,259,901	372,033	2,765
Liabilities:				
Accounts payable	\$			
Other liabilities				
Total Liabilities	\$ -	-	-	-
Net position:				
Held in trust for specific purposes	\$ 2,154	3,259,901	372,033	2,765

<u>O Smith Police Equipment</u>	<u>Anti- Blight</u>	<u>Shelton Dog Park</u>	<u>Animal Shelter Donations</u>	<u>Total</u>
3,745	31,081	66	68,390	711,066
				<u>3,117,800</u>
<u>3,745</u>	<u>31,081</u>	<u>66</u>	<u>68,390</u>	<u>3,828,866</u>
				-
				<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,745</u>	<u>31,081</u>	<u>66</u>	<u>68,390</u>	<u>3,828,866</u>

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 For the Year Ended June 30, 2020

	Servicemen's Christmas Fund	DWI Fund	Dog Pound Trust Fund	Police Department Pistol Range
Additions:				
Contributions	\$ 295			
Other				
Total contributions	<u>\$ 295</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment earnings:				
Net (decrease) in fair value	\$			
Interest and dividends	81	3	16	8
Less: investment expense				
Total investment earnings	<u>\$ 81</u>	<u>3</u>	<u>16</u>	<u>8</u>
Deductions:				
Benefits	\$			
Other				
Total deductions	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 376</u>	<u>3</u>	<u>16</u>	<u>8</u>
Net position - beginning	<u>10,447</u>	<u>435</u>	<u>2,118</u>	<u>1,044</u>
Net position - ending	<u><u>\$ 10,823</u></u>	<u><u>438</u></u>	<u><u>2,134</u></u>	<u><u>1,052</u></u>

<u>Municipal Parking Lot Improvements</u>	<u>Shelton Park Commission</u>	<u>Gazebo Fund</u>	<u>Project D.A.R.E.</u>	<u>Youth Services Bureau Donation</u>	<u>Constitution Park Donations</u>
				400	
-	-	-	-	400	-
11	23	430		6	45
11	23	430	-	6	45
		4,879			
-	-	4,879	-	-	-
11	23	(4,449)	-	406	45
1,402	3,025	67,531	54	405	5,831
1,413	3,048	63,082	54	811	5,876

(Continued)

CITY OF SHELTON, CONNECTICUT

PRIVATE PURPOSE TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN NET POSITION, (Continued)

For the Year Ended June 30, 2020

	Local Schools	Plumb Memorial Library	Student Activity	Special Response Team
Additions:				
Contributions	\$	2,667	686,097	
Other		19,242		
Total contributions	\$ -	21,909	686,097	-
Investment earnings:				
Net increase in fair value	\$	169,580		
Interest and dividends	16	55,585		21
Less: investment expense		(18,557)		
Total investment earnings	\$ 16	206,608	-	21
Deductions:				
Benefits	\$			
Other		129,694	711,246	
Total deductions	\$ -	129,694	711,246	-
Change in net position	\$ 16	98,823	(25,149)	21
Net position - beginning	2,138	3,161,078	397,182	2,744
Net position - ending	\$ 2,154	3,259,901	372,033	2,765

O Smith Police Equipment	Anti- Blight	Shelton Dog Park	Animal Shelter Donations	Total
			8,943	698,402
776		25		20,043
776	-	25	8,943	718,445
				169,580
25	237	1	476	56,984
				(18,557)
25	237	1	476	208,007
				-
				845,819
-	-	-	-	845,819
801	237	26	9,419	80,633
2,944	30,844	40	58,971	3,748,233
3,745	31,081	66	68,390	3,828,866

CITY OF SHELTON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY FUNDS NET POSITION

June 30, 2020

	Argraves AHO	Security	Lane Street	SWEROC	Sewer Escrows
Assets:					
Cash and cash equivalents	\$ 6,500	14,399	23,262	2,090	1,594
Total assets	<u>\$ 6,500</u>	<u>14,399</u>	<u>23,262</u>	<u>2,090</u>	<u>1,594</u>
Liabilities:					
Other liabilities	\$ 4,200				
Held for deposits for others	2,300	14,399	23,262	2,090	1,594
Total liabilities	<u>\$ 6,500</u>	<u>14,399</u>	<u>23,262</u>	<u>2,090</u>	<u>1,594</u>

SCHEDULE 11

Reservoir Associates	Union Highway Pension Escrow	The Maples	Turro Sewer Assessment	P and Z Developer Bonds	Total
<u>83,606</u>	<u>9,486</u>	<u>77</u>	<u>7,239</u>	<u>403,267</u>	<u>551,520</u>
<u>83,606</u>	<u>9,486</u>	<u>77</u>	<u>7,239</u>	<u>403,267</u>	<u>551,520</u>
<u>83,606</u>	<u>9,486</u>	<u>77</u>	<u>7,239</u>	<u>403,267</u>	<u>547,320</u>
<u>83,606</u>	<u>9,486</u>	<u>77</u>	<u>7,239</u>	<u>403,267</u>	<u>551,520</u>

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Argraves AHO Easement				
Assets:				
Cash and cash equivalents	\$ 8,013		1,513	6,500
Liabilities:				
Accounts payable	\$ 4,200			4,200
Deposits held for others	2,187	113	-	2,300
	<u>\$ 6,387</u>	<u>113</u>	<u>-</u>	<u>6,500</u>
Security Deposits				
Assets:				
Cash and cash equivalents	\$ 11,176	3,223	-	14,399
Liabilities:				
Accounts payable	\$ 300			300
Deposits held for others	10,876	3,223	-	14,099
	<u>\$ 11,176</u>	<u>3,223</u>	<u>-</u>	<u>14,399</u>
Lane Street Improvements				
Assets:				
Cash and cash equivalents	\$ 23,084	178	-	23,262
Liabilities:				
Deposits held for others	\$ 23,084	178	-	23,262
SWEROC				
Assets:				
Cash and cash equivalents	\$ 2,074	16	-	2,090
Liabilities:				
Deposits held for others	\$ 2,074	16	-	2,090
Sewer Escrows				
Assets:				
Cash and cash equivalents	\$ 1,582	12	-	1,594
Liabilities:				
Deposits held for others	\$ 1,582	12	-	1,594
Reservoir Associates				
Assets:				
Cash and cash equivalents	\$ 82,969	637	-	83,606
Liabilities:				
Deposits held for others	\$ 82,969	637	-	83,606

(Continued)

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Union Highway Pension Escrow				
Assets:				
Cash and cash equivalents	\$ 9,414	72	-	9,486
Liabilities:				
Deposits held for others	\$ 9,414	72	-	9,486
Maple Escrow				
Assets:				
Cash and cash equivalents	\$ 77		-	77
Liabilities:				
Deposits held for others	\$ 77		-	77
Turro Sewer Assessment Escrow				
Assets:				
Cash and cash equivalents	\$ 7,184	55	-	7,239
Liabilities:				
Deposits held for others	\$ 7,184	55	-	7,239
P and Z Developer Bonds				
Assets:				
Cash and cash equivalents	\$ 503,000		99,733	403,267
Other Assets	-			-
	\$ 503,000	-	99,733	403,267
Liabilities:				
Deposits held for others	\$ 503,000	-	99,733	403,267
Total Agency Funds				
Assets:				
Cash and cash equivalents	\$ 648,573	4,193	101,246	551,520
Other Assets	-	-	-	-
	\$ 648,573	4,193	101,246	551,520
Liabilities:				
Accounts payable	\$ 4,500	-	-	4,500
Deposits held for others	644,073	4,193	101,246	547,020
	\$ 648,573	4,193	101,246	551,520

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2020

Grand List Year	Uncollected Balance & New Levy July 1, 2019	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2003	\$ 904		(904)		-
2004	938	28		352	1,318
2005	4,399	28		917	5,344
2006	5,628			879	6,507
2007	5,995			1,355	7,350
2008	7,379			1,043	8,422
2009	15,447			2,072	17,519
2010	21,341	316		2,081	23,738
2011	28,531			2,145	30,676
2012	53,100			2,818	55,918
2013	85,051		(359)	2,492	87,184
2014	141,408	2,072	(587)	(1,644)	141,249
2015	277,175	3,887	(153)	(5,429)	275,480
2016	463,563	5,857	(21,066)	(5,812)	442,542
2017	1,081,975	8,307	(42,912)	(4,694)	1,042,676
Total	\$ 2,192,834	20,495	(65,981)	(1,425)	2,145,923
2018	106,008,415	1,504,591	(376,069)	(16,858)	107,120,079
Total	\$ 108,201,249	1,525,086	(442,050)	(18,283)	109,266,002

SCHEDULE 13

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Balance June 30, 2020
			-	-
352	1,281	12	1,645	966
917	2,199	6	3,122	4,427
879	1,907		2,786	5,628
1,355	3,133	30	4,518	5,995
1,043	1,813	30	2,886	7,379
2,072	3,391	30	5,493	15,447
2,397	2,897	30	5,324	21,341
4,907	7,736	54	12,697	25,769
12,446	3,527	108	16,081	43,472
10,269	8,434	114	18,817	76,915
35,858	9,761	294	45,913	105,391
51,431	37,626	584	89,641	224,049
96,649	44,348	1,050	142,047	345,893
510,755	104,738	4,747	620,240	531,921
731,330	232,791	7,089	971,210	1,414,593
105,844,410	238,308	3,172	106,085,890	1,275,669
106,575,740	471,099	10,261	107,057,100	2,690,262

CITY OF SHELTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2020

	<u>General Purpose</u>
Debt limitation:	
2 1/4 times base	\$ 240,878,475
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	\$ 240,878,475
	<hr/>
Indebtedness:	
Bonds payable	\$ 23,509,950
Bonds authorized and unissued	<u>1,848,335</u>
	<hr/>
Total indebtedness	\$ 25,358,285
	<hr/>
Less: School construction grants receivable	-
	<hr/>
Total indebtedness of the City	\$ 25,358,285
	<hr/>
Debt limitation in excess of outstanding and authorized debt	\$ <u>215,520,190</u>

SCHEDULE 14

Total tax collections (including interest and lien fees)
for the year ended June 30, 2020 \$ 107,057,100

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

Base \$ 107,057,100

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
481,756,950	401,464,125	347,935,575	321,171,300	749,399,700
<u>481,756,950</u>	<u>401,464,125</u>	<u>347,935,575</u>	<u>321,171,300</u>	<u>749,399,700</u>
6,295,050				29,805,000
729,145	4,259,171			6,836,651
7,024,195	4,259,171	-	-	36,641,651
-	-	-	-	-
<u>7,024,195</u>	<u>4,259,171</u>	<u>-</u>	<u>-</u>	<u>36,641,651</u>
<u>474,732,755</u>	<u>397,204,954</u>	<u>347,935,575</u>	<u>321,171,300</u>	<u>712,758,049</u>