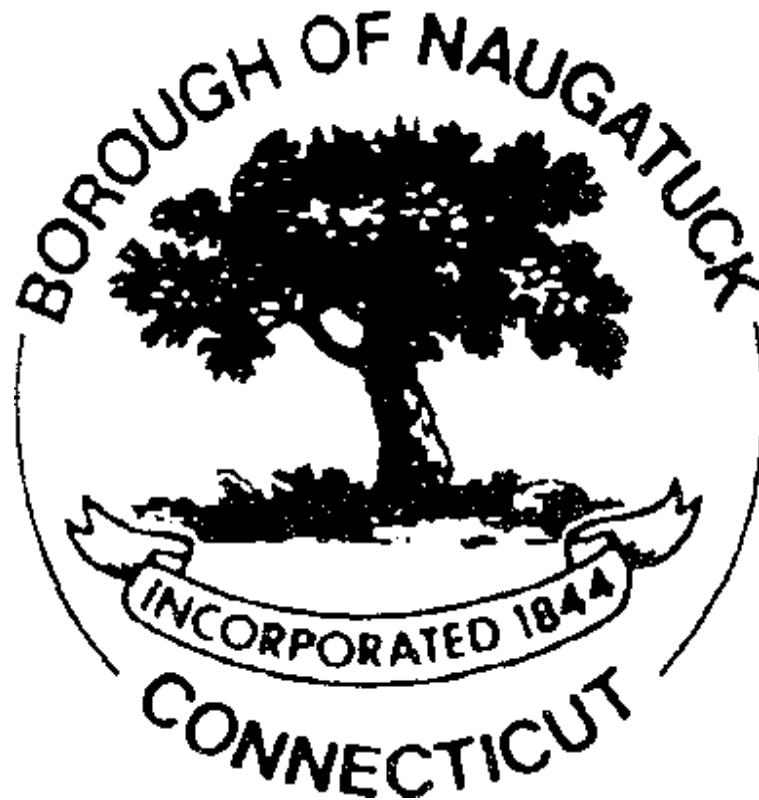


# **Borough of Naugatuck, Connecticut**



## **Annual Comprehensive Financial Report For the Year Ended June 30, 2024**

**Annual Comprehensive Financial Report  
of the  
Borough of Naugatuck, Connecticut**

**For the Year Ended  
June 30, 2024**

**Prepared by:  
Finance Department**

**Allyson Bruce  
Controller**

**Borough of Naugatuck, Connecticut**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2024**

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# **Introductory Section**

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# **Borough of Naugatuck, Connecticut**

## **Principal Officials June 30, 2024**

### **Mayor**

N. Warren "Pete" Hess III

### **Burgesses**

Rocky Vitale, Burgess, Deputy Mayor  
Julie Rosenblatt, Burgess, Second Deputy Mayor  
Mike Bronko, Burgess  
W. Francis Dambowsky, Burgess  
Kimberly Gallo, Burgess  
Charles P. Marengi, Burgess  
Robert Neth, Burgess  
Dorothy Neth-Kunin, Burgess  
Meghan E. Smith, Burgess

### **Administration**

Treasurer  
Tax Collector  
Borough Clerk  
Assessor  
Controller  
Police Chief  
Fire Chief  
Director of Public Works and Recreation

Adam Bronko  
James Goggin  
Nancy K. DiMeo  
Shelby Jackson  
Allyson Bruce  
C. Colin McAllister  
Paul Russell  
James Stewart

### **Board of Education**

Jeffrey Litke, Chair  
Marilyn O'Donnell, Vice Chair  
N. Warren "Pete" Hess III, Mayor  
Jason L. Celozzi  
Erika Clements  
Ethel S. Grant  
Alicia Makowski  
Bob Mezzo  
Marilyn O'Donnell  
James M. Scully

Superintendent of Schools  
Business Manager

Christopher Montini  
Bernice Rizk



Borough of Naugatuck, Connecticut  
Organizational Chart  
June 30, 2024

# Borough of Naugatuck Electorate

## BOARD OF MAYOR & BURGESSES

- Board of Assessment Appeals
- Board of Finance
- Board of Golf Commissioners
- Board of Park Commissioners
- Board of Street Commissioners
- Human Resources Development Agency
- Inland Wetlands Commission
- Water Pollution Control Authority
- Zoning Commission Alternates
- Planning Commission Alternates
- Pension Boards
- Conservation Commission
- Information Technology Commission
- Zoning Citation Hearing Officers
- Golf Commission
- Park Commission

## MAYOR

- Board of Fire Commissioners
- Board of Police Commissioners
- Zoning Board of Appeals
- Arts Commission
- Economic Development Commission
- Blight Citation Hearing Board
- Building Code of Appeals
- Code of Ethics
- Elderly Commission
- Housing Authority

## ELECTED OFFICES

- Bailiffs
- Board of Education
- Planning Commission
- Registrars of Voters
- Zoning Commission
- Tax Collector
- Town Clerk
- Treasurer

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# Financial Section

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## **Independent Auditors' Report**

**Board of Mayor and Burgesses and Board of Finance  
Borough of Naugatuck, Connecticut**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Borough of Naugatuck, Connecticut ("Borough"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Borough, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

**Board of Mayor and Burgesses and Board of Finance  
Borough of Naugatuck, Connecticut**

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Board of Mayor and Burgesses and Board of Finance  
Borough of Naugatuck, Connecticut**

Page 3

***Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

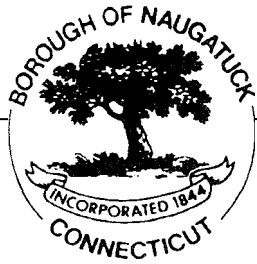
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2025 on our consideration of the Borough'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 Borough'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 Borough's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
May 14, 2025



**Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

As management of the Borough of Naugatuck, Connecticut ("Borough"), we offer readers of the Borough's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024.

**Financial highlights**

On a government-wide basis, the liabilities and deferred inflows of resources of the Borough exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year as follows:

Change in net position	\$ 15,729,511
Total net position	(62,767,933)
Unrestricted net position	(278,134,984)

The significant factors for the change in net position are as follows:

**Fund level activity:**

➤ positive operations of the general fund of	\$ 1,877,472
➤ positive operations of the capital nonrecurring fund of	11,718,832
➤ positive operations of the debt service fund of	2,720,841
➤ positive operations of the internal service fund of	290,728

**Conversion to accrual basis of accounting on Exhibit E:**

- |   |              |
|---|--------------|
| ➤ capital outlay net of depreciation/amortization expense of              | 6,469,273    |
| ➤ net long-term debt activity of  | (10,823,964) |
| ➤ change in net pension liability of                                      | 12,054,776   |
| ➤ change in net OPEB liability of   | 4,439,275    |
| ➤ change in deferred outflows of resources related to pension and OPEB of | (10,581,404) |
| ➤ change in deferred inflows of resources related to pension and OPEB of  | (1,895,567)  |
- The Borough's governmental funds reported combined ending fund balances of \$65,872,123, an increase of \$16,646,690 in comparison with the prior year. Additional details regarding the operations are discussed in the governmental funds section.
  - The general fund's unassigned fund balance was \$19,030,992, an increase of \$3,377,472 in comparison with the prior year. The unassigned fund balance represents 13.86% of total budgetary general fund expenditures and transfers out as compared to 12.63% in the prior year.
  - Net capital assets increased by \$6,451,418 or 2.54%.
  - Total long-term debt increased by \$10,170,200 or 6.91%.

**Overview of the basic financial statements**

This discussion and analysis is intended to serve as an introduction to the Borough of Naugatuck's basic financial statements. The Borough's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Borough's finances in a manner similar to a private-sector business.

Statement of net position	Presents information on all of the Borough's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health or position of the Borough is improving or deteriorating.
Statement of activities	Presents information showing how the Borough's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Borough that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Borough include general government, public safety, public works, health and welfare and education.

**Fund financial statements**

The fund financial statements provide detailed information about the most significant funds, not the Borough as a whole. Some funds are required to be established by State law and by bond covenants. However, the Borough establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance-related legal requirements for using certain grants. All of the funds of the Borough can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds**

Fund description	Used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Borough's near-term financing requirements.
Relationship to government-wide financial statements	Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Borough's near-term financing decisions.
Reconciliations (Exhibit C page 2 and Exhibit E)	Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
Presentation (Exhibits C and D)	<b>Major funds:</b> Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and bonded projects fund.

The major funds of the Borough were as follows:

- General fund
- Capital nonrecurring fund

Presentation (Schedules 3 and 4)	Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the combining schedules.
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**Proprietary fund**

The Borough maintains one proprietary fund type. Internal service funds are an accounting device for risk financing activities. The Borough uses internal service funds to account for its self-insured dental benefits, workers compensation benefits and property insurance claims. This activity has been included within governmental activities in the government-wide financial statements.

The data for the internal service funds is provided in Exhibits F, G and H of this report.



**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the Borough. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Borough's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund description	The Borough is the trustee, or fiduciary, for its employees' pension and OPEB plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries.
Relationship to government-wide financial statements	We exclude these activities from the Borough's other financial statements because the Borough cannot use these assets to finance its operations. The Borough is responsible for ensuring that the assets reported in these funds are used for their intended purposes.
Presentation (Exhibits I and J)	All of the Borough's fiduciary activities are reported in separate financial statements

**Notes to financial statements**

Notes to financial statements	The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements
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**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

Required supplementary information (RSI)	In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information
General fund budgetary comparisons	Budgetary comparison schedule is presented to demonstrate compliance with this budget.
Pension and other post-employment benefits	Progress in funding its obligation to provide pension and other post-employment benefits to its employees
Combining schedules	The combining schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.
Statistical tables	Tables of up to 10 years of historical data for various financial and nonfinancial related information.

**Government-wide financial analysis**

The analysis below focuses on the net position and the changes in net position.

**Summary Statement of Net Position  
June 30**

	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 106,337,103	\$ 73,192,105
Capital assets (net)	260,406,836	253,955,418
Total assets	366,743,939	327,147,523
Deferred outflows of resources	21,955,944	37,253,041
Current liabilities	36,226,990	25,665,334
Long-term liabilities	350,947,213	356,048,080
Total liabilities	387,174,203	381,713,414
Deferred inflows of resources	64,293,613	61,184,594
Net position:		
Net investment in capital assets	184,387,088	177,193,699
Restricted	30,979,963	15,324,953
Unrestricted	(278,134,984)	(271,016,096)
Total net position	\$ (62,767,933)	\$ (78,497,444)

The largest portion of net position of the Borough reflects its investment in capital assets, less any related debt and liabilities used to acquire those assets that are still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Borough's net position represents resources that are subject to external restrictions on how they may be used. When the balance is positive, the remaining balance of unrestricted net position is available to be used to meet the Borough's ongoing obligations to citizens and creditors.

Net position may serve over time as a useful indicator of the Borough's financial position. The Borough's net position increased from a year ago by \$15,729,511 to \$(62,767,933).

**Statement of Changes in Net Position  
For the Years Ended June 30**

	<b>2024</b>	<b>2023</b>
Revenues:		
Program revenues:		
Charges for services	\$ 12,782,456	\$ 12,275,632
Operating grants and contributions	58,906,746	58,792,880
Capital grants and contributions	5,835,068	1,160,415
General revenues:		
Property taxes	91,790,462	85,867,759
Grants and contributions not restricted to specific programs	6,967,280	5,298,586
Income from investments	4,717,270	2,546,526
Gain on sale of assets	25,976	22,574
<b>Total revenues</b>	<b>181,025,258</b>	<b>165,964,372</b>
Expenses:		
General government	11,550,641	12,335,452
Public safety	26,343,039	28,757,507
Public works	17,352,756	18,331,395
Health and welfare	3,703,872	4,335,115
Education	99,655,399	101,526,294
Interest	6,690,040	6,911,649
<b>Total expenses</b>	<b>165,295,747</b>	<b>172,197,412</b>
Change in net position	15,729,511	(6,233,040)
Net position - July 1	(78,497,444)	(72,264,404)
Net position - June 30	\$ (62,767,933)	\$ (78,497,444)

Key elements of the change in net position are as follows:

Revenues

Revenue category	Amount	Description
Capital grants and contributions increased by/ due to:	\$4,674,653	Increase in CDBG, LOTCIP, ARPA and school construction grants of: \$ 4,102,501
Property taxes increased by/ due to:	5,922,703	Increase in the budget and the amount of taxes required to fund the budget
Income from investments increased by/ due to:	2,170,744	Positive operations and continued higher interest rates and market

Management's Discussion and Analysis (continued)

Expenses

Expense category	Amount	Description	
Public safety expenses decreased by/ due to:	(2,414,468)	Decrease in pension expense of:	\$ (4,283,445)
		Increase in employee benefit expense of:	762,702
		Increase of police department expenditures, primarily overtime costs, of:	810,179
Public works expenses decreased by/ due to:	(978,639)	Decrease in pension expense of:	(944,579)
Education expenses decreased by/ due to:	(1,870,895)	Increase in adopted budget expenses of:	2,662,565
		Increase in teachers' retirement system pension on-behalf payments of:	1,050,758
		Increase in employee benefit expense of:	1,343,295
		Decrease in pension expense of:	(7,414,523)

**Financial Analysis of the Borough's Funds**

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**

The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of the Borough's net resources available for spending at the end of the fiscal year.

The components of fund balance were as follows:

Nonspendable	\$	1,000
Restricted		30,978,963
Committed		15,694,814
Assigned		166,354
Unassigned		<u>19,030,992</u>
Total	\$	<u>65,872,123</u>

The total fund balance increased by \$16,646,690 as a result of the following activity:

**General fund.** The general fund is the operating fund of the Borough. At the end of the current fiscal year, unassigned fund balance of the general fund was \$19,030,992. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.86% of total general fund budgetary expenditures and transfers out.

The Borough's total fund balance increased by \$1,877,472 during the current fiscal year due mostly to the following factors:

- Greater than expected revenues of \$1,777,247
- Spending savings of \$100,225

The details of the variances are detailed below.

**General fund budgetary highlights**

Significant revenues variances from the budget were as follows:

- Intergovernmental revenues were in excess of the amount budgeted by \$1,190,378 primarily due to the unbudgeted municipal revenue sharing amount of \$1,061,366.
- Income from investments was in excess of the amount budgeted by \$2,382,061 due to the continued high interest rates and conservative budgeting.
- Sale of assets was below the budget amount by \$1,799,124 due to certain property sales not completed during the year.

Significant budget transfers made during the year were as follows:

- Police department budget was increased by \$409,190 to fund unexpected overtime costs.
- Operation and maintenance budget was decreased by \$450,795 due to savings related to snow and ice removal.
- Pension, OPEB and social security budget was increased by \$371,630 based on expected increases in contributions paid not properly budgeted for.

**Capital Nonrecurring Fund.** This fund accounts for financial resources to be used for the activities associated with major capital improvements and equipment. This fund is funded with grants, debt issuances and transfers from the general fund. The increase in fund balance of \$11,718,832 is primarily due to debt issued of \$17,597,003 in the current year, which a large portion will be expended subsequent to year end. The fund balance at year-end was \$37,260,319, which will be expended in future years as projects are completed.

**Proprietary fund**

The Borough has one proprietary fund, the internal service fund used for self-insured dental and workers' compensation for the Borough and Education department.

**Internal service fund.** The internal service fund's unrestricted net position at year end was \$2,569,766, an increase of \$290,728 from the prior year. The increase is due to revenues in excess of claims in the workers' compensation fund due to lower than expected claims.

**Capital assets and debt administration**

**Capital assets**

The Borough's capital assets (net of accumulated depreciation/amortization) by type are detailed in the table below.

**Capital Assets  
(Net of Accumulated Depreciation)  
June 30**

<u>Category</u>	<u>2024</u>	<u>2023</u>
Land	\$ 15,458,467	\$ 15,458,467
Construction in progress	29,867,080	20,226,929
Intangible right-to-use assets	1,582,636	1,993,706
Land improvements	1,408,695	998,802
Buildings and improvements	111,103,778	112,775,311
Machinery and equipment	9,218,019	8,575,141
Infrastructure	<u>91,768,161</u>	<u>93,927,062</u>
Total	<u>\$ 260,406,836</u>	<u>\$ 253,955,418</u>
Dollar change	<u>\$ 6,451,418</u>	
Percentage change	<u>2.54%</u>	

The increase in net capital assets is due to capital additions exceeding disposals and depreciation/amortization expense. In the current year, the Borough had net capital asset additions totaling \$16,013,990, disposals totaling \$235,249, and depreciation expense of \$9,544,717.

Management's Discussion and Analysis (continued)

The significant capital asset additions consisted of the following:

Category	Description	Amount
Construction in progress	Treatment plant improvements	\$ 3,156,889
	Rubber Avenue reconstruction	1,621,346
	TIF project	1,471,232
	Downtown sewer projects	1,119,524
Buildings and improvements	Downtown parking lot	1,068,674
Machinery and equipment	Various public works vehicles	993,028
	Police cars	641,657
Infrastructure	Road paving	1,513,002

Additional information on the Borough's capital assets can be found in Note III.D.

**Long-term debt**

The Borough had total long-term debt outstanding as detailed in the table below. All debt is backed by the full faith and credit of the Borough.

**Long-Term Debt  
June 30**

<u>Category</u>	<u>2024</u>	<u>2023</u>
General purpose bonds	\$ 27,086,000	\$ 7,898,000
General purpose bonds (taxable)	740,000	1,080,000
School bonds	19,089,000	20,737,000
Sewer bonds	5,530,000	5,955,000
Pension bonds (taxable)	74,780,000	78,500,000
Notes payable	3,328,629	4,770,407
Certificates of participation	25,150,000	26,200,000
Leases	517,356	485,565
Subscriptions	1,117,886	1,542,699
Total	<u>\$ 157,338,871</u>	<u>\$ 147,168,671</u>
Dollar change	<u>\$ 10,170,200</u>	
Percentage change	<u>6.91%</u>	

The Borough's total debt increased due to issuances of bonds and leases of \$20,223,054 offset by scheduled principal payments of \$10,052,854.

The Borough maintains an "AA-" bond rating from Standard and Poor's and an "Aa3" rating from Moody's Investor Service.

## Management's Discussion and Analysis (continued)

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State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times prior year total tax collections including interest and lien fees. The current debt limitation for the Borough is \$599,572,400, which is significantly in excess of the Borough's outstanding general obligation debt.

Additional information on the Borough's long-term debt can be found in Note III. G.

### **Economic factors and next year's budgets and rates**

- At June 2024, the unemployment rate for the Borough was 3.2%, which is lower than the State's average unemployment rate of 3.9% and the national unemployment rate of 4.1%.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the Borough's budget for the 2025 fiscal year. The 2025 general fund adopted budget totaled \$142,255,775.

### **Requests for information**

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the Borough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, Borough of Naugatuck, 229 Church Street, Naugatuck, CT 06770.



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# Financial Section

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Borough of Naugatuck, Connecticut

Governmental Activities  
Statement of Net Position  
June 30, 2024

Assets

Current assets:	
Cash	\$ 3,464,583
Investments	76,090,552
Receivables (net):	
Property taxes	3,788,084
Intergovernmental	2,804,172
Leases	175,949
Sewer use	2,216
Loans	77,082
Other	1,675,110
Other	94,944
Total current assets	<u>88,172,692</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	295,130
Investments	13,113,141
Permanently restricted:	
Investments	1,000
Total restricted assets	<u>13,409,271</u>
Receivables (net):	
Property taxes	2,080,077
Leases	1,651,677
Sewer use	8,557
Loans	624,401
Total receivables (net)	<u>4,364,712</u>
Net pension asset	<u>390,428</u>
Capital assets (net of accumulated depreciation/amortization):	
Land	15,458,467
Construction in progress	29,867,080
Intangible right-to-use assets	1,582,636
Land improvements	1,408,695
Buildings and improvements	111,103,778
Machinery and equipment	9,218,019
Infrastructure	91,768,161
Total capital assets (net of accumulated depreciation/amortization)	<u>260,406,836</u>
Total noncurrent assets	<u>278,571,247</u>
Total assets	<u>366,743,939</u>

Deferred Outflows of Resources

OPEB related	<u>21,955,944</u>
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(Continued)

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

Borough of Naugatuck, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2024

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 8,089,311
Retainage payable	2,202,560
Accrued payroll and related liabilities	684,734
Accrued interest payable	1,292,757
Unearned revenue	13,051,027
Other liabilities	150,727
Long-term debt	9,386,092
Compensated absences	1,066,956
Claims payable	302,826

Total current liabilities	<u>36,226,990</u>
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Noncurrent liabilities:

Performance bonds	295,130
Long-term debt and related liabilities	151,716,883
Compensated absences	3,200,867
Net pension liability	9,120,010
Net OPEB liability	186,536,881
Claims payable	77,442

Total noncurrent liabilities	<u>350,947,213</u>
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Total liabilities	<u>387,174,203</u>
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Deferred Inflows of Resources

Advance property tax collections	5,030,000
Deferred charge on refunding	557,500
Pension related	4,062,755
OPEB related	52,901,263
Lease related	1,742,095

Total deferred inflows of resources	<u>64,293,613</u>
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Net Position

Net investment in capital assets	184,387,088
Restricted for:	
Endowments:	
Nonexpendable	1,000
Expendable	149,098
Construction projects	24,115,218
Community development programs	693,265
Food service program	662,882
Debt service	5,358,500
Unrestricted	<u>(278,134,984)</u>
Total net position	<u>\$ (62,767,933)</u>

(Concluded)

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

Borough of Naugatuck, Connecticut

Governmental Activities  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 11,550,641	\$ 845,092	\$ -	\$ -	\$ (10,705,549)
Public safety	26,343,039	2,102,444	610,942	-	(23,629,653)
Public works	17,352,756	6,504,587	-	3,938,523	(6,909,646)
Health and welfare	3,703,872	1,324,349	253,985	1,357,874	(767,664)
Education	99,655,399	2,005,984	58,041,819	538,671	(39,068,925)
Interest	6,690,040	-	-	-	(6,690,040)
<b>Total</b>	<b>\$ 165,295,747</b>	<b>\$ 12,782,456</b>	<b>\$ 58,906,746</b>	<b>\$ 5,835,068</b>	<b>(87,771,477)</b>
General revenues:					
Property taxes					91,790,462
Grants and contributions not restricted to specific programs					6,967,280
Income from investments					4,717,270
Gain on sale of assets					25,976
Total general revenues					103,500,988
Change in net position					15,729,511
Net position - July 1, 2023					(78,497,444)
Net position - June 30, 2024					\$ (62,767,933)

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

Borough of Naugatuck, Connecticut

Governmental Funds  
Balance Sheet  
June 30, 2024

	General	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 682,786	\$ 874,371	\$ 1,572,330	\$ 3,129,487
Restricted cash	295,130	-	-	295,130
Investments	23,972,881	45,731,626	3,857,352	73,561,859
Restricted investments	-	10,191,903	2,922,238	13,114,141
Receivables (net):				
Property taxes	4,340,087	-	-	4,340,087
Intergovernmental	-	1,047,494	1,756,678	2,804,172
Leases	1,514,217	313,409	-	1,827,626
Sewer use	10,773	-	-	10,773
Loans	-	173,651	527,832	701,483
Other	1,552,204	-	36,661	1,588,865
Due from other funds	762,807	-	23,894	786,701
Other	5,600	-	74,293	79,893
Total assets	<u>\$ 33,136,485</u>	<u>\$ 58,332,454</u>	<u>\$10,771,278</u>	<u>\$102,240,217</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,190,256	\$ 5,553,398	\$ 345,657	\$ 8,089,311
Retainage payable	-	2,202,560	-	2,202,560
Accrued payroll and related liabilities	650,256	-	34,478	684,734
Due to other funds	-	-	771,650	771,650
Unearned revenue	-	13,012,346	38,681	13,051,027
Performance bonds	295,130	-	-	295,130
Other liabilities	150,727	-	-	150,727
Total liabilities	<u>3,286,369</u>	<u>20,768,304</u>	<u>1,190,466</u>	<u>25,245,139</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue:				
Property taxes	4,340,087	-	-	4,340,087
Advance property tax collections	5,030,000	-	-	5,030,000
Sewer use	10,773	-	-	10,773
Lease related	1,438,264	303,831	-	1,742,095
Total deferred inflows of resources	<u>10,819,124</u>	<u>303,831</u>	<u>-</u>	<u>11,122,955</u>
<u>Fund Balances</u>				
Nonspendable	-	-	1,000	1,000
Restricted	-	24,115,218	6,863,745	30,978,963
Committed	-	13,135,523	2,559,291	15,694,814
Assigned	-	9,578	156,776	166,354
Unassigned	19,030,992	-	-	19,030,992
Total fund balances	<u>19,030,992</u>	<u>37,260,319</u>	<u>9,580,812</u>	<u>65,872,123</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,136,485</u>	<u>\$ 58,332,454</u>	<u>\$10,771,278</u>	<u>\$102,240,217</u>

(Continued)

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

Borough of Naugatuck, Connecticut

Reconciliation of Fund Balance  
to Net Position of Governmental Activities  
June 30, 2024

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1 of 2)	<u>\$ 65,872,123</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets (net)	253,955,418
Current year additions (net of construction in progress)	16,013,990
Depreciation/amortization expense	(9,544,717)
Disposal of assets	<u>(17,855)</u>
Total	<u>260,406,836</u>
Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:	
Net pension asset	390,428
Property tax interest and liens	3,328,074
Allowance for doubtful accounts	(1,800,000)
Deferred outflows related to OPEB	<u>21,955,944</u>
Total	<u>23,874,446</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax and sewer use receivable - accrual basis change	<u>4,350,860</u>
Internal service funds are used by management for risk financing activities:	
The assets and liabilities of the internal service funds are included in the statement of net position	<u>2,569,766</u>
Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(1,292,757)
Bonds and notes payable	(130,553,629)
Certificates of participation	(25,150,000)
Leases payable	(517,356)
Subscriptions payable	(1,117,886)
Premium	(3,764,104)
Compensated absences	(4,267,823)
Net pension liability	(9,120,010)
Net OPEB liability	(186,536,881)
Deferred charge on refunding	(557,500)
Deferred inflows related to OPEB	<u>(52,901,263)</u>
Total	<u>(419,841,964)</u>
Net position (Exhibit A)	<u>\$ (62,767,933)</u>
	(Concluded)

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

Borough of Naugatuck, Connecticut

**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	<u>General</u>	<u>Capital Nonrecurring</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 91,681,311	\$ -	\$ -	\$ 91,681,311
Intergovernmental	47,760,207	5,159,708	17,978,344	70,898,259
Charges for services	7,032,054	1,166,718	4,589,913	12,788,685
Income from investments	3,382,061	1,100,199	235,010	4,717,270
Contributions and rebates	-	352,339	447,985	800,324
	<u>149,855,633</u>	<u>7,778,964</u>	<u>23,251,252</u>	<u>180,885,849</u>
Total revenues				
Expenditures:				
Current:				
General government	7,531,406	61,596	506,829	8,099,831
Public safety	13,829,587	-	2,158,306	15,987,893
Public works	10,978,112	-	-	10,978,112
Health and welfare	1,848,038	-	466,945	2,314,983
Benefits and insurance	18,766,173	-	-	18,766,173
Education	78,567,735	-	19,901,832	98,469,567
Capital outlay	-	15,996,258	223,054	16,219,312
Debt service	14,264,682	163,145	561,355	14,989,182
	<u>145,785,733</u>	<u>16,220,999</u>	<u>23,818,321</u>	<u>185,825,053</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>4,069,900</u>	<u>(8,442,035)</u>	<u>(567,069)</u>	<u>(4,939,204)</u>
Other financing sources (uses):				
Issuance of debt	-	17,597,003	2,626,051	20,223,054
Premium	-	-	653,764	653,764
Sale of assets	876	25,100	-	25,976
Transfers in	683,100	2,876,404	337,640	3,897,144
Transfers out	(2,876,404)	(337,640)	-	(3,214,044)
	<u>(2,192,428)</u>	<u>20,160,867</u>	<u>3,617,455</u>	<u>21,585,894</u>
Net other financing sources (uses)				
Net change in fund balances	1,877,472	11,718,832	3,050,386	16,646,690
Fund balances - July 1, 2023	<u>17,153,520</u>	<u>25,541,487</u>	<u>6,530,426</u>	<u>49,225,433</u>
Fund balances - June 30, 2024	<u>\$ 19,030,992</u>	<u>\$ 37,260,319</u>	<u>\$ 9,580,812</u>	<u>\$ 65,872,123</u>

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

**Borough of Naugatuck, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2024**

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 16,646,690
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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/amortization expense:

Capital outlay	16,013,990
Depreciation/amortization expense	(9,544,717)
<b>Total</b>	<b>6,469,273</b>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or donated:

Disposal of capital assets	(17,855)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property taxes, sewer use and interest and lien revenue	(3,411,567)
Change in allowance for doubtful accounts	3,525,000
<b>Total</b>	<b>113,433</b>

The issuance of long-term debt (e.g., bonds, notes, 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 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 these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Bonds	(20,000,000)
Leases	(223,054)
Premium	(653,764)
Principal repayments:	
Bonds and notes	8,386,778
Certificates of participation	1,050,000
Leases	191,263
Subscriptions	424,813
<b>Total</b>	<b>(10,823,964)</b>

(Continued)

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



Borough of Naugatuck, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2024

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in/amortization of:	
Deferred charge on refunding	\$ (688,740)
Accrued interest payable	(675,786)
Premium	226,890
Compensated absences	(218,666)
Net pension asset	390,428
Net pension liability	12,054,776
Net OPEB liability	4,439,275
Deferred outflows related to pension	(6,518,649)
Deferred inflows related to pension	(4,062,755)
Deferred outflows related to OPEB	(8,647,208)
Deferred inflows related to OPEB	<u>6,751,641</u>
Total	<u>3,051,206</u>
Internal service funds are used by management for risk financing activities:	
The net revenue (expense) of the activities of the internal service funds is reported with governmental activities	<u>290,728</u>
Change in net position (Exhibit B)	<u>\$ 15,729,511</u>
	(Concluded)

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

Borough of Naugatuck, Connecticut

Proprietary Funds  
Statement of Net Position  
June 30, 2024

	<u>Internal Service Funds</u>
<u>Assets</u>	
Cash	\$ 335,096
Investments	2,528,693
Accounts receivable	<u>86,245</u>
Total assets	<u>2,950,034</u>
<u>Liabilities</u>	
Current liability:	
Claims payable	302,826
Noncurrent liability:	
Claims payable	<u>77,442</u>
Total liabilities	<u>380,268</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 2,569,766</u></u>

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

Borough of Naugatuck, Connecticut

Proprietary Funds  
 Statement of Revenues, Expenses and Changes in Net Position  
 For the Year Ended June 30, 2024

	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 3,039,422
Insurance recoveries	8,838
	<u>3,048,260</u>
Total operating revenues	
Operating expenses:	
Claims	2,014,805
Administration	59,627
	<u>2,074,432</u>
Total operating expenses	
Operating income (loss) before transfers	973,828
Transfers out	<u>(683,100)</u>
Change in net position	290,728
Total net position - July 1, 2023	<u>2,279,038</u>
Total net position - June 30, 2024	<u><u>\$ 2,569,766</u></u>

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

## Borough of Naugatuck, Connecticut

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

	<u>Internal Service Funds</u>
Cash flows from (used in) operating activities:	
Cash received for charges for services	\$ 2,999,617
Cash received for insurance recoveries	8,838
Cash paid for benefits and claims	(1,936,218)
Cash paid for administration	<u>(59,627)</u>
Net cash from (used in) operating activities	<u>1,012,610</u>
Cash flows from noncapital and related financing activities:	
Transfers out to other funds	<u>(683,100)</u>
Net increase (decrease) in cash	329,510
Cash and cash equivalents - July 1, 2023	<u>2,534,279</u>
Cash and cash equivalents - June 30, 2024	<u><u>\$ 2,863,789</u></u>
<u>Reconciliation to Exhibit F cash:</u>	
Cash and cash equivalents per above	\$ 2,863,789
Cash and cash equivalents reported as investments	<u>(2,528,693)</u>
Cash - Exhibit F	<u><u>\$ 335,096</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:	
Operating income (loss)	\$ 973,828
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	(39,805)
Increase (decrease) in:	
Claims payable	<u>78,587</u>
Net cash from (used in) operating activities	<u><u>\$ 1,012,610</u></u>

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

Borough of Naugatuck, Connecticut

Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2024

<u>Assets</u>	<u>Pension and OPEB Trust Funds</u>
Investments:	
Mutual funds:	
Equity	\$ 143,787,268
Money market	1,539,776
Corporate bonds	74,281,553
Real assets	9,730,478
	<hr/>
Total investments	229,339,075
	<hr/>
<u>Liabilities</u>	
Due to other funds	15,051
	<hr/>
<u>Net Position</u>	
Restricted for:	
Pension benefits	214,932,772
OPEB benefits	14,391,252
	<hr/>
Total net position	<u>\$ 229,324,024</u>

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

**Borough of Naugatuck, Connecticut**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2024**

	<u>Pension and OPEB Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 12,000,527
Plan members	<u>442,572</u>
Total contributions	<u>12,443,099</u>
Investment income (loss):	
Net change in fair value of investments	19,263,202
Interest and dividends	<u>6,069,018</u>
Total investment income (loss)	25,332,220
Less investment expenses	<u>168,105</u>
Net investment income (loss)	<u>25,164,115</u>
Total additions	<u>37,607,214</u>
Deductions:	
Benefits	24,569,920
Administration	<u>168,869</u>
Total deductions	<u>24,738,789</u>
Changes in net position	12,868,425
Net position - July 1, 2023	<u>216,455,599</u>
Net position - June 30, 2024	<u><u>\$ 229,324,024</u></u>

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

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024**History and organization**

The Borough of Naugatuck, Connecticut (“Borough”) operates under a Charter which became effective in 1893 and was revised in November 1994. The form of government includes an elected mayor and an eight-member Burgesses, which constitutes the Board of Mayor and Burgesses. The Borough also has an elected nine-member Board of Education, eight of which are elected, and the ninth member is the mayor. The Board of Finance is comprised of nine residents and three alternates who are appointed by the Board of Mayor and Burgesses. The Borough provides the following public services as authorized by its charter: general government, public safety, public works, health and welfare, and education.

The accompanying financial statements present the Borough and its component units, entities for which the Borough is considered to be financially accountable. The Borough is financially accountable for the pension and OPEB trust funds and therefore, they are considered fiduciary component units. The financial statements of the fiduciary component units are reported as pension and OPEB trust funds in the fiduciary fund financial statements. The pension and OPEB trust funds do not issue separate financial statements.

**A. Summary of significant accounting policies****A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Borough. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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*.

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

**B. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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. For this purpose, the Borough considers tax revenues and sewer assessments to be available if they are collected by the end of the current fiscal period.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

For reimbursement grants, intergovernmental grants, charges for services and interest, the Borough considers revenues to be available if they are collected within one year of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the Borough.

The Borough reports the following major governmental funds:

General Fund	Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
Capital Nonrecurring Fund	Accounts for activities associated with major capital improvements and equipment.

Additionally, the Borough reports the following fund types:

Special Revenue Funds	Accounts for and report the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.
Debt Service Fund	Accounts for the accumulation of resources for, and the payment of, long-term debt, principal, interest and related costs.
Permanent Fund	Accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Borough's programs.
Internal Service Funds	Accounts for risk financing activities for dental insurance, workers' compensation benefits and property insurance.
Pension Trust Fund	Accounts for the activities of the Naugatuck Employee Retirement System, which accumulates resources for pension benefit payments to qualified employees.
Other Post-Employment Benefit Trust Fund	Accounts for the activities of the Naugatuck Other Post-Employment Benefit Plan, which accumulates resources for retiree medical payments to qualified employees.



## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Borough functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's internal service funds are charges to Borough Departments for various types of self-insurance. Operating expenses for the internal service funds include the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Borough of Naugatuck's pension and OPEB plans, the Connecticut State Teachers' Retirement System ("TRS") and the Connecticut Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Borough of Naugatuck pension and OPEB plans, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

The Borough considers cash as cash on hand and demand deposits.

For cash flow purposes the Borough considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

**b. Investments**

In general, State of Connecticut Statutes allow the Borough to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital and nonrecurring fund, not more than 31.00% can be invested in equity securities. All investment income is recorded in the general fund except for income from restricted investments.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

State Treasurer’s Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Borough’s pension and OPEB plans have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines and diversification guidelines and fixed income and cash equivalent guidelines.

The investment guidelines are as follows:

Asset Class	Target Allocation		
	Fire Plan	Employee Plan	OPEB Plan
Equities	62.00%	62.00%	55.00%
Fixed income	28.50%	28.50%	40.00%
Real assets	8.50%	8.50%	0.00%
Real estate	1.00%	1.00%	5.00%
Total	100.00%	100.00%	100.00%

c. Method used to value investments

Investments for the Borough are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Fair value of investments

The Borough measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active
Level 3	Unobservable inputs

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

d. Risk policies

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
Credit risk	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Borough has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.
Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Borough follows the limitations specified in the Connecticut General Statutes. Generally, The Borough's deposits cannot be 75% or more of the total capital in any one depository.
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, The Borough will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal policy with respect to custodial credit risk.
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Borough does not have a formal policy with respect to the foreign currency risk.

2. Receivables and payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

In the government-wide financial statements, property tax, loan and police outside services receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 11.00% to 75.00% of outstanding receivable balances and are calculated based upon prior collections.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year have been recorded as revenue. All property taxes receivable, which have not been collected at June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current fiscal year.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Loans receivable consist of Community Development Block Grant loans and loans to a local nonprofit organization for the purchase of ambulances. The Borough provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

**c. Leases receivable**

The Borough recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include:

Discount rate	The Borough uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value.
Lease term	The lease term includes the noncancellable period of the lease.
Lease payments	Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**3. Restricted assets**

The restricted assets for the Borough are restricted for performance bonds, certificate of participation proceeds and endowment purposes. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Borough calls the bond for nonperformance. The endowment's trust agreement restricts the expenditure of the investment income only for the designated purpose. The certificate of participation proceeds are restricted by debt covenants.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

4. Capital assets

Capital assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost as noted in the table below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Borough are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Threshold</u>
Intangible right-to-use leased assets	Lease term	\$ 25,000
Intangible right-to-use subscription assets	Subscription term	25,000
Land improvements	10-40	10,000
Buildings and improvements	25-50	10,000
Machinery and equipment	5-20	10,000
Infrastructure	10-65	100,000

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Borough reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings on plan investments. The deferred outflow or inflow related to differences between expected and actual experience and changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period.

Deferred inflows of resources also include deferred inflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the life of the old or new debt.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

Deferred inflows of resources include deferred inflows relating to the lease receivable. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease.

For governmental funds, the Borough reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), and sewer assessment charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated absences**

The Borough allows employees to accumulate earned but unused vacation and sick pay benefits. The rate that these benefits are earned and accumulate varies by bargaining unit. Upon severance from employment with the Borough, employees are paid by a prescribed formula for these accrued absences. All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year-end.

**7. Long-term liabilities**

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing 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.

**8. Lease and subscription liabilities**

The Borough recognizes a lease/subscription liability and an intangible right-to-use lease/subscription asset (lease/subscription asset) in the government-wide financial statements.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

At the commencement of a lease/subscription, the Borough initially measures the lease/subscription liability at the present value of payments expected to be made during the term. Subsequently, the lease/subscription liability is reduced by the principal portion of payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and subscriptions include:

Discount rate	The Borough uses the interest rate charged by the lessor/subscription vendor as the discount rate to discount the expected payments to the present value. When the interest rate charged is not provided, the Borough generally uses its estimated incremental borrowing rate as the discount rate.
Term	The lease/subscription term includes the noncancellable period of the lease/agreement.
Payments	Lease/subscription payments included in the measurement of the liability are composed of fixed payments and any purchase option price that the Borough is reasonably certain to exercise.

The Borough monitors changes in circumstances that would require a remeasurement of its lease or subscription and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

**9. Net position and fund balances**

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

Net Investment in Capital Assets	This category presents the net position that reflects capital assets net of depreciation/amortization and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Restricted Net Position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted Net Position	This category presents the net position of the Borough which is not classified in the preceding two categories.

Sometimes the Borough will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Borough of Naugatuck, Connecticut**

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Borough. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Mayor and Burgesses or referendum.
Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Mayor and Burgesses or by the issuance of a properly approved purchase order.
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Borough considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Borough considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Mayor and Burgesses has provided otherwise in its commitment or assignment actions.

**Minimum fund balance policy**

The Board of Mayor and Burgesses adopted a minimum fund balance policy for the General Fund. The policy requires the Borough to strive to maintain an unassigned general fund balance of not less than 8.00% nor more than 12.00% of current year budgeted general fund operating expenditures.

**10. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates.



## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****11. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. Stewardship, compliance and accountability****A. Donor-restricted endowments**

The Borough has received certain endowments for the maintenance of the grounds at the Hillside Middle School (formally the high school). The amounts are reflected in net position as restricted for this purpose (education). Investment income is approved for expenditure by the Superintendent of Schools.

The Borough allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

At year end, there is no appreciation available for appropriation.

**B. Capital projects authorizations**

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

The following is a summary of capital projects:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Rubber Avenue roundabout	\$ 7,060,050	\$ 1,912,373	\$ 5,147,677
Cherry Street drainage	1,089,300	856,186	233,114
Downtown sanitary sewer (ARPA)	9,200,000	3,101,942	6,098,058
Incinerator facilities project	22,000,000	12,470,914	9,529,086
WPCA capital improvements	11,000,000	8,003,419	2,996,581
Rubber Corridor TIF District	17,597,003	2,142,118	15,454,885
Totals	<u>\$ 67,946,353</u>	<u>\$ 28,486,952</u>	<u>\$ 39,459,401</u>

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**III. Detailed notes****A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Borough's bank balance, including bank money market accounts and certificates of deposit classified as investments, was exposed to custodial credit risk as follows:

Bank balance	<u>\$ 71,572,303</u>
Uninsured and uncollateralized	\$ 18,338,983
Uninsured and collateral held by the pledging bank's trust department, not in the Borough's name	<u>6,362,994</u>
Total amount subject to custodial credit risk	<u>\$ 24,701,977</u>

Financial instruments that potentially subject the Borough to significant concentrations of credit risk consist primarily of cash. From time to time, the Borough's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Borough reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

**2. Investments**

- a. The Borough's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Mutual funds:					
Equity	\$143,787,268	\$143,787,268	\$ -	\$ -	\$ -
Money market	1,651,485	-	1,651,485	-	-
Corporate bonds	74,281,553	-	23,549,033	12,918,788	37,813,732
Government bonds	32,070,318	-	32,070,318	-	-
Real assets	9,730,478	9,730,478	-	-	-
Certificates of deposit	20,442,397	-	20,442,397	-	-
Pooled fixed income	<u>36,580,269</u>	<u>-</u>	<u>36,580,269</u>	<u>-</u>	<u>-</u>
Total	318,543,768	<u>\$153,517,746</u>	<u>\$114,293,502</u>	<u>\$12,918,788</u>	<u>\$37,813,732</u>
Less fiduciary funds	<u>(229,339,075)</u>				
Other funds	<u>\$ 89,204,693</u>				

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Cash and investments (continued)**

- b. The Borough had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1
<u>Investments by fair value level</u>		
Mutual funds:		
Equity	\$ 143,787,268	\$ 143,787,268
Money market	1,651,485	1,651,485
Corporate bonds	74,281,553	74,281,553
Government bonds	32,070,318	32,070,318
Real assets	9,730,478	9,730,478
Total investments by fair value level	261,521,102	\$ 261,521,102
<u>Other investments not subject to fair value measurement</u>		
Certificates of deposit	20,442,397	
Pooled fixed income	36,580,269	
Total other investments	57,022,666	
Total investments	\$ 318,543,768	

Level 1: Quoted prices for identical investments in active markets

- c. The Borough's investments subject to credit risk have average ratings by Standard & Poor's as follows:

Type of Investment	Ratings	
	AAA	Unrated
Mutual funds:		
Money market	\$ -	\$ 1,651,485
Corporate bonds	-	57,873,676
Government bonds	-	32,070,318
Pooled fixed income	36,580,269	-
Total	\$ 36,580,269	\$ 91,595,479

- d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The Borough has no investments that are subject to custodial credit risk.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**B. Receivables**

1. Receivable balances have been disaggregated by type and presented separately in the financial statements. Receivables and the related allowances for uncollectible accounts are presented below:

	Property Taxes		
	Taxes	Interest and Liens	Total
Current portion	\$ 2,736,190	\$ 1,051,894	\$ 3,788,084
Long-term portion	5,103,897	2,276,180	7,380,077
Less allowance for uncollectible	(3,500,000)	(1,800,000)	(5,300,000)
Net long-term portion	1,603,897	\$ 476,180	\$ 2,080,077
Total net	<u>\$ 4,340,087</u>		

	Loans and Other Receivables		
	Sewer Use	Loans	Police Outside Services
Current portion	\$ 2,216	\$ 77,082	\$ 28,567
Long-term portion	40,557	716,716	-
Less allowance for uncollectible	(32,000)	(92,315)	(20,000)
Net long-term portion	8,557	624,401	-
Total net	<u>\$ 10,773</u>	<u>\$ 701,483</u>	<u>\$ 8,567</u>

**2. Leases receivable**

The Borough reports the following lease balances and activity:

Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Buildings	\$ 468,525	\$ 453,074	\$ 50,848	\$ 19,303
Cell tower	1,263,743	1,196,709	53,364	30,034
Equipment	95,358	92,312	14,889	4,824
Total	1,827,626	<u>\$ 1,742,095</u>	<u>\$ 119,101</u>	<u>\$ 54,161</u>
Less: current portion	<u>(175,949)</u>			
Long-term portion	<u>\$ 1,651,677</u>			

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

B. Receivables (continued)

Description	Terms
Buildings	The Borough is lessor for 3 buildings. One of the buildings includes the option to extend for an additional 5-year period. This lease will mature in 2030.
Cell tower	The Borough is lessor for 2 lease agreements for the right to use cell towers. The leases include automatic renewal terms. The cell tower agreements range from 13-46 years left on their current terms.
Equipment	The Borough is lessor for a lease agreement for the right to use equipment. The lease includes the option to extend for an additional 3-year period. The lease will mature in 2029.

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund:			
Special education grants	N/A	\$ 747,176	\$ -
School activity	N/A	580	-
Fire pension	N/A	2,606	-
Employee pension	N/A	12,445	-
Total general fund		<u>762,807</u>	<u>-</u>
Other governmental funds:			
Special education grants	General fund	-	747,176
School activity	General fund	-	580
School activity	Adult education	-	23,894
Adult education	School activity	23,894	-
Total other governmental funds		<u>23,894</u>	<u>771,650</u>
Total governmental funds		<u>786,701</u>	<u>771,650</u>
Fiduciary funds:			
Fire pension	General fund	-	2,606
Employee pension	General fund	-	12,445
Total fiduciary funds		<u>-</u>	<u>15,051</u>
Totals		<u>\$ 786,701</u>	<u>\$ 786,701</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

C. Interfund accounts (continued)

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Capital nonrecurring fund	N/A	\$ -	\$ 2,876,404
Dental insurance - general government	N/A	683,100	-
Total general fund		<u>683,100</u>	<u>2,876,404</u>
Capital nonrecurring:			
General fund	N/A	2,876,404	-
Capital nonrecurring	Community activities	-	<u>337,640</u>
Total capital nonrecurring		<u>2,876,404</u>	<u>337,640</u>
Other governmental funds:			
Community activities	Capital nonrecurring	<u>337,640</u>	-
Internal service funds:			
Dental insurance - general government	General fund	-	<u>683,100</u>
Total		<u>\$ 3,897,144</u>	<u>\$ 3,897,144</u>

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**D. Capital assets**

Capital asset activity was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<u>Capital assets, not being depreciated/amortized:</u>				
Land	\$ 15,458,467	\$ -	\$ -	\$ 15,458,467
Construction in progress	20,226,929	11,487,071	1,846,920	29,867,080
Total capital assets, not being depreciated/amortized	35,685,396	11,487,071	1,846,920	45,325,547
<u>Capital assets, being depreciated/amortized:</u>				
Intangible right-to-use assets	2,674,517	223,054	-	2,897,571
Land improvements	3,702,204	510,599	-	4,212,803
Buildings and improvements	163,617,679	1,349,069	-	164,966,748
Machinery and equipment	26,395,815	2,596,305	235,249	28,756,871
Infrastructure	234,979,851	1,694,812	-	236,674,663
Total capital assets, being depreciated/amortized	431,370,066	6,373,839	235,249	437,508,656
Total capital assets	467,055,462	17,860,910	2,082,169	482,834,203
<u>Less accumulated depreciation/amortization for:</u>				
Intangible right-to-use assets	680,811	634,124	-	1,314,935
Land improvements	2,703,402	100,706	-	2,804,108
Buildings and improvements	50,842,368	3,020,602	-	53,862,970
Machinery and equipment	17,820,674	1,935,572	217,394	19,538,852
Infrastructure	141,052,789	3,853,713	-	144,906,502
Total accumulated depreciation/amortization	213,100,044	9,544,717	217,394	222,427,367
Total capital assets being depreciated/amortized, net	218,270,022	(3,170,878)	17,855	215,081,289
Capital assets, net	\$ 253,955,418	\$ 8,316,193	\$ 1,864,775	\$ 260,406,836

Intangible right-to-use assets by category are as follows:

	Asset	Accumulated Amortization
Intangible right-to-use machinery and equipment	\$ 1,041,122	\$ 480,377
Intangible right-to-use subscription assets	1,856,449	834,558
Total intangible right-to-use assets	\$ 2,897,571	\$ 1,314,935

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**D. Capital assets (continued)**

Depreciation/amortization expense was charged to functions/programs of the Borough as follows:

General government	\$ 308,628
Public safety	1,143,033
Public works	4,101,677
Health and welfare	445,741
Education	<u>3,545,638</u>
Total depreciation/amortization expense	<u><u>\$ 9,544,717</u></u>

**E. Construction commitments**

The Borough has the following construction commitments:

Naugatuck wastewater treatment system	\$ 1,341,463
Incinerator facilities project	1,096,104
Downtown sanitary stormwater and streetscape improvements	<u>10,697,956</u>
Total	<u><u>\$ 13,135,523</u></u>



Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

F. Changes in long-term liabilities

Bonds, notes, leases and subscriptions are direct obligations and pledge the full faith and credit of the Borough.

1. Summary of changes

The following is a summary of changes in long-term liabilities during the fiscal year:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion	Long-Term Portion
<b>Bonds:</b>										
<b>General Purpose:</b>										
Loss reserve*	\$ 4,560,000	06/01/06	06/01/26	5.43%-5.93%	\$ 1,080,000	\$ -	\$ 340,000	\$ 740,000	\$ 360,000	\$ 380,000
Improvement	9,235,000	09/24/15	09/15/35	3.00%-5.00%	5,980,000	-	460,000	5,520,000	460,000	5,060,000
Refunding bonds	4,360,000	03/24/16	08/01/30	3.00%-5.00%	1,120,000	-	297,000	823,000	300,000	523,000
Refunding bonds	1,018,000	03/01/21	09/15/35	0.20%-2.70%	798,000	-	55,000	743,000	57,000	686,000
Tax increment bond	20,000,000	10/15/23	10/15/53	5.00%	-	20,000,000	-	20,000,000	-	20,000,000
<b>Total general purpose</b>	<b>39,173,000</b>				<b>8,978,000</b>	<b>20,000,000</b>	<b>1,152,000</b>	<b>27,826,000</b>	<b>1,177,000</b>	<b>26,649,000</b>
<b>School bonds:</b>										
NHS renovation	8,000,000	09/24/15	09/15/35	2.00%-5.00%	5,200,000	-	400,000	4,800,000	400,000	4,400,000
Refunding bonds	4,360,000	03/24/16	08/01/30	3.00%-5.00%	900,000	-	138,000	762,000	140,000	622,000
NHS renovation	8,000,000	10/24/16	06/30/37	2.00%-5.00%	5,600,000	-	400,000	5,200,000	400,000	4,800,000
NHS renovation	3,000,000	12/01/20	09/15/40	1.00%-4.00%	2,595,000	-	145,000	2,450,000	145,000	2,305,000
Refunding bonds	6,260,000	12/01/20	09/15/40	1.00%-4.00%	5,410,000	-	490,000	4,920,000	495,000	4,425,000
Refunding bonds	1,292,000	03/01/21	09/15/35	0.20%-2.70%	1,032,000	-	75,000	957,000	73,000	884,000
<b>Total school bonds</b>	<b>30,912,000</b>				<b>20,737,000</b>	<b>-</b>	<b>1,648,000</b>	<b>19,089,000</b>	<b>1,653,000</b>	<b>17,436,000</b>
<b>Sewer bonds:</b>										
Improvement Series A	6,500,000	05/24/17	06/30/37	3.00%-5.00%	5,955,000	-	425,000	5,530,000	425,000	5,105,000
<b>Pension deficit bonds:</b>										
2003*	49,265,000	10/23/03	06/01/33	1.35%-5.91%	25,770,000	-	1,965,000	23,805,000	2,080,000	21,725,000
2021*	53,860,000	09/16/21	09/15/46	0.35%-3.09%	52,730,000	-	1,755,000	50,975,000	1,765,000	49,210,000
<b>Total pension deficit bonds</b>	<b>103,125,000</b>				<b>78,500,000</b>	<b>-</b>	<b>3,720,000</b>	<b>74,780,000</b>	<b>3,845,000</b>	<b>70,935,000</b>
<b>Total bonds</b>	<b>179,710,000</b>				<b>114,170,000</b>	<b>20,000,000</b>	<b>6,945,000</b>	<b>127,225,000</b>	<b>7,100,000</b>	<b>120,125,000</b>

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion	Long-Term Portion
<u>Notes:</u>										
<u>Direct borrowings:</u>										
Clean Water:										
CWF 175-CSL	\$ 472,000	06/30/08	06/30/27	2.00%	\$ 109,037	\$ -	\$ 26,448	\$ 82,589	\$ 26,981	\$ 55,608
<u>Equipment financing notes:</u>										
Building	2,000,000	04/16/13	07/01/23	3.25%	200,000	-	200,000	-	-	-
Street lighting	1,089,875	09/26/17	08/24/24	3.23%	253,499	-	167,643	85,856	85,856	-
Equipment	109,843	07/29/08	06/09/26	3.25%-6.52%	61,676	-	19,877	41,799	20,551	21,248
Fire trucks	2,991,882	04/30/20	09/01/32	2.96%-4.82%	1,381,057	-	427,366	953,691	147,586	806,105
Heating and cooling system	990,000	12/11/20	08/31/31	2.69%	841,607	-	94,012	747,595	96,387	651,208
Vehicles	1,903,932	08/17/21	09/01/32	3.22%-4.72%	1,125,531	-	451,353	674,178	324,858	349,320
Fire truck	798,000	02/23/23	09/01/32	4.72%	798,000	-	55,079	742,921	71,700	671,221
Total notes	10,355,532				4,770,407	-	1,441,778	3,328,629	773,919	2,554,710
Total bonds and notes	190,065,532				118,940,407	20,000,000	8,386,778	130,553,629	7,873,919	122,679,710
Certificates of participation:										
Incinerator A	12,110,000	08/03/21	08/03/41	4.00%	12,110,000	-	-	12,110,000	-	12,110,000
Incinerator B*	6,055,000	08/30/21	08/15/30	0.67%-2.16%	6,055,000	-	760,000	5,295,000	765,000	4,530,000
Wastewater	8,035,000	08/03/21	08/03/41	4.00%	8,035,000	-	290,000	7,745,000	305,000	7,440,000
Total certificates of participation	26,200,000				26,200,000	-	1,050,000	25,150,000	1,070,000	24,080,000
Leases	1,041,122				485,565	223,054	191,263	517,356	113,668	403,688
Subscriptions payable	1,856,449				1,542,699	-	424,813	1,117,886	328,505	789,381
Total long-term debt	<u>\$219,163,103</u>				147,168,671	20,223,054	10,052,854	157,338,871	9,386,092	147,952,779
Premium					3,337,230	653,764	226,890	3,764,104	-	3,764,104
Total long-term debt and related liabilities					150,505,901	20,876,818	10,279,744	161,102,975	9,386,092	151,716,883
Compensated absences (net change)					4,049,157	218,666	-	4,267,823	1,066,956	3,200,867
Net pension liability					21,174,786	14,848,651	26,903,427	9,120,010	-	9,120,010
Net OPEB liability					190,976,156	12,973,854	17,413,129	186,536,881	-	186,536,881
Claims payable					166,179	1,198,185	1,106,223	258,141	180,699	77,442
Total long-term liabilities					<u>\$366,872,179</u>	<u>\$50,116,174</u>	<u>\$55,702,523</u>	<u>\$361,285,830</u>	<u>\$10,633,747</u>	<u>\$350,652,083</u>

\* Taxable

All long-term liabilities listed above are generally liquidated by the General Fund.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)**

2. The following is a summary of bonds and notes payable and certificates of participation principal and interest payments to maturity:

Year Ending June 30,	Debt Maturities			
	Bond Principal	Notes Principal	Certificates of Participation	Total Interest
2025	\$ 7,100,000	\$ 773,919	\$ 1,070,000	\$ 5,521,657
2026	7,265,000	570,942	1,085,000	5,219,119
2027	6,740,000	391,131	1,110,000	4,919,508
2028	6,900,000	373,849	1,135,000	4,644,381
2029	7,075,000	384,975	1,160,000	4,352,204
2030	7,670,000	396,437	1,195,000	4,028,714
2031	7,890,000	232,427	1,230,000	3,696,839
2032	7,970,000	110,654	1,275,000	3,349,321
2033	8,210,000	94,295	1,325,000	2,982,632
2034	4,965,000	-	1,380,000	2,597,175
2035	4,595,000	-	1,435,000	2,404,248
2036	4,675,000	-	1,495,000	2,205,083
2037	3,745,000	-	1,550,000	2,016,948
2038	3,010,000	-	1,610,000	1,844,811
2039	3,090,000	-	1,670,000	1,687,407
2040	3,190,000	-	1,735,000	1,523,484
2041	3,305,000	-	1,810,000	1,337,284
2042	3,270,000	-	1,880,000	1,150,684
2043	3,390,000	-	-	995,557
2044	3,510,000	-	-	871,510
2045	3,640,000	-	-	742,629
2046	3,775,000	-	-	608,681
2047	3,910,000	-	-	469,536
2048	1,025,000	-	-	371,744
2049	1,080,000	-	-	316,488
2050	1,135,000	-	-	261,891
2051	1,185,000	-	-	208,240
2052	1,245,000	-	-	152,046
2053	1,300,000	-	-	93,193
2054	1,365,000	-	-	31,565
Totals	\$ 127,225,000	\$ 3,328,629	\$ 25,150,000	\$60,604,579

**3. Assets pledged as collateral**

The Borough's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$3,328,629.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

F. Changes in long-term liabilities (continued)

4. Statutory debt limitations

The Borough's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 192,719,700	\$ 27,826,000	\$ 164,893,700
Schools	385,439,400	19,089,000	366,350,400
Sewers	321,199,500	30,762,589	290,436,911
Urban renewal	278,372,900	-	278,372,900
Pension deficit	256,959,600	74,780,000	182,179,600

The total overall statutory debt limit for the Borough is equal to 7 times the annual receipts for the prior year taxation:

\$ 599,572,400

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

5. Authorized/unissued bonds

The amount of authorized, unissued bonds is as follows:

Purpose	Amount
Schools	\$ 14,127,460
Sewers	6,800,000
Total	\$ 20,927,460

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)****6. Sinking fund requirements**

The bonds issued for TIF District have sinking fund requirements. Tax revenues are pledged to fund the principal of the debt as follows:

Sinking funds installments October 1	Principal
2039	\$ 670,000
2040	710,000
2041	745,000
2042	785,000
2043	830,000
2044	875,000
2045	920,000
2046	970,000
2047	1,025,000
2048	1,080,000
2049	1,135,000
2050	1,185,000
2051	1,245,000
2052	1,300,000
2053	1,365,000

The proportion of the revenues pledged is not available as it is based upon the progress of the development which impacts the assessment and therefore tax revenues.

**7. Leases**

Lease agreements are summarized as follows:

Description	Year	Lease Term (years)	Interest Rate*	Original Amount	Balance
Borough postage meters	2022	4	3.28%	\$ 45,507	\$ 11,241
Borough copiers	2022	3-6	3.28%	104,482	48,875
Education copier	2022	4	3.28%	454,818	57,707
Office space	2023	10	4.50%	258,076	226,318
Radio tower	2024	20	4.25%	178,239	173,215
Total				<u>\$1,041,122</u>	<u>\$ 517,356</u>

\*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the lease agreement.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Changes in long-term liabilities (continued)**

Description	Terms
Borough postage meters	These leases are not renewable and the Borough will not acquire the equipment at the end of the term.
Borough copiers	These leases are not renewable and the Borough will not acquire the equipment at the end of the term.
Education copier	The lease is not renewable and the Borough will not acquire the equipment at the end of the term.
Office space	The lease agreement is renewable for a 5 year extension and is expected to be exercised.
Radio tower	The lease agreement is renewable for 4 5-year extensions and is expected to be exercised.

The following is a summary of lease payable principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2025	\$ 113,668	\$ 21,891
2026	41,085	17,715
2027	42,201	15,900
2028	37,674	14,026
2029	35,084	12,346
2030	36,646	10,784
2031	38,278	9,152
2032	39,981	7,449
2033	18,961	5,668
2034	9,056	4,836
2035	9,441	4,451
2036	9,842	4,049
2037	10,260	3,631
2038	10,696	3,195
2039	11,846	2,740
2040	12,349	2,237
2041	12,874	1,712
2042	13,421	1,165
2043	13,993	595
Totals	<u>\$ 517,356</u>	<u>\$ 143,542</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

F. Changes in long-term liabilities (continued)

8. Subscription arrangements

Subscription arrangements are summarized as follows:

Description	Year	Subscription		Original Amount	Balance
		Term (years)	Interest Rate*		
Police body cameras and tasers	2023	4	4.50%	\$ 667,278	\$ 475,417
Town clerk software	2023	5	4.50%	78,642	44,161
Education timeclock software	2023	3	4.50%	59,461	24,393
Education security software	2023	2	4.50%	46,723	-
Digital learning software licenses	2023	2-6	4.50%	1,004,345	573,915
Total				<u>\$ 1,856,449</u>	<u>\$ 1,117,886</u>

\*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the subscription agreement.

Description	Terms
Police body cameras and tasers	The Borough has a subscription arrangement for the police body cameras and tasers and cloud storage of camera footage. This arrangement does not include an option to extend.
Town clerk software	The Borough has a subscription arrangement for the Town clerk software. This arrangement does not include extension or termination terms.
Education timeclock software	The Borough has a subscription arrangement for timeclock software. This arrangement does not include extension or termination terms.
Education security software	The Borough has a subscription arrangement for security software. This arrangement does not include extension or termination terms.
Digital learning software licenses	The Borough has subscription arrangements for digital learning licenses. These arrangements do not include extension or termination terms.

The following is a summary of subscription payable principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2025	\$ 328,505	\$ 50,305
2026	317,797	35,522
2027	318,498	21,221
2028	153,086	6,889
Totals	<u>\$ 1,117,886</u>	<u>\$ 113,937</u>

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Fund balances and restricted net position**

Fund Balance Component	General	Capital Nonrecurring	Other Governmental Funds	Total
Nonspendable:				
Trust fund principal	\$ -	\$ -	\$ 1,000	\$ 1,000
Restricted:				
Wastewater and incinerator construction projects	-	24,115,218	-	24,115,218
Community development programs	-	-	693,265	693,265
Food service program *	-	-	662,882	662,882
School repairs and maintenance	-	-	149,098	149,098
Debt service	-	-	5,358,500	5,358,500
<b>Total restricted</b>	<b>-</b>	<b>24,115,218</b>	<b>6,863,745</b>	<b>30,978,963</b>
Committed:				
General government programs	-	-	162,658	162,658
Public safety programs	-	-	539,141	539,141
Community programs	-	-	816,423	816,423
Education programs	-	-	502,422	502,422
Student activity programs	-	-	538,647	538,647
Construction contracts	-	13,135,523	-	13,135,523
<b>Total committed</b>	<b>-</b>	<b>13,135,523</b>	<b>2,559,291</b>	<b>15,694,814</b>
Assigned:				
Debt service	-	-	156,776	156,776
Leases	-	9,578	-	9,578
<b>Total assigned</b>	<b>-</b>	<b>9,578</b>	<b>156,776</b>	<b>166,354</b>
Unassigned:	19,030,992	-	-	19,030,992
<b>Total</b>	<b>\$19,030,992</b>	<b>\$37,260,319</b>	<b>\$ 9,580,812</b>	<b>\$ 65,872,123</b>
* The amount of net position restricted by enabling legislation totaled:				<u>\$ 662,882</u>



## Borough of Naugatuck, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2024****H. Deficit fund balance**

The Borough had no deficit fund balances at year end.

**IV. Other information****A. Risk management**

The Borough is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Borough purchases commercial insurance for risks of loss, including blanket and umbrella policies. Except for the purchase of commercial insurance coverage for all Borough buildings (flood, fire and casualty), errors and omissions, general liability, and workers' compensation excess policy with a retention limit of \$500,000 per incident, the Borough is exposed to various risks for which it has retained the risk of loss including torts; theft of, damage to and destruction of assets; natural disaster; workers' compensation; and employee and post-retiree group workers' compensation and dental coverage. Settled claims have not exceeded commercial coverage in any of the past 3 years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Borough utilizes risk management funds (the Internal Service Funds) to account for and finance its uninsured risks of loss for workers' compensation, dental claims and property deductible and insurance proceeds. The fund records all claim expenses and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Borough and Board of Education are charged premiums by the Internal Service Fund, which are included in expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Borough's best estimate based on available information.

The claims liability reported in the Internal Service Fund is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Risk management (continued)**

The following is a summary of changes in the claims liabilities:

	Claims Payable July 1	Current year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Current Portion	Long-Term Portion
<u>Dental insurance:</u>						
General government						
2022-2023	\$ 57,519	\$ 191,031	\$ 211,466	\$ 37,084	\$ 37,084	\$ -
2023-2024	37,084	201,146	201,065	37,165	37,165	-
Education						
2022-2023	128,666	532,352	566,216	94,802	94,802	-
2023-2024	94,802	597,999	611,455	81,346	81,346	-
<u>Property insurance:</u>						
2022-2023	3,616	32,546	32,546	3,616	3,616	-
2023-2024	3,616	187,272	187,272	3,616	3,616	-
<u>Subtotal</u>						
2022-2023	189,801	755,929	810,228	135,502	135,502	-
2023-2024	135,502	986,417	999,792	122,127	122,127	-
<u>Workers' compensation:</u>						
2022-2023	120,304	1,269,165	1,223,290	166,179	116,325	49,854
2023-2024	166,179	1,198,185	1,106,223	258,141	180,699	77,442
<u>Totals</u>						
2022-2023	310,105	2,025,094	2,033,518	301,681	251,827	49,854
2023-2024	<u>\$ 301,681</u>	<u>\$ 2,184,602</u>	<u>\$ 2,106,015</u>	<u>\$ 380,268</u>	<u>\$ 302,826</u>	<u>\$ 77,442</u>

**B. Commitments and litigation**

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amounts, if any, to be immaterial.

The Borough is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters are not expected to have a material adverse effect on the financial condition of the Borough.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

V. Pensions and other post-employment benefit (“OPEB”) plans

A. Borough pension plans

1. Plan description

a. Plan administration

The Borough includes the following pension plans in the reporting entity. The plans do not issue stand alone reports.

The administration of the Borough’s pension plans is as follows:

	Fire Plan	Employee Plan
Type of plan	Single-employer defined benefit plan	Single-employer defined benefit plan
Date plan closed	December 2011	December 2010
Authority to establish benefit terms	Board of Mayor and Burgesses	Board of Mayor and Burgesses

Management of the plan is vested in the Pension Board. The membership of the Board is as follows:

Member of Board of Mayor and Burgesses	Member of Board of Education
Member of Board of Finance	3 electors from the Borough

b. Plan membership

The pension plan membership, as of the date indicated, consisted of the following:

	<u>July 1, 2023</u> Fire	<u>July 1, 2023</u> Employee
Retirees and beneficiaries receiving benefits	58	511
Inactive with vested benefits	-	67
Active plan members	4	138
Total	<u>62</u>	<u>716</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

A. Borough pension plans (continued)

2. Benefit provisions

Normal retirement	<b>Fire:</b> The earlier of age 55 with 10 years of service or 20 years of service
	<b>Police:</b> The earlier of age 55 with 10 years of service or 20 years or service
	<b>All other employees:</b> Age 60 with 15 years of service
Benefit calculation	<b>Fire:</b> Maximum of 75% of the eligible participant's average gross pay earned by the participant in the three calendar years during which the participant earned his highest gross pay excluding private duty, uniform allowance, and tuition reimbursement. Overtime pay is included in the calculation of benefits, capped at 60%
	<b>Police:</b> Retirement benefits are paid based on a formula that combines age and years of service. The benefit is calculated based upon a percentage of the average three highest years gross pay up to a maximum of 75%. For Local 1303-50 and nonunion participants, the benefit is calculated based upon a percentage of average three highest years gross pay up to a maximum of 60%
	<b>All other employees:</b> Benefits are calculated based upon benefit percentages ranging from 1.66% to 1.75% times the number of years of service up to a maximum of 65% or 75% of final average earnings
Early retirement service requirement	<b>Fire:</b> All plan members with 10 or more years of service, who have contributed to the plan for 10 or more years, and became unable to perform the duties as a firefighter
	<b>Police and all other employees:</b> A member who terminates employment, and who does not elect a refund of his contributions with interest credited thereon, shall be vested in his accrued pension benefit payable at normal retirement date. A member who elects to refund contributions with interest credited shall forfeit all rights to benefits under the plan
Early retirement amount	<b>Fire:</b> 2% of the highest three year average salary multiplied by years of credited service
Service connected disability amount	<b>Fire:</b> 1/2 of the average monthly pay received during the three calendar years that they earned their highest gross pay
	<b>Police and all other employees:</b> 1/2 of the employee's covered earnings to a maximum of \$5,000 per month
Vesting	10 years of continuous service
Pre-retirement and post-retirement death benefit amount	1/2 of the pension benefits that are being paid or would have been paid to the participant if he had retired in accordance with the terms of the pension fund

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

A. Borough pension plans (continued)

Cost of living increases	<b>Fire:</b> 0.9125% to 1.8250% annually
	<b>Police:</b> For officers retired after April 1992, the cost of living increase is based upon 25% of the active employee's increase in pay, with a maximum of 100% of final average earnings
	<b>All other employees:</b> Provided on an ad hoc basis by formal action of the Borough Retirement Board

3. Contributions

Each participant is required to contribute the following percentage of their pensionable wages to the plan.

	Fire Plan	Employee Plan
Borough's average contribution rate	59.41% of pensionable wages	27.25% of pensionable wages

**Employees:**

	Fire Plan	Employee Plan
Fire	8.00% of pensionable wages	
Police		8.00% of pensionable wages
All other employees		3.00% - 4.00% of pensionable wages based upon bargaining
Average active member contribution rate	8.00% of pensionable wages	5.00% of pensionable wages

4. Investments

a. Investment policy and rate of return

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Borough's Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Best estimates of arithmetic real rates of return for each major asset class are included in the pension plan's target asset allocation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Borough pension plans (continued)**

The following was the Board's adopted asset allocation policy and long-term expected real rate of return:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-term Expected Real Rate of Return</u>	
	<u>Fire</u>	<u>Employee</u>	<u>Fire</u>	<u>Employee</u>
U.S. large caps	35.00%	35.00%	4.52%	4.52%
U.S. small caps	5.50%	5.50%	5.06%	5.06%
International developed equity	15.00%	15.00%	5.08%	5.08%
Emerging markets equity	6.50%	6.50%	5.80%	5.80%
U.S. core fixed income	21.50%	21.50%	2.44%	2.44%
U.S. short bonds	7.00%	7.00%	0.99%	0.99%
Real assets	8.50%	8.50%	3.73%	3.73%
REIT	1.00%	1.00%	3.73%	3.73%
Total/weighted average	<u>100.00%</u>	<u>100.00%</u>	3.95%	3.95%
Inflation			<u>2.40%</u>	<u>2.40%</u>
Long-term expected rate of return			<u>6.35%</u>	<u>6.35%</u>

**Annual money-weighted rate of return**

The annual money-weight rate of return on pension plan investments (net of pension plan investment expense) was:

	11.88%	11.95%
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The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**b. Concentrations**

There were no investments in any one organization that represents 5.00% or more of the pension plan's net position.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

A. Borough pension plans (continued)

5. Net pension liability (asset)

The components of the net pension liability (asset) were as follows:

	<u>Fire Plan</u>	<u>Employee Plan</u>
Total pension liability	\$ 51,028,537	\$ 172,633,817
Plan fiduciary net position	<u>51,418,965</u>	<u>163,513,807</u>
Net pension liability (asset)	<u>\$ (390,428)</u>	<u>\$ 9,120,010</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>100.77%</u>	<u>94.72%</u>

6. Actuarial methods and significant assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Fire Plan</u>	<u>Employee Plan</u>
Actuarial valuation date	July 1, 2023	July 1, 2023
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent	Level percent
Amortization period	15 years, closed	15 years, closed
Asset valuation method	5 year smoothed	5 year smoothed
Investment rate of return	6.00%	6.00%
Inflation	2.40%	2.40%
Salary increases	3.65%	3.40%
Cost of living adjustments	Plan A: 1.8250% Plan C: 0.9125%	0.85%
Mortality rates	Pub-2010 Amount- Weighted Mortality Tables projected to valuation date with Scale MP-2021	Pub-2010 Amount- Weighted Mortality Tables projected to valuation date with Scale MP-2021

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
As of and for the Year Ended June 30, 2024

**A. Borough pension plans (continued)****7. Changes from prior year****a. Changes in assumptions**

There were no changes in assumptions.

**b. Changes in benefit terms**

There were no changes in benefit terms.

**8. Discount rate**

The discount rate used to measure the total pension liability was as follows:

	Fire Plan	Employee Plan
Discount rate	6.00%	6.00%

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Borough contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**9. Changes in the net pension liability (asset)**

The Borough's net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated as noted below. The changes in net pension liability for each plan for the fiscal year were as follows:

Valuation date: July 1, 2023	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Fire Plan	(a)	(b)	(a) - (b)
Balance at July 1, 2023	\$ 51,877,032	\$ 49,094,766	\$ 2,782,266
Service cost	184,408	-	184,408
Interest	3,017,353	-	3,017,353
Differences between expected and actual experience	(453,415)	-	(453,415)
Contributions - employer	-	237,400	(237,400)
Contributions - member	-	56,082	(56,082)
Net investment income (loss)	-	5,665,620	(5,665,620)
Benefit payments, including refunds of member contributions	(3,596,841)	(3,596,841)	-
Administration expenses	-	(38,062)	38,062
Net change	(848,495)	2,324,199	(3,172,694)
Balance at June 30, 2024	\$ 51,028,537	\$ 51,418,965	\$ (390,428)



## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Borough pension plans (continued)**

Valuation date: July 1, 2023	Increase (Decrease)		
Employee Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2023	\$172,956,254	\$154,563,734	\$ 18,392,520
Service cost	1,363,421	-	1,363,421
Interest	10,118,932	-	10,118,932
Differences between expected and actual experience	(295,538)	-	(295,538)
Contributions - employer	-	2,124,300	(2,124,300)
Contributions - member	-	386,490	(386,490)
Net investment income (loss)	-	18,075,010	(18,075,010)
Benefit payments, including refunds of member contributions	(11,509,252)	(11,509,252)	-
Administration expenses	-	(126,475)	126,475
Net change	(322,437)	8,950,073	(9,272,510)
Balance at June 30, 2024	\$172,633,817	\$163,513,807	\$ 9,120,010

**10. Sensitivity of the net pension liability (asset) to changes in the discount rate**

The following presents the net pension liability (asset), calculated using the discount rate as well as what the Borough's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	Discount Rate	1% Decrease	Current Discount	1% Increase
Fire	6.00%	\$ 5,555,343	\$ (390,428)	\$(5,327,323)
Employee	6.00%	\$29,082,739	\$ 9,120,010	\$(7,477,441)

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Borough pension plans (continued)****11. Pension expense and deferred outflows and inflows of resources related to pensions**

The Borough reported deferred outflows and inflows of resources and pension expense as follows:

<b>Fire Plan</b>	Deferred Inflows of Resources
Description of Inflows	
Net difference between projected and actual earnings on pension plan investments	<u>\$ 921,568</u>
Pension Expense	
The fire plan recognized pension expense of:	<u>\$ (565,842)</u>
<b>Employee Plan</b>	
Description of Inflows	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,513
Net difference between projected and actual earnings on pension plan investments	<u>3,042,674</u>
Totals	<u><u>\$3,141,187</u></u>
Pension Expense	
The employee plan recognized pension expense of:	<u>\$ 1,063,742</u>

Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive for each of the following plans:

Plan	Years
Fire Plan	1.00
Employee Plan	1.50

Actual investment earnings below (or above) projected earnings are amortized over the next 5 years.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**A. Borough pension plans (continued)**

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

	<u>Fire Plan</u>	<u>Employee Plan</u>	<u>Total</u>
2025	\$(658,296)	\$(2,054,648)	\$(2,712,944)
2026	1,271,858	3,865,168	5,137,026
2027	(970,854)	(3,136,106)	(4,106,960)
2028	<u>(564,276)</u>	<u>(1,815,601)</u>	<u>(2,379,877)</u>
Total	<u><u>\$(921,568)</u></u>	<u><u>\$(3,141,187)</u></u>	<u><u>\$(4,062,755)</u></u>

**B. Defined contribution pension plans**

The Borough administers 3 separate single-employer defined contribution pension plans. The plan is not included in the Borough's financial statements. The plan was approved as part of the union contracts and any subsequent amendments would occur as part of future collective bargaining agreements. Employee contribution percentages are defined in the union contracts as detailed below. Pension expense and employee contributions made for the fiscal year are as follows:

<u>Union</u>	<u>Pension Expense</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contributions</u>	<u>Vesting</u>
Police and fire	\$ 827,387	8.00%-11.00%	\$ 1,032,048	Immediate
Public works	88,212	8.00%-11.00%	107,511	Immediate
Dispatchers	8,457	8.00%-11.00%	11,217	20% per year
Other employees	59,409	4.00%	106,654	20% per year
Non-union	<u>31,612</u>	3.00%	<u>169,824</u>	20% per year
Total	<u><u>\$ 1,015,077</u></u>		<u><u>\$ 1,427,254</u></u>	

**C. Connecticut state teachers' retirement system****1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System ("TRS"), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system (continued)****2. Benefit provisions**

Normal retirement	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
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Minimum benefit	Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit completed at least 25 years of full time Connecticut service at retirement.
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. 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 annual average salary
Non-service connected disability service requirement	5 years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

**3. 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 amount to finance any unfunded accrued liability.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

C. Connecticut state teachers' retirement system (continued)

**Employer (school districts)**

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

**Employees**

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

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

The Borough reports no amounts for its proportionate share of the collective net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Borough as its proportionate share of the collective net pension liability, the related State support, and the total portion of the collective net pension liability that was associated with the Borough were as follows:

Borough's proportionate share of the collective net pension liability	\$ -
State's proportionate share of the collective net pension liability associated with the Borough	<u>121,022,891</u>
Total	<u>\$ 121,022,891</u>
The plan recognized pension expense and revenue for on-behalf amounts for contributions to the plan by the State of:	<u>\$ 11,229,229</u>

The collective net pension liability was measured as of June 30, 2023, and the collective total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2023. The Borough has no proportionate share of the collective net pension liability.

**5. Actuarial assumptions**

The collective total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2023
Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

C. Connecticut state teachers' retirement system (continued)

Future cost-of-living increases are as follows:

<p>Teachers who retired prior to September 1, 1992</p>	<p>Pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum</p>
<p>Teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992</p>	<p>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 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%</p>
<p>Teachers who were members of the Teachers' Retirement System after July 1, 2007</p>	<p>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 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%</p>

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

There were no changes in assumptions from the prior measurement date.

**Long-term expected 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.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**C. Connecticut state teachers' retirement system (continued)**

The target asset allocation and best estimates of geometric rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Global equity	37.00%	6.80%
Public credit	2.00%	2.90%
Core fixed income	13.00%	0.40%
Liquidity fund	1.00%	(0.40%)
Risk mitigation	5.00%	0.10%
Private equity	15.00%	11.20%
Private credit	10.00%	6.10%
Real estate	10.00%	6.30%
Infrastructure and natural resources	7.00%	7.70%
Total	<u>100.00%</u>	

**6. Discount rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**7. Sensitivity of the collective net pension liability to changes in the discount rate**

The Borough's proportionate share of the collective net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**8. Plan fiduciary net position**

The net pension liability and proportional share of pension expense presented in this report have been determined based on Connecticut State Teachers Retirement Systems' fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts and is included in the State of Connecticut's ACFR as a pension trust fund.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

D. Total pension plans

	Net Pension Asset	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Fire plan	\$ 390,428	\$ -	\$ 921,568	\$ (565,842)
Employee plan	-	9,120,010	3,141,187	1,063,742
Total	<u>\$ 390,428</u>	<u>\$ 9,120,010</u>	<u>\$ 4,062,755</u>	<u>\$ 497,900</u>

E. Other post-employment benefit (“OPEB”) plan

1. Plan description

a. Plan administration

The Borough administers one single-employer, post retirement healthcare plan for the Borough and Board of Education through the Borough of Naugatuck Other Post-Employment Benefit (“OPEB”) trust fund. The plan is included in the Borough’s financial statement as an OPEB trust fund. The authority to establish and amend benefit terms is through union contracts and the Board of Mayor and Burgesses. The plan does not issue stand alone financial reports.

Management of the plan is vested in the Trustees. The membership of the Trustees is as follows:

Member of Board of Mayor and Burgesses	Controller
Chair of the Board of Finance	Assistant Controller
Chair of the Board of Education Finance Committee	

All members except the member of the Board of Mayor and Burgesses are ex officio members.

b. Plan membership

The following employees, as of the date indicated, are covered by the benefit terms:

	<u>July 1, 2022</u>
Retirees and beneficiaries receiving benefits	686
Active members	<u>730</u>
Total	<u><u>1,416</u></u>

2. Benefit provisions

The Borough plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.



## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (OPEB) (continued)****3. Contributions**

Contribution requirement and employer contributions determined using the projected unit credit method were as follows:

<b>Employer</b>		
	Employer contributions	\$ 9,638,827
	Percentage of covered payroll	17.54%
<b>Employees</b>		
	None	
<b>Retirees</b>		
Group	Effective Date/Year	Contribution Rate
Fire		
	Retirement prior to 2017	0.00%
	Retirement prior to 2027	0.00-10.00%
	Retirement prior to 2037	10.00-25.00%
	Retirement after 2037	25.00%
	Employees hired after 07/01/2012	50.00%
Police		
	Retirement prior to 01/01/2021	0.00%
	Retirement on or after 01/01/2021-12/31/2024	5.00%
	Retirement on or after 01/01/2025-12/31/2029	10.00%
	Retirement on or after 01/01/2031	20.00%
UPSEU and white collar union	Retirement on or after 01/01/2022	1.00%
All other	Retirement on or after 01/01/2022	8.00%
Non certified	Retirement on or after 01/01/2022	11.00%

**4. Investments****a. Investment policy and rate of return**

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Borough's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Best estimates of arithmetic real rates of return for each major asset class are included in the OPEB plan's target asset allocation.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (OPEB) (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 following was the Board's adopted asset allocation policy for the OPEB plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	25.00%	5.00%
U.S. mid/small cap	5.00%	5.30%
Developed international equities	20.00%	6.40%
Emerging market equities	5.00%	7.70%
Intermediate corporate fixed income	17.50%	2.30%
Intermediate government fixed income	17.50%	1.80%
Money market	5.00%	0.05%
Real estate	<u>5.00%</u>	<u>4.90%</u>
Total/weighted average	<u>100.00%</u>	4.16%
Inflation		<u>2.40%</u>
Long-term expected rate of return		<u>6.56%</u>

**Annual money-weighted rate of return**

The annual money-weight rate of return on OPEB plan investments (net of OPEB plan investment expense) was: 11.29%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**b. Concentrations**

There were no investments in any one organization that represents 5.00% or more of the OPEB plan's net position.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (OPEB) (continued)****5. Net OPEB liability**

The Borough's net OPEB liability was measured as of June 30, 2024.

Total OPEB liability	\$ 200,928,133
Plan fiduciary net position	<u>14,391,252</u>
Net OPEB liability	<u>\$ 186,536,881</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>7.16%</u>

**6. Actuarial methods and significant assumptions**

The net OPEB liability was determined based upon the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Investment rate of return	5.07%
Salary increases	3.40%
Inflation	2.40%
Healthcare cost trend rates:	
Initial medical trend rate	6.50%
Ultimate medical trend rate	4.40% for 2033 and later
Mortality rates	RP-2010 Public Retirement Plans amount-weighted mortality tables projected to the valuation date with Scale MP-2021

A blended discount rate was used to discount liabilities. The discount rate used for the unfunded portion is based on the Bond Buyer GO municipal bond 20 year AA index as of June 30, 2024, which was 3.93%.

**7. Changes from prior year****a. Change in assumptions**

Assumption	From	To
Discount rate	4.84%	5.07%

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (OPEB) (continued)****8. Discount rate**

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 the Borough contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

The discount rate used to measure the total OPEB liability was 5.07%.

**9. Changes in the net OPEB liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Valuation date: July 1, 2022			
Balance at July 1, 2023	\$ 203,773,255	\$ 12,797,099	\$ 190,976,156
Service cost	3,179,335	-	3,179,335
Interest	9,790,187	-	9,790,187
Differences between expected and actual experience	(411,391)	-	(411,391)
Changes in assumptions	(5,939,426)	-	(5,939,426)
Contributions - employer	-	9,638,827	(9,638,827)
Net investment income	-	1,423,485	(1,423,485)
Benefit payments, including refunds of member contributions	(9,463,827)	(9,463,827)	-
Administration expenses	-	(4,332)	4,332
Net change	(2,845,122)	1,594,153	(4,439,275)
Balance at June 30, 2024	\$ 200,928,133	\$ 14,391,252	\$ 186,536,881

**10. Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Plan	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
Employees	5.07%	\$ 214,556,736	\$ 186,536,881	\$ 163,669,922

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**E. Other post-employment benefit plan (OPEB) (continued)****11. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>Plan</u>	<u>Medical Trend Rate</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Employees	6.50% decreasing to 4.40%	<u>\$ 159,799,912</u>	<u>\$ 186,536,881</u>	<u>\$ 219,861,149</u>

**12. OPEB expense and deferred outflows and inflows of resources related to OPEB**

The Borough reported deferred outflows of resources and deferred inflows of resources and OPEB expense as follows:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 24,268	\$ 7,977,349	\$ (7,953,081)
Changes in assumptions	21,931,676	44,301,407	(22,369,731)
Net difference between projected and actual earnings on OPEB plan investments	-	622,507	(622,507)
Total	<u>\$ 21,955,944</u>	<u>\$ 52,901,263</u>	<u>\$ (30,945,319)</u>
<u>OPEB Expense</u>			
The plan recognized OPEB expense of:	<u>\$ 7,095,119</u>		

Changes in assumptions and differences between expected and actual experience are amortized over 8.9 years. Actual investment earnings below (or above) projected earnings are amortized over 5.0 years.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

**E. Other post-employment benefit plan (OPEB) (continued)**

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2025	\$ (2,871,628)
2026	87,081
2027	(6,137,647)
2028	(6,017,256)
2029	(5,849,764)
Thereafter	<u>(10,156,105)</u>
Total	<u>\$ (30,945,319)</u>

**F. Connecticut state teachers’ retirement board retiree health insurance plan**

**1. Plan description**

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**2. Benefit provisions**

The Plan provides for retiree health insurance benefits to retired teachers and administrators of public schools. Eligibility is as follows:

Normal retirement	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	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	5 years of credited service
Vesting - service	10 years of service

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

F. Connecticut state teachers’ retirement board retiree health insurance plan (continued)

Retiree health care coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of health care benefits offered. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB 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.

The subsidy amounts are set by State statutes as follows:

Members that are not currently participating in Medicare Parts A & B	A subsidy of up to \$220 per month for a retired member plus an additional \$220 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
Members who has attained the normal retirement age to participate in Medicare but is not eligible for Part A of Medicare without cost	A subsidy amount of \$440 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 of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan

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

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

Those participants electing vision, hearing, and/or dental are required by the System’s funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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 State pays for one third of plan costs through an annual appropriation in the General Fund.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2024

F. Connecticut state teachers' retirement board retiree health insurance plan (continued)

**Employer (school districts)**

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

**Employees/retirees**

Employees: Each active member is required to contribute 1.25% of their pensionable wages

Retirees: Retirees are required to pay for 1/3 of the plan cost through monthly premiums

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

The Borough reports no amounts for its proportionate share of the collective net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Borough as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Borough were as follows:

Borough's proportionate share of the collective net OPEB liability	\$ -
State's proportionate share of the collective net OPEB liability associated with the Borough	<u>11,338,183</u>
Total	<u>\$ 11,338,183</u>
 The plan recognized OPEB expense and revenue for on-behalf amounts for contributions to the plan by the State of:	 <u>\$ 152,808</u>

The collective net OPEB liability was measured as of June 30, 2023, and the collective total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The Borough has no proportionate share of the collective net OPEB liability.



## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)****5. Actuarial assumptions**

The collective total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2023
Investment rate of return	3.00%
Discount rate	3.64%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2031
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2028

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

- The discount rate was increased from 3.53% to 3.64% to reflect the change in the Municipal Bond Index rate.

**Long-term expected rate of return**

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents (treasuries). The expected 10-year geometric rate of return is 0.77%. The long-term real rate of return as of June 30, 2023 was 3.25%.

**6. Discount rate**

The discount rate used to measure the collective total OPEB liability was the Municipal Board Index rate of 3.64%. 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 annual State contributions will equal the most recent 5-year average of state contributions.

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)****7. Sensitivity of the collective net OPEB liability to changes in the discount rate and the health care cost trend rate**

The Borough's proportionate share of the collective net OPEB liability is \$0 and, therefore, the change in the discount rate and health care cost trend rate would only impact the amount recorded by the State of Connecticut.

**8. Plan fiduciary net position**

The net pension liability and proportional share of pension expense presented in this report have been determined based on Connecticut State Teachers Retiree Health Insurance Plan's fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts and is included in the State of Connecticut's ACFR as a OPEB trust fund.

**G. Pension and other post-employment benefit plan statements**

Pension and OPEB Trust Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2024

	<u>Fire Pension Fund</u>	<u>Employee Pension Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<u>Assets</u>				
Investments:				
Mutual funds:				
Equity	\$ 32,538,296	\$ 102,591,609	\$ 8,657,363	\$ 143,787,268
Money market	87,794	1,438,525	13,457	1,539,776
Corporate bonds	16,456,904	52,104,217	5,720,432	74,281,553
Real assets	2,338,577	7,391,901	-	9,730,478
	<u>51,421,571</u>	<u>163,526,252</u>	<u>14,391,252</u>	<u>229,339,075</u>
<u>Liabilities</u>				
Due to other funds	<u>2,606</u>	<u>12,445</u>	<u>-</u>	<u>15,051</u>
<u>Net Position</u>				
Restricted for:				
Pension benefits	51,418,965	163,513,807	-	214,932,772
OPEB benefits	<u>-</u>	<u>-</u>	<u>14,391,252</u>	<u>14,391,252</u>
Total net position	<u>\$ 51,418,965</u>	<u>\$ 163,513,807</u>	<u>\$ 14,391,252</u>	<u>\$ 229,324,024</u>

## Borough of Naugatuck, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**G. Pension and other post-employment benefit plan statements (continued)**

Pension and OPEB Trust Funds  
Combining Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2024

	Fire Pension Fund	Employee Pension Fund	OPEB Trust Fund	Total
Additions:				
Contributions:				
Employer	\$ 237,400	\$ 2,124,300	\$ 9,638,827	\$ 12,000,527
Plan members	56,082	386,490	-	442,572
Total contributions	<u>293,482</u>	<u>2,510,790</u>	<u>9,638,827</u>	<u>12,443,099</u>
Investment income (loss):				
Net change in fair value of investments	4,318,574	13,856,901	1,087,727	19,263,202
Interest and dividends	1,378,596	4,318,107	372,315	6,069,018
Total investment income (loss)	<u>5,697,170</u>	<u>18,175,008</u>	<u>1,460,042</u>	<u>25,332,220</u>
Less investment expenses	<u>31,550</u>	<u>99,998</u>	<u>36,557</u>	<u>168,105</u>
Net investment income (loss)	<u>5,665,620</u>	<u>18,075,010</u>	<u>1,423,485</u>	<u>25,164,115</u>
Total additions	<u>5,959,102</u>	<u>20,585,800</u>	<u>11,062,312</u>	<u>37,607,214</u>
Deductions:				
Benefits	3,596,841	11,509,252	9,463,827	24,569,920
Administration	38,062	126,475	4,332	168,869
Total deductions	<u>3,634,903</u>	<u>11,635,727</u>	<u>9,468,159</u>	<u>24,738,789</u>
Changes in net position	2,324,199	8,950,073	1,594,153	12,868,425
Net position - July 1, 2023	<u>49,094,766</u>	<u>154,563,734</u>	<u>12,797,099</u>	<u>216,455,599</u>
Net position - June 30, 2024	<u>\$ 51,418,965</u>	<u>\$ 163,513,807</u>	<u>\$ 14,391,252</u>	<u>\$ 229,324,024</u>

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# Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<hr/>	
<u>Pension Plans</u> Fire Pension Fund Employee Pension Fund Connecticut State Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Collective Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<hr/>	
<u>Other Post-Employment Benefits Plans</u> Borough State Teachers' Retirement Board Retiree Health Insurance Plan	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Collective Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

Borough of Naugatuck, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts		Variance with Original Budget over (under)	Actual	Variance with Final Budget
	Original	Final	Final Budget		Budget
Property taxes:					
Taxes	\$ 79,115,890	\$ 79,115,890	\$ -	\$ 79,247,343	\$ 131,453
Motor vehicle tax	8,518,826	8,518,826	-	7,297,655	(1,221,171)
Motor vehicle supplement tax	900,000	900,000	-	840,970	(59,030)
Taxes new construction	200,000	200,000	-	-	(200,000)
Prior year taxes	2,200,000	2,200,000	-	2,461,730	261,730
Suspense collections	-	-	-	96,107	96,107
Interest, lien fees, dmv fees	1,025,000	1,025,000	-	1,550,321	525,321
In lieu of taxes - housing authority	92,000	92,000	-	114,314	22,314
Telephone access grant	60,000	60,000	-	72,871	12,871
Total property taxes	92,111,716	92,111,716	-	91,681,311	(430,405)
Intergovernmental revenues:					
Borough:					
LOCIP	254,105	254,105	-	-	(254,105)
Tiered PILOT	86,667	86,667	-	91,866	5,199
Municipal revenue sharing	341,656	341,656	-	1,403,022	1,061,366
Municipal transition	4,652,665	4,652,665	-	4,652,665	-
Municipal stabilization grant	283,399	283,399	-	283,399	-
Town aid road	210,000	210,000	-	210,000	-
Miscellaneous state grants	-	-	-	310,734	310,734
Pequot grant	147,899	147,899	-	147,899	-
Totally disabled	-	-	-	14,085	14,085
Veterans exemption	-	-	-	26,842	26,842
Civil prepared	-	-	-	26,257	26,257
Total Borough	5,976,391	5,976,391	-	7,166,769	1,190,378
Education:					
Education cost sharing	29,211,401	29,211,401	-	28,975,550	(235,851)
Special ed excess cost	-	-	-	235,851	235,851
Total education	29,211,401	29,211,401	-	29,211,401	-
Total intergovernmental revenues	35,187,792	35,187,792	-	36,378,170	1,190,378
Charges for services:					
Superior court	12,000	12,000	-	10,511	(1,489)
Building, plumbing and electrical	400,000	400,000	-	874,172	474,172
Permits and licenses	2,500	2,500	-	48,667	46,167
Dog licenses	750	750	-	861	111
Assessor's copies	700	700	-	-	(700)
Fire department	500	500	-	41	(459)
Borough clerk	32,000	32,000	-	16,622	(15,378)
Borough clerk - other	100	100	-	569	469
Conveyance tax	275,000	275,000	-	301,660	26,660
Police - miscellaneous	22,000	22,000	-	24,668	2,668
Probate court	50,858	50,858	-	-	(50,858)
Recording fees	125,000	125,000	-	113,727	(11,273)
Zoning hearing costs	21,000	21,000	-	22,350	1,350
Police private duty	8,000	8,000	-	107,201	99,201
Bulk trash fees	55,000	55,000	-	117,636	62,636

See Notes to Required Supplementary Information.

Borough of Naugatuck, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts		Variance with Original Budget over (under) Final Budget	Actual	Variance with Final Budget
	Original	Final			
Charges for services: (continued)					
Vital statistics	\$ 35,000	\$ 35,000	\$ -	\$ 43,720	\$ 8,720
Golf course fees	675,000	675,000	-	583,896	(91,104)
Parking fines	4,000	4,000	-	728	(3,272)
Sewer connections	109,000	109,000	-	6,169	(102,831)
Interest and lien fees	2,000	2,000	-	116	(1,884)
Oxford connection	450,000	450,000	-	450,000	-
Prospect connection	9,600	9,600	-	9,625	25
Beacon Falls / Beacon Hills east	66,000	66,000	-	69,150	3,150
Middlebury connection - contract	375,000	375,000	-	295,719	(79,281)
Rent - cell towers	24,200	24,200	-	50,502	26,302
Rent - club house	32,100	32,100	-	32,100	-
Clearwire	50,000	50,000	-	66,223	16,223
Veolia base rent element 1	3,147,329	3,147,329	-	3,352,872	205,543
Veolia contract monitoring payment	110,000	110,000	-	105,720	(4,280)
Hopkins park	80	80	-	80	-
Event center	150,000	150,000	-	55,850	(94,150)
Miscellaneous	350,000	350,000	-	270,899	(79,101)
Clean water fund	3,000	3,000	-	-	(3,000)
Total charges for services	6,597,717	6,597,717	-	7,032,054	434,337
Income from investments	1,000,000	1,000,000	-	3,382,061	2,382,061
Total revenues	134,897,225	134,897,225	-	138,473,596	3,576,371
Other financing sources:					
Sale of assets	1,800,000	1,800,000	-	876	(1,799,124)
Transfers in:					
Internal service funds	683,100	683,100	-	683,100	-
Total other financing sources	2,483,100	2,483,100	-	683,976	(1,799,124)
Total revenues and other financing sources	\$ 137,380,325	\$ 137,380,325	\$ -	\$ 139,157,572	\$ 1,777,247

(Concluded)

Borough of Naugatuck, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts		Variance with Original Budget over (under)	Actual	Variance with Final
	Original	Final	Final Budget		Budget
General government:					
Mayor administration	\$ 315,043	\$ 315,043	\$ -	\$ 313,733	\$ 1,310
Finance administration	782,029	782,029	-	780,032	1,997
Audit/accounting services	90,000	126,100	36,100	126,100	-
Assessor	456,610	456,610	-	446,960	9,650
Tax collector	268,767	278,167	9,400	277,325	842
Legal department	325,000	429,046	104,046	429,023	23
Settlements and claims	10,000	-	(10,000)	-	-
Human resources	103,044	113,156	10,112	113,156	-
Information technology	1,141,891	1,019,887	(122,004)	1,019,880	7
Town clerk	209,437	209,437	-	207,467	1,970
Elections	161,488	128,505	(32,983)	123,952	4,553
Land use	182,982	201,758	18,776	198,878	2,880
Probate court	74,546	74,546	-	73,177	1,369
Economic development	92,000	92,000	-	92,000	-
Event center	130,500	130,500	-	130,500	-
Town hall building	139,558	149,673	10,115	147,227	2,446
Town wide activity	2,516,865	2,445,065	(71,800)	2,435,610	9,455
Estimated wage increase	207,990	364,096	156,106	359,316	4,780
Building inspector	286,926	258,192	(28,734)	257,070	1,122
Total general government	<u>7,494,676</u>	<u>7,573,810</u>	<u>79,134</u>	<u>7,531,406</u>	<u>42,404</u>
Public safety:					
Police department	8,252,986	8,662,176	409,190	8,661,243	933
Fire department	5,015,319	4,868,454	(146,865)	4,861,522	6,932
Eastside fire station	6,900	6,900	-	5,120	1,780
Fire police	15,000	15,000	-	14,853	147
Animal control	111,705	111,705	-	111,699	6
Emergency management	102,478	173,454	70,976	173,453	1
Safety patrol	3,000	3,000	-	1,697	1,303
Total public safety	<u>13,507,388</u>	<u>13,840,689</u>	<u>333,301</u>	<u>13,829,587</u>	<u>11,102</u>
Public works:					
Operation and maintenance	7,027,605	6,576,810	(450,795)	6,542,573	34,237
Engineering department	380,738	305,738	(75,000)	299,336	6,402
Water pollution control board	4,171,755	4,136,255	(35,500)	4,136,203	52
Total public works	<u>11,580,098</u>	<u>11,018,803</u>	<u>(561,295)</u>	<u>10,978,112</u>	<u>40,691</u>
Health and welfare:					
Senior center	90,560	73,560	(17,000)	72,697	863
Youth services	28,906	33,906	5,000	32,620	1,286
Social services	31,733	31,733	-	31,733	-
Jesse Camille	500	500	-	-	500
Community service	1,768,363	1,711,363	(57,000)	1,710,988	375
Total health and welfare	<u>1,920,062</u>	<u>1,851,062</u>	<u>(69,000)</u>	<u>1,848,038</u>	<u>3,024</u>

(Continued)

Borough of Naugatuck, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
For the Year Ended June 30, 2024

	Budgeted Amounts		Variance with Original Budget over (under) Final Budget	Actual	Variance with Final Budget
	Original	Final			
Benefits and insurance:					
Pension, OPEB and social security	\$ 3,339,108	\$ 3,710,738	\$ 371,630	\$ 3,710,623	\$ 115
Employee benefits and insurance	14,782,648	15,055,943	273,295	15,055,550	393
Total benefits and insurance	18,121,756	18,766,681	644,925	18,766,173	508
Education	67,185,698	67,185,698	-	67,185,698	-
Debt service:					
Principal payments	3,251,448	3,251,448	-	3,249,285	2,163
Water pollution control board	1,919,682	1,919,682	-	1,922,082	(2,400)
Pension obligation bonds	6,472,043	6,472,043	-	6,472,043	-
Interest payments	1,060,570	1,060,570	-	1,157,945	(97,375)
Miscellaneous borrowing cost	20,000	20,000	-	33,450	(13,450)
Equipment financing notes	1,970,500	1,543,435	(427,065)	1,429,877	113,558
Total debt service	14,694,243	14,267,178	(427,065)	14,264,682	2,496
Total expenditures	134,503,921	134,503,921	-	134,403,696	100,225
Other financing uses:					
Transfers out:					
Capital nonrecurring fund	2,876,404	2,876,404	-	2,876,404	-
Total expenditures and other financing uses	\$ 137,380,325	\$ 137,380,325	\$ -	\$ 137,280,100	\$ 100,225

(Concluded)

See Notes to Required Supplementary Information.



**Borough of Naugatuck, Connecticut**

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Budgets and Budgetary Accounting**

**A. Budgetary procedures**

Only the General Fund has a legally adopted annual budget. The Borough adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

The budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exception:

The Borough does not recognize as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Borough's behalf.

**Reconciliation to Exhibit D**

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1	\$ 138,473,596	\$ 134,403,696
State Teachers' pension on behalf amount	11,229,229	11,229,229
State Teachers' OPEB on behalf amount	<u>152,808</u>	<u>152,808</u>
GAAP Basis - Exhibit D	<u>\$ 149,855,633</u>	<u>\$ 145,785,733</u>

Formal budgetary integration is employed as a management control device during the year.

Not later than 15 days before the end of the fiscal period, the Board of Finance and Board of Mayor and Burgesses hold a public hearing on the proposed operating budget.

Not later than 5 days following the public hearing at a joint meeting of the Board of Finance and Board of Mayor and Burgesses, the adjusted budget is legally adopted.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

The Board of Finance is authorized to transfer budgeted amounts within departments.

The Board of Finance is also authorized to approve additional appropriations up to \$2,000. Amounts over \$2,000 must be approved jointly by the Board of Finance and Board of Mayor and Burgesses with a 2/3 vote.

There were no additional appropriations from revenue approved during the fiscal year.

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Additionally, as required by the charter, these transfers must be reported to the Board of Mayor and Burgesses. Any additional appropriations must have Board of Education and Board of Mayor and Burgesses approval.

(Continued)

**Borough of Naugatuck, Connecticut**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

**Budgets and Budgetary Accounting**

**B. Budget results**

Budgetary revenues

Differences - final to actual:

Intergovernmental revenue was greater than budget due to municipal revenue sharing grant revenue that was not budgeted for	\$ 1,190,378
Building, electrical and plumbing permits were greater than budget due to permit fees received for the senior living center project	474,172
Income from investments was greater than budget due to continued higher interest rates and conservative budgeting as well as positive operating results	2,382,061
Sale of assets was less than budget due to expected sales that did not occur in current year	(1,799,124)

Budgetary expenditures

Differences - original budget to final budget:

The police department budget was increased due increased overtime costs	409,190
The operation and maintenance budget was decreased substantially due to less storms than planned for	(450,795)
Pension, OPEB and social security budget was increased due to the increase in the actuarial determined contribution	371,630
Employee benefits and insurance budget was increased due to education related medical insurance costs	273,295
Equipment financing notes was lower than budget due to planned new leases were not executed	(427,065)

Differences - final to actual:

Equipment financing notes was lower than budget due to planned new leases were not executed	113,558
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(Concluded)

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Fire Pension Fund  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>										
Total pension liability:										
Service cost	\$ 184,408	\$ 231,012	\$ 256,434	\$ 376,590	\$ 376,590	\$ 528,500	\$ 549,640	\$ 859,601	\$ 781,284	\$ 702,150
Interest	3,017,353	2,995,225	3,158,072	3,071,132	3,063,800	2,961,057	2,929,430	2,900,555	2,820,903	2,633,972
Differences between expected and actual experience	(453,415)	(367,729)	(349,106)	(458,781)	-	2,222,514	-	(154,462)	-	909,390
Changes in benefit terms	-	1,051,456	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	5,199,818	2,548,543	-	(196,569)	-	1,234,487	1,049,215	1,220,757
Benefit payments, including refunds of member contributions	(3,596,841)	(3,395,212)	(3,465,059)	(3,347,171)	(3,328,160)	(3,085,207)	(2,960,352)	(2,640,423)	(2,273,689)	(1,875,261)
Net change in total pension liability	(848,495)	514,752	4,800,159	2,190,313	112,230	2,430,295	518,718	2,199,758	2,377,713	3,591,008
Total pension liability - July 1	51,877,032	51,362,280	46,562,121	44,371,808	44,259,578	41,829,283	41,310,565	39,110,807	36,733,094	33,142,086
Total pension liability - June 30 (a)	\$ 51,028,537	\$ 51,877,032	\$ 51,362,280	\$ 46,562,121	\$ 44,371,808	\$ 44,259,578	\$ 41,829,283	\$ 41,310,565	\$ 39,110,807	\$ 36,733,094
Plan fiduciary net position:										
Contributions - employer	\$ 237,400	\$ 194,700	\$ 12,244,900	\$ 1,032,700	\$ 965,336	\$ 878,174	\$ 952,351	\$ 1,036,600	\$ 1,024,100	\$ 988,400
Contributions - member	56,082	70,657	87,313	102,869	98,041	118,003	125,554	178,934	224,909	253,109
Net investment income (loss)	5,665,620	4,792,741	(7,665,310)	12,163,646	1,533,098	1,881,232	3,118,524	4,799,970	(980,071)	980,242
Benefit payments, including refunds of member contributions	(3,596,841)	(3,395,212)	(3,465,059)	(3,347,171)	(3,328,160)	(3,085,207)	(2,960,352)	(2,640,423)	(2,273,689)	(1,875,261)
Administration expenses	(38,062)	(39,986)	(44,699)	(11,510)	(11,966)	(30,876)	(32,629)	(4,090)	(12,718)	(13,235)
Net change in plan fiduciary net position	2,324,199	1,622,900	1,157,145	9,940,534	(743,651)	(238,674)	1,203,448	3,370,991	(2,017,469)	333,255
Plan fiduciary net position - July 1	49,094,766	47,471,866	46,314,721	36,374,187	37,117,838	37,356,512	36,153,064	32,782,073	34,799,542	34,466,287
Plan fiduciary net position - June 30 (b)	\$ 51,418,965	\$ 49,094,766	\$ 47,471,866	\$ 46,314,721	\$ 36,374,187	\$ 37,117,838	\$ 37,356,512	\$ 36,153,064	\$ 32,782,073	\$ 34,799,542
Net pension liability (asset) - June 30 (a)-(b)	\$ (390,428)	\$ 2,782,266	\$ 3,890,414	\$ 247,400	\$ 7,997,621	\$ 7,141,740	\$ 4,472,771	\$ 5,157,501	\$ 6,328,734	\$ 1,933,552
Plan fiduciary net position as a percentage of the total pension liability	100.77%	94.64%	92.43%	99.47%	81.98%	83.86%	89.31%	87.52%	83.82%	94.74%
Covered payroll	\$ 399,576	\$ 529,637	\$ 565,991	\$ 771,392	\$ 1,743,288	\$ 1,678,659	\$ 2,379,853	\$ 2,288,320	\$ 3,635,130	\$ 3,478,593
Net pension liability (asset) as a percentage of covered payroll	(97.71%)	525.32%	687.36%	32.07%	458.77%	425.44%	187.94%	225.38%	174.10%	55.58%
<b>Schedule of Investment Returns</b>										
Annual money weighted rate of return, net of investment expense	11.88%	10.39%	(14.72%)	34.28%	4.22%	5.11%	8.80%	14.81%	(2.83%)	2.86%

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

**Fire Pension Fund  
Schedule of Contributions  
Last Ten Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 237,400	\$ 194,700	\$ 1,291,100	\$ 1,032,700	\$ 965,336	\$ 878,174	\$ 878,174	\$ 922,351	\$1,016,600	\$ 925,647
Contributions in relation to the actuarially determined contribution	<u>237,400</u>	<u>194,700</u>	<u>12,244,900</u> *	<u>1,032,700</u>	<u>965,336</u>	<u>878,174</u>	<u>952,351</u>	<u>1,036,600</u>	<u>1,024,100</u>	<u>988,400</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,953,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,177</u>	<u>\$ 114,249</u>	<u>\$ 7,500</u>	<u>\$ 62,753</u>
Covered payroll	<u>\$ 399,576</u>	<u>\$ 529,637</u>	<u>\$ 565,991</u>	<u>\$ 771,392</u>	<u>\$ 1,743,288</u>	<u>\$ 1,678,659</u>	<u>\$ 2,379,853</u>	<u>\$ 2,288,320</u>	<u>\$ 3,635,130</u>	<u>\$ 3,478,593</u>
Contributions as a percentage of covered payroll	<u>59.41%</u>	<u>36.76%</u>	<u>2163.44%</u>	<u>133.87%</u>	<u>55.37%</u>	<u>52.31%</u>	<u>40.02%</u>	<u>45.30%</u>	<u>28.17%</u>	<u>28.41%</u>

\* Pension bonds issued during the year.

Borough of Naugatuck, Connecticut

Notes to Required Supplementary Information

Fire Pension Fund  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Asset valuation method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.40%	2.40%	2.40%	2.40%	2.60%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary increases	3.65%, average, including inflation	3.65%, average, including inflation	3.65%, average, including inflation	3.65%, average, including inflation	3.85%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation	4.50%, average, including inflation
Investment rate of return (net)	6.00%	6.00%	7.00%	7.00%	7.125%	7.25%	7.25%	7.25%	7.50%	7.75%
Mortality rate	Pub-2010 with Scale MP-2021	Pub-2010 with Scale MP-2021	Pub-2010 with Scale MP-2020	Pub-2010 with Scale MP-2020	RP-2014 adjusted to 2006 Blue Collar Mortality Table	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale AA	RP-2000 projected with Scale AA

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Employee Pension Fund  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>										
Total pension liability:										
Service cost	\$ 1,363,421	\$ 1,402,457	\$ 1,314,154	\$ 1,622,824	\$ 1,622,824	\$ 1,904,078	\$ 2,523,889	\$ 2,426,816	\$ 2,204,399	\$ 2,201,496
Interest	10,118,932	10,040,222	10,148,253	10,155,270	10,063,767	9,806,366	10,144,867	9,911,060	9,654,950	9,158,335
Changes in benefit terms	-	-	3,403,869	-	-	-	-	-	-	2,267,177
Differences between expected and actual experience	(295,538)	1,057,443	1,152,892	(953,500)	-	3,087,882	(9,859,657)	-	-	2,451,313
Changes in assumptions	-	-	16,990,223	2,467,248	-	1,594,447	7,351,004	-	3,458,280	2,608,643
Benefit payments, including refunds of member contributions	(11,509,252)	(10,799,603)	(10,648,986)	(10,428,182)	(10,377,377)	(9,880,040)	(9,216,140)	(8,589,383)	(8,198,938)	(7,929,977)
Net change in total pension liability	(322,437)	1,700,519	22,360,405	2,863,660	1,309,214	6,512,733	943,963	3,748,493	7,118,691	10,756,987
Total pension liability - July 1	172,956,254	171,255,735	148,895,330	146,031,670	144,722,456	138,209,723	137,265,760	133,517,267	126,398,576	115,641,589
Total pension liability - June 30 (a)	<u>\$172,633,817</u>	<u>\$172,956,254</u>	<u>\$171,255,735</u>	<u>\$148,895,330</u>	<u>\$146,031,670</u>	<u>\$144,722,456</u>	<u>\$138,209,723</u>	<u>\$137,265,760</u>	<u>\$133,517,267</u>	<u>\$126,398,576</u>
Plan fiduciary net position:										
Contributions - employer	\$ 2,124,300	\$ 1,857,400	\$ 41,016,900	\$ 4,957,158	\$ 4,969,222	\$ 4,477,400	\$ 5,155,791	\$ 3,516,640	\$ 4,177,500	\$ 4,557,044
Contributions - member	386,490	431,027	496,076	485,015	281,078	565,678	727,234	663,530	680,554	672,250
Net investment income (loss)	18,075,010	15,226,189	(24,048,774)	36,740,600	4,869,849	5,774,561	8,526,731	14,079,745	(2,360,461)	2,721,009
Benefit payments, including refunds of member contributions	(11,509,252)	(10,799,603)	(10,648,986)	(10,428,182)	(10,377,377)	(9,880,040)	(9,216,140)	(8,589,383)	(8,198,938)	(7,929,977)
Administration expenses	(126,475)	(142,353)	(138,518)	(65,265)	(42,492)	(36,101)	(42,926)	(44,775)	(40,035)	(40,939)
Net change in plan fiduciary net position	8,950,073	6,572,660	6,676,698	31,689,326	(299,720)	901,498	5,150,690	9,625,757	(5,741,380)	(20,613)
Plan fiduciary net position - July 1	154,563,734	147,991,074	141,314,376	109,625,050	109,924,770	109,023,272	103,872,582	94,246,825	99,988,205	100,008,818
Plan fiduciary net position - June 30 (b)	<u>\$163,513,807</u>	<u>\$154,563,734</u>	<u>\$147,991,074</u>	<u>\$141,314,376</u>	<u>\$109,625,050</u>	<u>\$109,924,770</u>	<u>\$109,023,272</u>	<u>\$103,872,582</u>	<u>\$ 94,246,825</u>	<u>\$ 99,988,205</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 9,120,010</u>	<u>\$ 18,392,520</u>	<u>\$ 23,264,661</u>	<u>\$ 7,580,954</u>	<u>\$ 36,406,620</u>	<u>\$ 34,797,686</u>	<u>\$ 29,186,451</u>	<u>\$ 33,393,178</u>	<u>\$ 39,270,442</u>	<u>\$ 26,410,371</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.72%</u>	<u>89.37%</u>	<u>86.42%</u>	<u>94.91%</u>	<u>75.07%</u>	<u>75.96%</u>	<u>78.88%</u>	<u>75.67%</u>	<u>70.59%</u>	<u>79.11%</u>
Covered payroll	<u>\$ 7,796,946</u>	<u>\$ 8,636,552</u>	<u>\$ 9,587,359</u>	<u>\$ 9,960,301</u>	<u>\$ 12,021,733</u>	<u>\$ 11,603,989</u>	<u>\$ 18,862,747</u>	<u>\$ 18,137,256</u>	<u>\$ 17,439,670</u>	<u>\$ 16,768,913</u>
Net pension liability as a percentage of covered payroll	<u>116.97%</u>	<u>212.96%</u>	<u>242.66%</u>	<u>76.11%</u>	<u>302.84%</u>	<u>299.88%</u>	<u>154.73%</u>	<u>184.11%</u>	<u>225.18%</u>	<u>157.50%</u>
<b>Schedule of Investment Returns</b>										
Annual money weighted rate of return, net of investment expense	<u>11.95%</u>	<u>10.52%</u>	<u>(14.34%)</u>	<u>33.90%</u>	<u>4.53%</u>	<u>5.39%</u>	<u>9.10%</u>	<u>14.02%</u>	<u>(2.38%)</u>	<u>2.74%</u>

See Notes to Required Supplementary Information.

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Employee Pension Fund  
Schedule of Contributions  
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 2,193,900	\$ 1,857,400	\$ 5,080,100	\$ 4,920,900	\$ 4,735,000	\$ 4,477,400	\$ 4,523,400	\$ 4,607,900	\$ 4,524,800	\$ 4,304,743
Contributions in relation to the actuarially determined contribution	<u>2,124,300</u>	<u>1,857,400</u>	<u>41,016,900</u> *	<u>4,957,158</u>	<u>4,969,222</u>	<u>4,477,400</u>	<u>5,155,791</u>	<u>3,516,640</u>	<u>4,177,500</u>	<u>4,557,044</u>
Contribution excess (deficiency)	<u>\$ (69,600)</u>	<u>\$ -</u>	<u>\$ 35,936,800</u>	<u>\$ 36,258</u>	<u>\$ 234,222</u>	<u>\$ -</u>	<u>\$ 632,391</u>	<u>\$ (1,091,260)</u>	<u>\$ (347,300)</u>	<u>\$ 252,301</u>
Covered payroll	<u>\$ 7,796,946</u>	<u>\$ 8,636,552</u>	<u>\$ 9,587,359</u>	<u>\$ 9,960,301</u>	<u>\$ 12,021,733</u>	<u>\$ 11,603,989</u>	<u>\$ 18,862,747</u>	<u>\$ 18,137,256</u>	<u>\$ 17,439,670</u>	<u>\$ 16,768,913</u>
Contributions as a percentage of covered payroll	<u>27.25%</u>	<u>21.51%</u>	<u>427.82%</u>	<u>49.77%</u>	<u>41.34%</u>	<u>38.59%</u>	<u>27.33%</u>	<u>19.39%</u>	<u>23.95%</u>	<u>27.18%</u>

\* Pension bonds issued during the year.

Borough of Naugatuck, Connecticut

Notes to Required Supplementary Information

Employee Pension Fund  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	Eligible officers may exchange accumulated sick leave for additional years of service up to 3 years	None	None	None	None	None	None	None	Benefit calculation changed from last three years gross pay to highest three years gross pay. In addition, benefit formula changed to 70% times final average earnings (FAE) plus 1% for years in excess of 20 years
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Asset valuation method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.40%	2.40%	2.40%	2.40%	2.60%	2.75%	2.75%	3.00%	3.00%	3.00%
Salary increases	3.40%, average, including inflation	3.40%, average, including inflation	3.40%, average, including inflation	3.40%, average, including inflation	3.60%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation	4.00%, average, including inflation
Investment rate of return (net)	6.00%	6.00%	7.00%	7.00%	7.125%	7.25%	7.25%	7.25%	7.50%	7.75%
Cost of living adjustment (Police)	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached	0.85% per year until maximum benefit reached
Mortality rate	Pub-2010 with Scale MP-2021	Pub-2010 with Scale MP-2021	Pub-2010 with Scale MP-2020	Pub-2010 with Scale MP-2020	RP-2014 adjusted to 2006 Total Dataset Mortality Table	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale AA	RP-2000 projected with Scale AA



## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Schedule of Proportionate Share of the Collective Net Pension Liability</b>										
Borough's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Borough's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the collective net pension liability associated with the Borough	121,022,891	129,208,826	106,661,583	134,672,275	122,944,478	94,797,335	88,718,563	93,598,763	80,183,428	74,113,510
Total	\$ 121,022,891	\$ 129,208,826	\$ 106,661,583	\$ 134,672,275	\$ 122,944,478	\$ 94,797,335	\$ 88,718,563	\$ 93,598,763	\$ 80,183,428	\$ 74,113,510
Borough's covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Borough's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the collective total pension liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%
<b>Schedule of Contributions</b>										
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the collective net pension liability.

**Borough of Naugatuck, Connecticut**  
**Notes to Required Supplementary Information**  
**Connecticut State Teachers' Retirement System**  
**Schedule of Contributions**  
**Last Ten Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014	June 30, 2012	June 30, 2012
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining amortization period (equivalent single period)	26.8 years	27.8 years	28.8 years	29.8 years	30 years	30 years	20.4 years	21.4 years	22.4 years	23.4 years
Asset valuation method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
Salary increases	3.00%-6.50%, average, including inflation	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-living adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment rate of return (net)	6.90%	6.90%	6.90%	6.90%	8.00%	8.00%	8.50%	8.50%	8.50%	8.50%
Mortality rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Last Eight Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Changes in Net OPEB Liability and Related Ratios</b>								
Total OPEB liability:								
Service cost	\$ 3,179,335	\$ 4,380,114	\$ 5,536,689	\$ 5,360,565	\$ 3,372,902	\$ 4,646,045	\$ 4,605,763	\$ 5,908,859
Interest	9,790,187	8,910,263	7,650,284	7,520,165	8,762,993	8,932,280	8,517,397	7,482,937
Differences between expected and actual experience	(411,391)	(2,105,578)	(913,603)	(8,698,720)	(696,749)	(2,302,940)	11,825	468,243
Changes of benefit terms	-	(2,575,500)	-	-	-	(3,814,981)	-	-
Changes of assumptions	(5,939,426)	(16,134,241)	(34,432,339)	15,955,048	47,173,611	(7,192,838)	(5,752,320)	(32,399,364)
Benefit payments, including refunds of member contributions	<u>(9,463,827)</u>	<u>(8,571,292)</u>	<u>(8,117,111)</u>	<u>(8,189,971)</u>	<u>(7,683,105)</u>	<u>(6,686,429)</u>	<u>(7,025,378)</u>	<u>(7,160,727)</u>
Net change in total OPEB liability	(2,845,122)	(16,096,234)	(30,276,080)	11,947,087	50,929,652	(6,418,863)	357,287	(25,700,052)
Total OPEB liability - July 1	<u>203,773,255</u>	<u>219,869,489</u>	<u>250,145,569</u>	<u>238,198,482</u>	<u>187,268,830</u>	<u>193,687,693</u>	<u>193,330,406</u>	<u>219,030,458</u>
Total OPEB liability - June 30 (a)	<u>\$ 200,928,133</u>	<u>\$ 203,773,255</u>	<u>\$ 219,869,489</u>	<u>\$ 250,145,569</u>	<u>\$ 238,198,482</u>	<u>\$ 187,268,830</u>	<u>\$ 193,687,693</u>	<u>\$ 193,330,406</u>
Plan fiduciary net position:								
Contributions - employer	\$ 9,638,827	\$ 8,746,292	\$ 8,292,111	\$ 8,364,971	\$ 7,858,105	\$ 6,861,429	\$ 7,350,378	\$ 7,585,727
Net investment income	1,423,485	1,026,965	(1,810,989)	2,588,200	479,114	584,748	394,011	698,742
Benefit payments, including refunds of member contributions	(9,463,827)	(8,571,292)	(8,117,111)	(8,189,971)	(7,683,105)	(6,686,429)	(7,025,378)	(7,160,727)
Administration expenses	<u>(4,332)</u>	<u>(3,832)</u>	<u>(4,114)</u>	<u>(4,246)</u>	<u>(36,739)</u>	<u>(35,754)</u>	<u>(5,186)</u>	<u>-</u>
Net change in plan fiduciary net position	1,594,153	1,198,133	(1,640,103)	2,758,954	617,375	723,994	713,825	1,123,742
Plan fiduciary net position - July 1	<u>12,797,099</u>	<u>11,598,966</u>	<u>13,239,069</u>	<u>10,480,115</u>	<u>9,862,740</u>	<u>9,138,746</u>	<u>8,424,921</u>	<u>7,301,179</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 14,391,252</u>	<u>\$ 12,797,099</u>	<u>\$ 11,598,966</u>	<u>\$ 13,239,069</u>	<u>\$ 10,480,115</u>	<u>\$ 9,862,740</u>	<u>\$ 9,138,746</u>	<u>\$ 8,424,921</u>
Net OPEB liability - June 30 (a)-(b)	<u>\$ 186,536,881</u>	<u>\$ 190,976,156</u>	<u>\$ 208,270,523</u>	<u>\$ 236,906,500</u>	<u>\$ 227,718,367</u>	<u>\$ 177,406,090</u>	<u>\$ 184,548,947</u>	<u>\$ 184,905,485</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>7.16%</u>	<u>6.28%</u>	<u>5.28%</u>	<u>5.29%</u>	<u>4.40%</u>	<u>5.27%</u>	<u>4.72%</u>	<u>4.36%</u>
Covered payroll	<u>\$ 54,953,824</u>	<u>\$ 53,665,844</u>	<u>\$ 52,795,922</u>	<u>\$ 51,059,886</u>	<u>\$ 42,929,422</u>	<u>\$ 49,189,795</u>	<u>\$ 47,873,280</u>	<u>\$ 47,873,280</u>
Net pension liability as a percentage of covered payroll	<u>339.44%</u>	<u>355.86%</u>	<u>394.48%</u>	<u>463.98%</u>	<u>530.45%</u>	<u>360.66%</u>	<u>385.49%</u>	<u>386.24%</u>
<b>Schedule of Investment Returns</b>								
Annual money weighted rate of return, net of investment expense	<u>11.29%</u>	<u>9.15%</u>	<u>(13.42%)</u>	<u>24.92%</u>	<u>4.86%</u>	<u>6.30%</u>	<u>6.16%</u>	<u>10.00%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as information becomes available.

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Schedule of Contributions  
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 14,275,000	\$ 13,588,000	\$ 13,480,000	\$ 12,434,000	\$ 12,333,000	\$ 12,679,000	\$ 12,576,000	\$ 13,498,000	\$ 13,287,000	\$ 14,636,200
Contributions in relation to the actuarially determined contribution	<u>9,638,827</u>	<u>8,746,292</u>	<u>8,292,111</u>	<u>8,364,971</u>	<u>7,858,105</u>	<u>6,861,429</u>	<u>7,350,378</u>	<u>7,585,727</u>	<u>8,471,200</u>	<u>6,227,100</u>
Contribution excess (deficiency)	<u>\$ (4,636,173)</u>	<u>\$ (4,841,708)</u>	<u>\$ (5,187,889)</u>	<u>\$ (4,069,029)</u>	<u>\$ (4,474,895)</u>	<u>\$ (5,817,571)</u>	<u>\$ (5,225,622)</u>	<u>\$ (5,912,273)</u>	<u>\$ (4,815,800)</u>	<u>\$ (8,409,100)</u>
Covered payroll	<u>\$ 54,953,824</u>	<u>\$ 53,665,844</u>	<u>\$ 52,795,922</u>	<u>\$ 51,059,886</u>	<u>\$ 44,045,587</u>	<u>\$ 42,929,422</u>	<u>\$ 49,189,795</u>	<u>\$ 47,873,280</u>	<u>\$ 54,406,000</u>	<u>\$ 53,905,000</u>
Contributions as a percentage of covered payroll	<u>17.54%</u>	<u>16.30%</u>	<u>15.71%</u>	<u>16.38%</u>	<u>17.84%</u>	<u>15.98%</u>	<u>14.94%</u>	<u>15.85%</u>	<u>15.57%</u>	<u>11.55%</u>

Borough of Naugatuck, Connecticut

Notes to Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014	July 1, 2012
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent	Level percent	Level percent	Level percent	Level percent	Level percent	Level percent	Level percent	Level dollar	Level dollar
Asset valuation method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation rate	2.40%	2.40%	2.40%	2.40%	2.60%	2.75%	2.75%	2.75%	2.75%	2.25%
Salary increases	3.40%	3.40%	3.40%	3.40%	3.60%	3.75%	3.75%	N/A	N/A	N/A
Healthcare inflation rate - initial	6.50%, reducing by 0.2% for each year to a final 4.40% for 2033 and later. Dental 3.40%	6.50%, reducing by 0.2% for each year to a final 4.40% for 2031 and later. Dental 3.40%	6.50%, reducing by 0.2% for each year to a final 4.40% for 2031 and later. Dental 3.40%	6.50%, reducing by 0.2% for each year to a final 4.40% for 2031 and later. Dental 3.40%	6.50%, reducing by 0.2% for each year to a final 4.60% for 2028 and later. Dental 3.60%	7.75%, reducing by 0.5% for each year to a final of 4.75% for 2020 and later. Dental 4.75%	7.75%, reducing by 0.5% for each year to a final of 4.75% for 2020 and later. Dental 4.75%	7.75%, reducing by 0.5% for each year to a final of 4.75% for 2020 and later. Dental 4.75%	7.75%, reducing by 0.5% for each year to a final of 4.75% for 2020 and later. Dental 4.75%	8.00%, reducing by 0.5% for each year to a final of 5.00% for 2020 and later. Dental 5.00%
Healthcare inflation rate - ultimate	4.40%	4.40%	4.40%	4.40%	4.60%	4.75%	4.75%	4.75%	4.75%	5.00%
Investment rate of return (net)	6.25%	6.25%	6.25%	6.25%	6.50%	6.50%	6.50%	4.38%	4.38%	5.00%
Mortality rate	Pub-2010 projected with Scale MP-2021	Pub-2010 projected with Scale MP-2021	Pub-2010 projected with Scale MP-2021	Pub-2010 projected with Scale MP-2021	RP-2014 projected with Scale MP-2019	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale BB	RP-2000 projected with Scale AA

N/A - Not available

## Borough of Naugatuck, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Seven Years (3)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Schedule of Proportionate Share of the Collective Net OPEB Liability</u></b>							
Borough's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Borough's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the collective net OPEB liability associated with the Borough	11,338,183	11,315,730	11,620,584	20,086,375	19,173,885	18,950,590	22,835,165
Total	<u>\$ 11,338,183</u>	<u>\$ 11,315,730</u>	<u>\$ 11,620,584</u>	<u>\$ 20,086,375</u>	<u>\$ 19,173,885</u>	<u>\$ 18,950,590</u>	<u>\$ 22,835,165</u>
Borough's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Borough's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the collective total OPEB liability	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%
<b><u>Schedule of Contributions</u></b>							
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the collective net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as information becomes available.

## Borough of Naugatuck, Connecticut

## Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Schedule of Contributions  
Last Seven Years (1)**

	2024	2023	2022	2021	2020	2019	2018
Changes of benefit terms	Increase in maximum monthly subsidy amount for retiree and dependent from \$110/\$220 to \$220/\$440	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2022	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage, open	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Inflation rate	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Healthcare inflation rate	Initial 6.75% decreasing to 4.50% (ultimate) by 2031	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary increases	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment rate of return (net)	3.00%	3.00%	3.00%	3.00%	3.00%	4.25%	4.25%
Mortality rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

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# **Supplemental Schedules**

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# General Fund

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The general fund is the principal fund of the Borough and is used to account for all activities of the Borough, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Borough (i.e., general government, public safety, public works, health and welfare, benefits and insurance, education, etc.). These activities are funded principally by property taxes, grants from other governmental units and charges for services.

Borough of Naugatuck, Connecticut

Report of Tax Collector  
For the Year Ended June 30, 2024

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Grand List Year	Uncollected Taxes July 1, 2023	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2024
			Additions	Deductions			Net Taxes Collected	Interest and Liens	Total	
2007	\$ 34,381	\$ -	\$ -	\$ 34,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008	49,319	-	-	-	-	49,319	305	1,424	1,729	49,014
2009	45,120	-	-	-	-	45,120	217	2,535	2,752	44,903
2010	56,589	-	-	-	-	56,589	4,335	4,336	8,671	52,254
2011	70,086	-	-	-	-	70,086	13,543	22,926	36,469	56,543
2012	75,867	-	-	121	-	75,746	16,919	28,048	44,967	58,827
2013	91,186	-	-	-	-	91,186	19,411	27,997	47,408	71,775
2014	122,038	-	304	-	-	122,342	39,677	46,724	86,401	82,665
2015	158,166	-	196	10,250	-	148,112	43,265	43,265	86,530	104,847
2016	210,326	-	-	11,197	-	199,129	63,286	70,094	133,380	135,843
2017	285,138	-	-	17,007	-	268,131	68,305	76,832	145,137	199,826
2018	354,814	-	91	39,680	-	315,225	66,776	71,684	138,460	248,449
2019	1,033,552	-	123	45,592	448,000	540,083	155,524	112,333	267,857	384,559
2020	2,036,517	-	1,717	55,255	-	1,982,979	501,474	210,372	711,846	1,481,505
2021	<u>3,174,935</u>	<u>-</u>	<u>100,034</u>	<u>118,610</u>	<u>-</u>	<u>3,156,359</u>	<u>1,430,838</u>	<u>312,117</u>	<u>1,742,955</u>	<u>1,725,521</u>
Subtotal	7,798,034	-	102,465	332,093	448,000	7,120,406	2,423,875	1,030,687	3,454,562	4,696,531
2022	<u>-</u>	<u>90,660,943</u>	<u>274,499</u>	<u>360,308</u>	<u>-</u>	<u>90,575,134</u>	<u>87,431,578</u>	<u>385,897</u>	<u>87,817,475</u>	<u>3,143,556</u>
Total	<u>\$ 7,798,034</u>	<u>\$ 90,660,943</u>	<u>\$ 376,964</u>	<u>\$ 692,401</u>	<u>\$ 448,000</u>	<u>\$ 97,695,540</u>	<u>\$ 89,855,453</u>	<u>\$ 1,416,584</u>	<u>\$ 91,272,037</u>	<u>\$ 7,840,087</u>
								Allowance for doubtful accounts		<u>(3,500,000)</u>
								Taxes receivable (net)		<u>\$ 4,340,087</u>

Borough of Naugatuck, Connecticut

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2024**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	\$ 92,111,716	\$ -	\$ 92,111,716	\$ 91,681,311	\$ (430,405)
Intergovernmental	35,187,792	-	35,187,792	36,378,170	1,190,378
Charges for services	6,597,717	-	6,597,717	7,032,054	434,337
Income from investments	1,000,000	-	1,000,000	3,382,061	2,382,061
<b>Total revenues</b>	<b>134,897,225</b>	<b>-</b>	<b>134,897,225</b>	<b>138,473,596</b>	<b>3,576,371</b>
Expenditures:					
Current:					
General government	7,494,676	79,134	7,573,810	7,531,406	42,404
Public safety	13,507,388	333,301	13,840,689	13,829,587	11,102
Public works	11,580,098	(561,295)	11,018,803	10,978,112	40,691
Health and welfare	1,920,062	(69,000)	1,851,062	1,848,038	3,024
Benefits and insurance	18,121,756	644,925	18,766,681	18,766,173	508
Education	67,185,698	-	67,185,698	67,185,698	-
Debt service	14,694,243	(427,065)	14,267,178	14,264,682	2,496
<b>Total expenditures</b>	<b>134,503,921</b>	<b>-</b>	<b>134,503,921</b>	<b>134,403,696</b>	<b>100,225</b>
Excess (deficiency) of revenues over expenditures	393,304	-	393,304	4,069,900	3,676,596
Other financing sources (uses):					
Sale of assets	1,800,000	-	1,800,000	876	(1,799,124)
Transfers in	683,100	-	683,100	683,100	-
Transfers out	(2,876,404)	-	(2,876,404)	(2,876,404)	-
<b>Net other financing sources (uses)</b>	<b>(393,304)</b>	<b>-</b>	<b>(393,304)</b>	<b>(2,192,428)</b>	<b>(1,799,124)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,877,472</b>	<b>\$ 1,877,472</b>
Fund balance - July 1, 2023				17,153,520	
Fund balance - June 30, 2024				<u>\$ 19,030,992</u>	

# Other Governmental Funds

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Community Development	Federal grants	Borough development programs
Police Private Duty	User fees	Police outside services
Miscellaneous Grants	Federal and State grants and user fees	Various grant programs
Public safety	Contributions	Public safety programs
Community Activities	Federal and State grants, user fees and contributions	Health and welfare
School Rental	User fees	Education related programs
Cafeteria	Sale of lunches and grants	Cafeteria operations
Special Education Grants	Federal and State grants, user fees and contributions	Education related programs
School Activity	Fees	Student activity funds and school scholarships
Adult Education	User fees	Adult education related programs

## Debt Service Fund

The debt service fund is used to account for and report resources for the payment of future debt service payments.

## Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Tuttle Lewis Whittmore Trust	Contributions	Maintenance of grounds at the Hillside Middle School

Borough of Naugatuck, Connecticut

Other Governmental Funds  
Combining Balance Sheet  
June 30, 2024

Special Revenue Funds

	Community Development	Police Private Duty	Miscellaneous Grants	Public Safety	Community Activities	School Rental	Cafeteria
<u>Assets</u>							
Cash	\$ 66,756	\$ 11,053	\$ 43,356	\$ 95,825	\$ 336,314	\$ 120,329	\$ 335,576
Investments	100,000	-	100,000	400,000	514,216	-	-
Restricted investments	-	-	-	-	-	-	-
Receivables (net):							
Intergovernmental	-	-	60,583	-	-	-	383,839
Loans	527,832	-	-	-	-	-	-
Other	-	8,567	4,398	23,696	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	74,293
<b>Total assets</b>	<b>\$ 694,588</b>	<b>\$ 19,620</b>	<b>\$ 208,337</b>	<b>\$ 519,521</b>	<b>\$ 850,530</b>	<b>\$ 120,329</b>	<b>\$ 793,708</b>
<u>Liabilities</u>							
Accounts payable	\$ 1,323	\$ -	\$ 45,679	\$ -	\$ 34,107	\$ -	\$ 101,998
Accrued payroll and related liabilities	-	-	-	-	-	-	3,602
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	25,226
<b>Total liabilities</b>	<b>1,323</b>	<b>-</b>	<b>45,679</b>	<b>-</b>	<b>34,107</b>	<b>-</b>	<b>130,826</b>
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	-	-
Restricted	693,265	-	-	-	-	-	662,882
Committed	-	19,620	162,658	519,521	816,423	120,329	-
Assigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>693,265</b>	<b>19,620</b>	<b>162,658</b>	<b>519,521</b>	<b>816,423</b>	<b>120,329</b>	<b>662,882</b>
<b>Total liabilities and fund balances</b>	<b>\$ 694,588</b>	<b>\$ 19,620</b>	<b>\$ 208,337</b>	<b>\$ 519,521</b>	<b>\$ 850,530</b>	<b>\$ 120,329</b>	<b>\$ 793,708</b>

(Continued)

Borough of Naugatuck, Connecticut

Other Governmental Funds  
Combining Balance Sheet  
June 30, 2024

	Special Revenue Funds			Debt Service Fund	Permanent Fund	Total Other Governmental Funds	
	Special Education Grants	School Activity	Adult Education	Total Special Revenue Funds	Debt Service	Tuttle Lewis Whittemore Trust	
<u>Assets</u>							
Cash	\$ -	\$ 563,121	\$ -	\$ 1,572,330	\$ -	\$ -	\$ 1,572,330
Investments	-	-	-	1,114,216	2,743,136	-	3,857,352
Restricted investments	-	-	-	-	2,772,140	150,098	2,922,238
Receivables (net):							
Intergovernmental	1,312,256	-	-	1,756,678	-	-	1,756,678
Loans	-	-	-	527,832	-	-	527,832
Other	-	-	-	36,661	-	-	36,661
Due from other funds	-	-	23,894	23,894	-	-	23,894
Other	-	-	-	74,293	-	-	74,293
<b>Total assets</b>	<b>\$ 1,312,256</b>	<b>\$ 563,121</b>	<b>\$ 23,894</b>	<b>\$ 5,105,904</b>	<b>\$ 5,515,276</b>	<b>\$ 150,098</b>	<b>\$ 10,771,278</b>
<u>Liabilities</u>							
Accounts payable	\$ 162,550	\$ -	\$ -	\$ 345,657	\$ -	\$ -	\$ 345,657
Accrued payroll and related liabilities	30,876	-	-	34,478	-	-	34,478
Due to other funds	747,176	24,474	-	771,650	-	-	771,650
Unearned revenue	13,455	-	-	38,681	-	-	38,681
<b>Total liabilities</b>	<b>954,057</b>	<b>24,474</b>	<b>-</b>	<b>1,190,466</b>	<b>-</b>	<b>-</b>	<b>1,190,466</b>
<u>Fund Balances</u>							
Nonspendable	-	-	-	-	-	1,000	1,000
Restricted	-	-	-	1,356,147	5,358,500	149,098	6,863,745
Committed	358,199	538,647	23,894	2,559,291	-	-	2,559,291
Assigned	-	-	-	-	156,776	-	156,776
<b>Total fund balances</b>	<b>358,199</b>	<b>538,647</b>	<b>23,894</b>	<b>3,915,438</b>	<b>5,515,276</b>	<b>150,098</b>	<b>9,580,812</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,312,256</b>	<b>\$ 563,121</b>	<b>\$ 23,894</b>	<b>\$ 5,105,904</b>	<b>\$ 5,515,276</b>	<b>\$ 150,098</b>	<b>\$ 10,771,278</b>

(Concluded)

**Borough of Naugatuck, Connecticut**  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	Special Revenue Funds						
	Community Development	Police Private Duty	Miscellaneous Grants	Public Safety	Community Activities	School Rental	Cafeteria
Revenues:							
Intergovernmental	\$ -	\$ -	\$ 606,942	\$ -	\$ -	\$ -	\$ 3,006,289
Charges for services	-	1,922,445	47,361	9,150	604,973	60,375	329,506
Income from investments	-	-	-	-	9,575	-	-
Contributions and rebates	-	-	4,000	221,890	32,095	-	-
Total revenues	<u>-</u>	<u>1,922,445</u>	<u>658,303</u>	<u>231,040</u>	<u>646,643</u>	<u>60,375</u>	<u>3,335,795</u>
Expenditures:							
Current:							
General government	-	-	55,796	-	451,033	-	-
Public safety	-	1,939,459	163,824	19,558	35,465	-	-
Health and welfare	70,944	-	396,001	-	-	-	-
Education	-	-	8,339	-	-	150,000	3,340,298
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>70,944</u>	<u>1,939,459</u>	<u>623,960</u>	<u>19,558</u>	<u>486,498</u>	<u>150,000</u>	<u>3,340,298</u>
Excess (deficiency) of revenues over expenditures	<u>(70,944)</u>	<u>(17,014)</u>	<u>34,343</u>	<u>211,482</u>	<u>160,145</u>	<u>(89,625)</u>	<u>(4,503)</u>
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Premium	-	-	-	-	-	-	-
Transfers in	-	-	-	-	337,640	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,640</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(70,944)	(17,014)	34,343	211,482	497,785	(89,625)	(4,503)
Fund balances - July 1, 2023	<u>764,209</u>	<u>36,634</u>	<u>128,315</u>	<u>308,039</u>	<u>318,638</u>	<u>209,954</u>	<u>667,385</u>
Fund balances - June 30, 2024	<u>\$ 693,265</u>	<u>\$ 19,620</u>	<u>\$ 162,658</u>	<u>\$ 519,521</u>	<u>\$ 816,423</u>	<u>\$ 120,329</u>	<u>\$ 662,882</u>

(Continued)

Borough of Naugatuck, Connecticut

Other Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2024

	Special Education Grants	School Activity	Adult Education	Total Special Revenue Funds	Debt Service Fund  Debt Service	Permanent Fund  Tuttle Lewis Whittemore Trust	Total Other Governmental Funds
Revenues:							
Intergovernmental	\$ 14,365,113	\$ -	\$ -	\$ 17,978,344	\$ -	\$ -	\$ 17,978,344
Charges for services	825,740	735,533	54,830	4,589,913	-	-	4,589,913
Income from investments	-	-	-	9,575	225,435	-	235,010
Contributions and rebates	190,000	-	-	447,985	-	-	447,985
<b>Total revenues</b>	<b>15,380,853</b>	<b>735,533</b>	<b>54,830</b>	<b>23,025,817</b>	<b>225,435</b>	<b>-</b>	<b>23,251,252</b>
Expenditures:							
Current:							
General government	-	-	-	506,829	-	-	506,829
Public safety	-	-	-	2,158,306	-	-	2,158,306
Health and welfare	-	-	-	466,945	-	-	466,945
Education	15,644,254	709,117	49,824	19,901,832	-	-	19,901,832
Capital outlay	-	-	-	-	223,054	-	223,054
Debt service	-	-	-	-	561,355	-	561,355
<b>Total expenditures</b>	<b>15,644,254</b>	<b>709,117</b>	<b>49,824</b>	<b>23,033,912</b>	<b>784,409</b>	<b>-</b>	<b>23,818,321</b>
Excess (deficiency) of revenues over expenditures	(263,401)	26,416	5,006	(8,095)	(558,974)	-	(567,069)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	2,626,051	-	2,626,051
Premium	-	-	-	-	653,764	-	653,764
Transfers in	-	-	-	337,640	-	-	337,640
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,640</b>	<b>3,279,815</b>	<b>-</b>	<b>3,617,455</b>
<b>Net change in fund balances</b>	<b>(263,401)</b>	<b>26,416</b>	<b>5,006</b>	<b>329,545</b>	<b>2,720,841</b>	<b>-</b>	<b>3,050,386</b>
Fund balances - July 1, 2023	621,600	512,231	18,888	3,585,893	2,794,435	150,098	6,530,426
<b>Fund balances - June 30, 2024</b>	<b>\$ 358,199</b>	<b>\$ 538,647</b>	<b>\$ 23,894</b>	<b>\$ 3,915,438</b>	<b>\$ 5,515,276</b>	<b>\$ 150,098</b>	<b>\$ 9,580,812</b>

(Concluded)



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# Internal Service Funds

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Internal Service funds are used to account for risk financing activities.

Fund	Function
Dental Insurance - General Government	To account for self-insured dental benefits for Borough employees
Dental Insurance - Board of Education	To account for self-insured dental benefits for Board of Education employees
Workers' Compensation	To account for workers' compensation benefits for Borough and Board of Education employees
Property Insurance	To account for insurance proceeds used for repairs related to Borough property

Borough of Naugatuck, Connecticut

Internal Service Funds  
 Combining Statement of Net Position  
 June 30, 2024

	<u>Dental Insurance</u>				
	<u>General Government</u>	<u>Board of Education</u>	<u>Workers' Compensation</u>	<u>Property Insurance</u>	<u>Total</u>
<u>Assets</u>					
Cash	\$ 37,292	\$ 40,764	\$ 202,638	\$54,402	\$ 335,096
Investments	-	100,000	2,428,693	-	2,528,693
Accounts receivable	-	-	86,245	-	86,245
Total assets	<u>37,292</u>	<u>140,764</u>	<u>2,717,576</u>	<u>54,402</u>	<u>2,950,034</u>
<u>Liabilities</u>					
Current liability:					
Claims payable	37,165	81,346	180,699	3,616	302,826
Noncurrent liability:					
Claims payable	-	-	77,442	-	77,442
Total liabilities	<u>37,165</u>	<u>81,346</u>	<u>258,141</u>	<u>3,616</u>	<u>380,268</u>
<u>Net Position</u>					
Unrestricted	<u>\$ 127</u>	<u>\$ 59,418</u>	<u>\$ 2,459,435</u>	<u>\$50,786</u>	<u>\$ 2,569,766</u>

## Borough of Naugatuck, Connecticut

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**

	<u>Dental Insurance</u>				<u>Total</u>
	<u>General Government</u>	<u>Board of Education</u>	<u>Workers' Compensation</u>	<u>Property Insurance</u>	
Operating revenues:					
Charges for services	\$ 890,625	\$ 660,000	\$ 1,488,797	\$ -	\$ 3,039,422
Insurance recoveries	-	-	-	8,838	8,838
Total operating revenues	<u>890,625</u>	<u>660,000</u>	<u>1,488,797</u>	<u>8,838</u>	<u>3,048,260</u>
Operating expenses:					
Claims	201,146	597,999	1,198,185	17,475	2,014,805
Administration	23,267	36,360	-	-	59,627
Total operating expenses	<u>224,413</u>	<u>634,359</u>	<u>1,198,185</u>	<u>17,475</u>	<u>2,074,432</u>
Operating income (loss) before transfers	666,212	25,641	290,612	(8,637)	973,828
Transfers out	<u>(683,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(683,100)</u>
Change in net position	(16,888)	25,641	290,612	(8,637)	290,728
Total net position - July 1, 2023	<u>17,015</u>	<u>33,777</u>	<u>2,168,823</u>	<u>59,423</u>	<u>2,279,038</u>
Total net position - June 30, 2024	<u>\$ 127</u>	<u>\$ 59,418</u>	<u>\$ 2,459,435</u>	<u>\$ 50,786</u>	<u>\$ 2,569,766</u>

## Borough of Naugatuck, Connecticut

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

	<u>Dental Insurance</u>				
	<u>General Government</u>	<u>Board of Education</u>	<u>Workers' Compensation</u>	<u>Property Insurance</u>	<u>Total</u>
Cash flows from (used in) operating activities:					
Cash received for charges for services	\$ 890,625	\$ 660,000	\$ 1,448,992	\$ -	\$ 2,999,617
Cash received for insurance recoveries	-	-	-	8,838	8,838
Cash paid for benefits and claims	(201,065)	(611,455)	(1,106,223)	(17,475)	(1,936,218)
Cash paid for administration	<u>(23,267)</u>	<u>(36,360)</u>	<u>-</u>	<u>-</u>	<u>(59,627)</u>
Net cash from (used in) operating activities	<u>666,293</u>	<u>12,185</u>	<u>342,769</u>	<u>(8,637)</u>	<u>1,012,610</u>
Cash flows from (used in) noncapital and related financing activities:					
Transfers out	<u>(683,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(683,100)</u>
Net increase (decrease) in cash	(16,807)	12,185	342,769	(8,637)	329,510
Cash and cash equivalents - July 1, 2023	<u>54,099</u>	<u>128,579</u>	<u>2,288,562</u>	<u>63,039</u>	<u>2,534,279</u>
Cash and cash equivalents - June 30, 2024	<u><u>\$ 37,292</u></u>	<u><u>\$ 140,764</u></u>	<u><u>\$ 2,631,331</u></u>	<u><u>\$ 54,402</u></u>	<u><u>\$ 2,863,789</u></u>
<u>Reconciliation to Schedule 5 - Cash:</u>					
Cash and cash equivalents per above	\$ 37,292	\$ 140,764	\$ 2,631,331	\$ 54,402	\$ 2,863,789
Cash and cash equivalents reported as investments	<u>-</u>	<u>(100,000)</u>	<u>(2,428,693)</u>	<u>-</u>	<u>(2,528,693)</u>
Cash - Schedule 5	<u><u>\$ 37,292</u></u>	<u><u>\$ 40,764</u></u>	<u><u>\$ 202,638</u></u>	<u><u>\$ 54,402</u></u>	<u><u>\$ 335,096</u></u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:					
Operating income (loss)	\$ 666,212	\$ 25,641	\$ 290,612	\$ (8,637)	\$ 973,828
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:					
(Increase) decrease in:					
Accounts receivable	-	-	(39,805)	-	(39,805)
Increase (decrease) in:					
Claims payable	<u>81</u>	<u>(13,456)</u>	<u>91,962</u>	<u>-</u>	<u>78,587</u>
Net cash from (used in) operating activities	<u><u>\$ 666,293</u></u>	<u><u>\$ 12,185</u></u>	<u><u>\$ 342,769</u></u>	<u><u>\$ (8,637)</u></u>	<u><u>\$ 1,012,610</u></u>

# Statistical Section

This part of the Borough's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Borough's overall financial health.

Table	Description
Financial Trend (Tables 1-5)	These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time
Revenue Capacity (Tables 6-8)	These schedules contain information to help the reader assess the Borough's most significant local revenue source, the property tax
Debt Capacity (Tables 9-12)	These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future
Demographic and Economic Information (Tables 13-15)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place
Operating Information (Tables 16-17)	These schedules contain service and infrastructure data to help the reader understand how the information in the Borough's financial report relates to the services the Borough provides and the activities it performs

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the fiscal year.

## Borough of Naugatuck, Connecticut

**Net Position by Component  
Governmental Activities  
Last Ten Years  
(Unaudited)**

June 30,

	2024	2023	2022	2021 (as restated)	2020 (as restated)	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 184,387,088	\$ 177,193,699	\$ 164,943,812	\$ 184,691,432	\$ 181,911,768	\$ 171,828,625	\$ 170,382,476	\$ 157,235,319	\$ 156,856,265	\$ 151,760,876
Restricted for:										
Endowments:										
Nonexpendable	1,000	1,000	18,375	1,000	1,000	1,000	1,000	1,000	1,000	677,301
Expendable	149,098	149,098	149,098	186,599	239,713	219,010	118,953	129,304	128,286	122,874
Construction projects	24,115,218	11,105,362	20,260,255	36,000	-	-	378,505	1,419,813	771,573	385,049
Public safety	-	-	-	-	-	175,869	193,253	168,987	217,474	148,901
Health and welfare	-	-	-	-	-	407	62,313	87,584	50,913	45,917
Community development programs	693,265	764,409	767,704	772,818	779,252	780,488	790,656	837,949	844,201	841,728
Food service program	662,882	667,385	1,043,943	178,307	957	-	-	-	-	-
Education	-	40	439,290	1,046,661	1,020,225	411,107	1,127,526	1,612,406	1,755,093	1,302,216
Debt service	5,358,500	2,637,659	3,517,892	2,208,231	-	-	-	-	-	-
Unrestricted	<u>(278,134,984)</u>	<u>(271,016,096)</u>	<u>(263,404,773)</u>	<u>(242,204,985)</u>	<u>(252,811,988)</u>	<u>(247,446,397)</u>	<u>(258,687,232)</u>	<u>(249,026,679)</u>	<u>(247,718,530)</u>	<u>(84,867,832)</u>
Total net position	<u>\$ (62,767,933)</u>	<u>\$ (78,497,444)</u>	<u>\$ (72,264,404)</u>	<u>\$ (53,083,937)</u>	<u>\$ (68,859,073)</u>	<u>\$ (74,029,891)</u>	<u>\$ (85,632,550)</u>	<u>\$ (87,534,317)</u>	<u>\$ (87,093,725)</u>	<u>\$ 70,417,030</u>

Source: Current and prior year financial statements.

## Borough of Naugatuck, Connecticut

**Changes in Net Position  
Governmental Activities  
Last Ten Years  
(Unaudited)**

For the Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
General government	\$ 11,550,641	\$ 12,335,452	\$ 12,984,592	\$ 8,470,632	\$ 10,936,384	\$ 9,921,541	\$ 3,185,289	\$ 10,612,592	\$ 10,932,545	\$ 10,620,763
Public safety	26,343,039	28,757,507	32,142,995	23,071,138	24,839,857	23,797,143	12,858,537	24,654,616	23,339,727	22,237,894
Public works	17,352,756	18,331,395	26,210,778	17,330,567	15,576,643	14,291,700	13,556,383	12,748,803	12,948,306	13,577,208
Health and welfare	3,703,872	4,335,115	8,623,065	3,088,236	3,916,471	3,487,506	1,441,584	3,636,227	3,465,412	3,689,680
Education	99,655,399	101,526,294	90,593,514	87,378,974	91,763,402	85,032,314	70,214,277	87,088,961	78,067,556	82,079,593
Interest	6,690,040	6,911,649	5,249,498	3,888,847	4,674,095	3,784,436	9,943,095	4,166,765	3,934,000	3,132,807
Total expenses	165,295,747	172,197,412	175,804,442	143,228,394	151,706,852	140,314,640	111,199,165	142,907,964	132,687,546	135,337,945
Program revenues:										
Charges for services:										
General government	845,092	1,122,133	1,079,431	939,507	456,734	412,173	358,567	380,111	576,876	474,693
Public safety	2,102,444	2,090,226	1,292,843	1,413,558	1,696,529	1,879,258	1,238,688	1,240,135	1,062,748	1,199,037
Public works	6,504,587	6,329,692	5,998,433	6,142,859	5,953,873	5,581,570	6,455,389	5,245,462	2,929,339	5,131,422
Health and welfare	1,324,349	819,348	751,560	914,953	658,756	636,769	693,078	667,110	662,436	715,715
Education	2,005,984	1,914,233	1,237,368	825,044	437,328	1,002,253	1,257,233	1,344,874	1,338,527	1,483,760
Operating grants and contributions	58,906,746	58,792,880	57,814,646	51,896,732	50,302,737	50,509,764	38,990,804	52,250,364	37,929,833	44,034,455
Capital grants and contributions	5,835,068	1,160,415	870,013	8,069,010	10,732,315	10,807,044	422,165	1,763,682	464,472	28,869,904
Total program revenues	77,524,270	72,228,927	69,044,294	70,201,663	70,238,272	70,828,831	49,415,924	62,891,738	44,964,231	81,908,986
Net expenses	(87,771,477)	(99,968,485)	(106,760,148)	(73,026,731)	(81,468,580)	(69,485,809)	(61,783,241)	(80,016,226)	(87,723,315)	(53,428,959)
General revenues:										
Property taxes	91,790,462	85,867,759	85,282,094	84,476,238	82,867,166	78,599,861	79,236,973	78,289,678	72,211,784	72,046,915
Grants and contributions not restricted to specific programs	6,967,280	5,298,586	2,134,768	1,959,147	2,055,317	1,305,688	1,270,987	1,019,022	1,029,011	981,437
Income from investments	4,717,270	2,546,526	121,878	29,926	689,428	806,926	160,382	111,445	110,812	79,015
Gain on sale of assets	25,976	22,574	40,941	127,518	16,055	46,995	243,186	-	-	54,888
Other	-	-	-	807	508,875	328,998	259,932	155,489	171,608	94,259
Total general revenues	103,500,988	93,735,445	87,579,681	86,593,636	86,136,841	81,088,468	81,171,460	79,575,634	73,523,215	73,256,514
Change in net position	\$ 15,729,511	\$ (6,233,040)	\$ (19,180,467)	\$ 13,566,905	\$ 4,668,261	\$ 11,602,659	\$ 19,388,219	\$ (440,592)	\$ (14,200,100)	\$ 19,827,555

Source: Current and prior year financial statements.

## Borough of Naugatuck, Connecticut

**General Fund**  
**Changes in Fund Balances (Budgetary Basis)**  
**Last Ten Years**  
**(Unaudited)**

For the Year Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:										
Property taxes	\$ 91,681,311	\$ 85,528,719	\$ 85,734,219	\$ 84,918,224	\$ 82,471,189	\$ 80,323,791	\$ 79,236,973	\$ 76,511,539	\$ 71,992,921	\$ 70,618,029
Intergovernmental	36,378,170	34,761,374	31,268,759	31,107,957	31,223,530	31,700,101	31,903,685	33,026,069	31,012,760	31,499,444
Charges for services	7,032,054	6,702,100	6,506,124	6,976,450	6,594,646	6,418,179	7,020,629	5,537,503	3,591,665	6,099,517
Income from investments	3,382,061	2,041,092	104,176	29,331	669,383	736,919	140,686	88,625	105,958	72,911
Other	-	-	-	-	479,729	299,630	259,932	125,432	171,608	90,744
Total revenues	<u>138,473,596</u>	<u>129,033,285</u>	<u>123,613,278</u>	<u>123,031,962</u>	<u>121,438,477</u>	<u>119,478,620</u>	<u>118,561,905</u>	<u>115,289,168</u>	<u>106,874,912</u>	<u>108,380,645</u>
Expenditures:										
Current:										
General government	7,531,406	7,166,098	6,235,710	5,941,085	5,511,785	3,393,858	3,185,289	3,328,020	3,129,156	2,854,947
Public safety	13,829,587	12,847,298	12,404,076	11,776,298	11,327,330	11,548,105	11,590,953	10,937,365	10,731,016	10,659,002
Public works	10,978,112	10,750,310	11,155,688	10,629,886	9,912,071	10,295,699	11,755,954	8,941,997	8,914,270	9,492,433
Health and welfare	1,848,038	1,747,462	1,853,966	1,402,415	1,380,716	1,303,754	1,391,596	1,404,362	1,222,553	1,569,110
Benefits and insurance	18,766,173	17,866,063	14,888,072	16,407,477	15,441,049	16,531,889	16,914,299	17,195,568	16,449,919	15,586,311
Education	67,185,698	64,501,859	62,279,700	62,369,867	61,759,947	61,711,327	61,499,055	60,220,361	60,555,551	58,937,945
Debt service	14,264,682	12,748,335	10,936,469	12,326,054	13,352,405	11,806,171	9,629,680	11,672,330	10,026,517	9,485,035
Total expenditures	<u>134,403,696</u>	<u>127,627,425</u>	<u>119,753,681</u>	<u>120,853,082</u>	<u>118,685,303</u>	<u>116,590,803</u>	<u>115,966,826</u>	<u>113,700,003</u>	<u>111,028,982</u>	<u>108,584,783</u>
Excess (deficiency) of revenues over expenditures	<u>4,069,900</u>	<u>1,405,860</u>	<u>3,859,597</u>	<u>2,178,880</u>	<u>2,753,174</u>	<u>2,887,817</u>	<u>2,595,079</u>	<u>1,589,165</u>	<u>(4,154,070)</u>	<u>(204,138)</u>
Other financing sources (uses):										
Sale of assets	876	774,111	252,292	10,633	76,055	-	243,186	269,480	43,000	639,500
Transfers in	683,100	2,617,649	2,750,000	1,500,000	-	-	1,325,101	1,484,339	3,540,144	2,342,221
Transfers out	(2,876,404)	(4,036,827)	(6,595,378)	(3,601,464)	(2,618,406)	(2,208,746)	(1,692,752)	(2,894,051)	(2,392,836)	(2,831,193)
Net other financing sources (uses)	<u>(2,192,428)</u>	<u>(645,067)</u>	<u>(3,593,086)</u>	<u>(2,090,831)</u>	<u>(2,542,351)</u>	<u>(2,208,746)</u>	<u>(124,465)</u>	<u>(1,140,232)</u>	<u>1,190,308</u>	<u>150,528</u>
Net change in fund balances	<u>\$ 1,877,472</u>	<u>\$ 760,793</u>	<u>\$ 266,511</u>	<u>\$ 88,049</u>	<u>\$ 210,823</u>	<u>\$ 679,071</u>	<u>\$ 2,470,614</u>	<u>\$ 448,933</u>	<u>\$ (2,963,762)</u>	<u>\$ (53,610)</u>
Debt service as a percentage of expenditures	<u>10.61%</u>	<u>9.99%</u>	<u>9.13%</u>	<u>10.20%</u>	<u>11.25%</u>	<u>10.13%</u>	<u>8.30%</u>	<u>10.27%</u>	<u>9.03%</u>	<u>8.74%</u>

Source: Current and prior year financial statements.



Borough of Naugatuck, Connecticut

Governmental Funds  
Fund Balances  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
				(as restated)	(as restated)					
General fund:										
Assigned	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 2,433,012	\$ 3,342,812	\$ 4,242,070	\$ 3,104,809	\$ 1,399,564	\$ 3,356,651	\$ 1,463,043
Unassigned	19,030,992	15,653,520	14,892,727	13,693,204	12,695,355	11,585,274	12,043,464	11,278,095	8,872,075	13,729,445
Total general fund	19,030,992	17,153,520	16,392,727	16,126,216	16,038,167	15,827,344	15,148,273	12,677,659	12,228,726	15,192,488
All other governmental funds:										
Nonspendable	1,000	1,000	1,000	1,000	1,000	1,000	1,000	812,652	1,000	800,175
Restricted	30,978,963	15,323,953	26,178,182	5,843,302	2,040,147	1,586,881	2,645,914	3,418,094	3,370,338	2,052,513
Committed	15,694,814	16,590,184	21,312,929	14,893,443	8,222,476	13,399,835	10,847,979	18,158,198	13,459,699	7,413,179
Assigned	166,354	156,776	158,168	236,787	1,786,311	1,767,264	1,763,885	1,906,974	1,585,704	2,133,266
Unassigned	-	-	(23,155)	-	-	(7,997,582)	(13,879,232)	(13,161,440)	(12,250,458)	(8,860,793)
Total all other governmental funds	46,841,131	32,071,913	47,627,124	20,974,532	12,049,934	8,757,398	1,379,546	11,134,478	6,166,283	3,538,340
Grand total	\$ 65,872,123	\$ 49,225,433	\$ 64,019,851	\$ 37,100,748	\$ 28,088,101	\$ 24,584,742	\$ 16,527,819	\$ 23,812,137	\$ 18,395,009	\$ 18,730,828

Source: Current and prior year financial statements.

Notes:

General fund:

Assigned                    Decrease due to the decrease in the amount used to balance current year budget  
Unassigned                Increase due to positive operations

All other governmental funds:

Restricted                    Increase due to the issuance of TIF bonds and related restrictions on proceeds

Borough of Naugatuck, Connecticut

Governmental Funds  
 Changes in Fund Balances  
 Last Ten Years  
 (Modified Accrual Basis of Accounting)  
 (Unaudited)

For the Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Property taxes	\$ 91,681,311	\$ 85,528,719	\$ 85,734,219	\$ 84,918,224	\$ 82,471,189	\$ 80,323,791	\$ 79,236,973	\$ 76,511,539	\$ 71,992,921	\$ 70,618,029
Intergovernmental	70,898,259	64,879,627	60,495,738	61,578,751	62,372,941	61,859,374	40,683,956	55,025,600	39,403,964	73,834,076
Charges for services	12,788,685	12,244,141	10,359,635	9,970,050	9,203,220	9,512,023	10,002,955	8,877,765	6,341,476	9,007,165
Income from investments	4,717,270	2,546,526	121,878	29,926	689,428	806,926	160,382	111,445	110,812	79,015
Contributions and rebates	800,324	372,254	323,689	346,138	717,428	800,437	-	7,468	19,352	51,720
Other	-	-	-	807	508,875	328,998	259,932	155,489	171,608	94,259
Total revenues	180,885,849	165,571,267	157,035,159	156,843,896	155,963,081	153,631,549	130,344,198	140,689,306	118,040,133	153,684,264
Expenditures:										
Current:										
General government	8,099,831	7,199,327	47,304,925	5,970,115	5,511,785	3,393,858	3,185,289	3,541,081	3,276,289	3,011,604
Public safety	15,987,893	15,177,714	26,088,277	13,460,542	13,173,648	13,215,967	12,858,537	12,482,270	11,792,865	11,821,394
Public works	10,978,112	11,238,466	11,166,548	10,629,886	9,912,071	11,432,929	13,556,383	9,130,056	9,221,196	10,297,611
Health and welfare	2,314,983	2,434,698	2,505,662	1,531,061	1,506,146	1,490,908	1,441,584	1,528,319	1,255,050	1,680,279
Benefits and insurance	18,766,173	17,866,063	14,888,072	16,407,477	15,441,049	16,531,889	16,914,299	17,195,568	16,449,919	15,586,311
Education	98,469,567	95,127,689	91,201,131	86,296,749	82,895,335	83,520,423	71,884,222	81,088,988	69,839,165	73,606,136
Capital outlay	16,219,312	22,646,833	10,525,728	5,879,400	15,798,948	6,256,638	714,583	8,234,350	11,666,469	27,423,791
Debt service:										
Principal	9,436,778	6,351,846	8,836,427	8,600,360	8,439,861	8,411,495	8,261,749	7,438,410	7,438,410	4,497,315
Interest	5,552,404	7,690,694	5,721,650	4,363,785	4,912,544	4,026,513	1,681,346	4,234,655	3,481,163	5,574,576
Total expenditures	185,825,053	185,733,330	218,238,420	153,139,375	157,591,387	148,280,620	130,497,992	144,873,697	134,420,526	153,499,017
Excess (deficiency) of revenues over expenditures	(4,939,204)	(20,162,063)	(61,203,261)	3,704,521	(1,628,306)	5,350,929	(153,794)	(4,184,391)	(16,380,393)	185,247
Other financing sources (uses):										
Issuance of debt	20,223,054	1,809,945	82,769,423	1,204,495	4,553,053	1,384,389	-	8,500,000	8,290,254	8,969,028
Issuance of refunding bonds	-	-	-	8,570,000	-	-	-	-	4,360,000	-
Payment to refunded bond escrow agent	-	-	-	(9,154,609)	-	-	-	-	(4,982,956)	-
Premiums	653,764	-	2,850,649	841,654	-	14,483	-	327,041	895,106	74,400
Proceeds from insurance	-	-	-	238,031	-	-	-	-	-	-
Sale of assets	25,976	940,051	252,292	150,324	76,055	126,995	243,186	269,480	43,000	639,500
Transfers in	3,897,144	6,654,476	9,732,403	5,208,346	2,618,406	2,340,413	1,325,101	3,678,390	3,695,568	3,948,275
Transfers out	(3,214,044)	(4,036,827)	(7,482,403)	(3,958,346)	(2,618,406)	(2,340,413)	(1,768,413)	(3,178,390)	(2,422,156)	(2,848,778)
Net other financing sources (uses)	21,585,894	5,367,645	88,122,364	3,099,895	4,629,108	1,525,867	(200,126)	9,596,521	9,878,816	10,782,425
Net change in fund balances	\$ 16,646,690	\$ (14,794,418)	\$ 26,919,103	\$ 6,804,416	\$ 3,000,802	\$ 6,876,796	\$ (353,920)	\$ 5,412,130	\$ (6,501,577)	\$ 10,967,672
Debt service as a percentage of noncapital expenditures	8.83%	8.27%	7.20%	8.87%	9.25%	9.40%	7.66%	8.55%	8.88%	8.02%

Source: Current and prior year financial statements

Borough of Naugatuck, Connecticut

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Years  
(Unaudited)

Year Ended June 30	Real Property			Personal Property				Totals				
	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(3)	
	Residential Assessed Value	Industrial and Commercial Assessed Value	Real Property Estimated Actual Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Motor Vehicle and Personal Property Assessed Value	Less Exempt Property	Total Motor Vehicle and Personal Property Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2024	\$ 1,667,665,670	\$ 372,694,430	\$ 2,914,800,143	\$ 272,065,730	\$ 188,199,660	\$ 460,265,390	\$ 421,628,952 (4)	\$ 657,521,986	\$ 2,078,996,538	\$ 3,572,322,129	58.20%	44.75
2023	1,173,739,115	273,414,674	2,067,362,556	254,387,311	177,384,110	431,771,421	53,748,580	616,816,316	1,825,176,630	2,684,178,872	68.00%	47.75
2022 *	1,167,370,682	273,590,852	2,058,516,477	196,776,211	180,336,570	377,112,781	53,656,303	538,732,544	1,764,418,012	2,597,249,021	67.93%	47.75
2021	1,167,724,070	266,202,384	2,048,466,363	185,610,916	154,554,730	340,165,646	44,792,557	485,950,923	1,729,299,543	2,534,417,286	68.23%	47.75
2020	1,163,396,250	270,514,770	2,048,444,314	182,080,373	152,235,325	334,315,698	52,570,936	477,593,854	1,715,655,782	2,526,038,168	70.00%	47.25
2019	1,114,930,001	236,868,626	1,931,140,896	180,216,540	143,412,890	323,629,430	41,432,910	462,327,757	1,633,995,147	2,393,468,653	68.27%	48.35
2018	1,108,617,001	243,258,086	1,931,250,124	180,243,630	143,470,220	323,713,850	49,195,884	462,448,357	1,626,393,053	2,393,698,481	67.94%	48.55
2017 *	1,104,237,510	238,100,882	1,917,626,274	184,801,273	129,347,027	314,148,300	50,380,586	448,783,286	1,606,106,106	2,366,409,560	67.87%	47.67
2016	1,098,359,663	232,231,032	1,897,641,243	185,012,890	125,684,880	310,697,770	42,215,904	421,127,671	1,599,072,561	2,318,768,914	70.00%	45.57
2015	1,088,203,120	240,145,750	1,900,308,586	174,699,090	120,090,280	294,789,370	45,892,180	401,937,913	1,577,246,060	2,302,246,499	70.00%	44.27

Source: Borough of Naugatuck, Assessor's Office.

Notes:

- (1) Estimated actual values taken from the Board of Assessment Appeals corrected abstracts for the respective year.
- (2) Personal property value based on a 70% assessment ratio.
- (3) From Table 8.
- (4) Includes exempt property and phase in of revaluation

\* Revaluation year.

Borough of Naugatuck, Connecticut

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Name	2024			2015		
	Assessed Value	Rank	Percentage Net Taxable Grand List	Assessed Value	Rank	Percentage Net Taxable Grand List
Yankee Gas	\$ 38,042,100	1	1.83%	\$ 15,535,710	3	0.98%
Connecticut Light & Power Company	31,862,310	2	1.53%	16,266,200	1	1.03%
Connecticut Water Company Naugatuck Division	24,046,260	3	1.16%	16,228,400	2	1.03%
Garden Homes/Horizon Homes	20,126,610	4	0.97%	9,215,220	5	0.58%
Wal-Mart	16,664,920	5	0.80%	12,106,160	4	0.77%
Parkview Apartments Owner LLC	15,846,950	6	0.76%	N/A	N/A	N/A
Southwood Gardens LLC	11,578,070	7	0.56%	5,365,990	9	0.34%
Mancinone, John/Mancinone, John Trust	11,091,430	8	0.53%	7,989,310	6	0.51%
Bridge Street Shopping Center LTD	9,660,000	9	0.46%	7,393,470	7	0.47%
ION Bank	9,376,110	10	0.45%	N/A	N/A	N/A
Ansonia Acquisitions 1 LLC	N/A	N/A	N/A	6,563,620	8	0.42%
Genesis Health Ventures	N/A	N/A	N/A	4,641,530	10	0.29%
Totals	<u>\$ 188,294,760</u>		<u>9.05%</u>	<u>\$ 101,305,610</u>		<u>6.42%</u>
Based on October 1, 2022 and 2013 net taxable grand list of:			<u>\$ 2,078,996,538</u>			<u>\$1,577,246,060</u>

Source: Borough Assessor Department.

N/A - Not applicable

**Borough of Naugatuck, Connecticut**  
**Property Tax Rates, Levies and Collections**  
**Last Ten Years**  
**(Unaudited)**

Year Ended June 30	(1) Tax Rate in Mills	Grand List of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	Current Delinquent Balance
2024	44.75	2022	\$90,575,134	\$87,431,578	96.5%	\$ -	\$87,431,578	96.5%	\$3,143,556
2023	47.75	2021	84,617,060	81,442,125	96.2%	1,449,414	82,891,539	98.0%	1,725,521
2022	47.75	2020	84,883,246	81,219,253	95.7%	2,182,488	83,401,741	98.3%	1,481,505
2021	47.75	2019	82,735,480	79,975,818	96.7%	2,375,103	82,350,921	96.7%	384,559
2020	47.25	2018	81,227,599	78,209,992	96.3%	2,769,158	80,979,150	99.7%	248,449
2019	48.35	2017	78,651,248	75,390,527	96.0%	3,060,895	78,451,422	99.7%	199,826
2018	48.55	2016	76,544,335	73,451,935	94.9%	2,956,557	76,408,492	99.8%	135,843
2017	47.67	2015	74,955,066	71,126,468	93.4%	3,723,751	74,850,219	99.9%	104,847
2016	45.57	2014	72,676,537	67,905,477	93.4%	4,688,395	72,593,872	99.9%	82,665
2015	44.27	2013	70,156,534	66,150,067	94.3%	3,934,692	70,084,759	99.9%	71,775

Source: Tax Collector department

Note:

(1) Tax levy is per \$1,000 of the assessed value of taxable property. There are no overlapping tax rates.

(2) Motor vehicle taxes are capped by State Statutes at 32.46 mils

## Borough of Naugatuck, Connecticut

Ratios of Outstanding Debt by Type  
Last Ten Years  
(Unaudited)

Year Ended June 30	General Obligation Bonds	Pension Bonds	Notes	Certificates of Participation	Leases	Subscriptions	Premium	Total	Percentage of Personal Income	Debt Per Capita
2024	\$ 52,445,000	\$ 74,780,000	\$ 3,328,629	\$ 25,150,000	\$ 517,356	\$ 1,117,886	\$ 3,764,104	\$ 161,102,975	0.06%	\$ 5,063
2023	35,670,000	78,500,000	4,770,407	26,200,000	485,565	1,542,699	3,337,230	150,505,901	0.06%	4,765
2022	37,815,000	81,490,000	5,987,253	26,200,000	402,211	304,580	3,542,328	155,741,372	0.05%	4,955
2021	40,135,000	29,385,000	6,911,748	1,135,000	552,500	-	896,777	79,016,025	0.10%	2,540
2020	43,605,000	31,045,000	7,842,613	2,855,000	-	-	798,066	86,145,679	0.08%	2,736
2019	43,815,000	32,615,000	8,154,421	4,650,000	-	-	852,567	90,086,988	0.07%	2,846
2018	46,895,000	34,100,000	8,911,527	6,355,000	-	-	907,068	97,168,595	0.06%	3,073
2017	50,115,000	35,530,000	9,164,581	7,985,000	-	-	961,569	103,756,150	0.06%	3,271
2016	44,340,000	36,925,000	10,741,434	9,565,000	-	-	680,567	102,252,001	0.06%	3,225
2015	29,470,000	38,290,000	13,129,590	11,070,000	-	-	275,035	92,234,625	0.07%	2,869

Source: Current and prior year financial statements.

**Borough of Naugatuck, Connecticut**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**  
**(Unaudited)**

General Obligation Debt Outstanding

<u>Year Ended June 30</u>	<u>General Obligation Bonds and Long-Term BANS</u>	<u>Pension Bonds</u>	<u>Certificates of Participation</u>	<u>Premium</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>
2024	\$ 52,445,000	\$ 74,780,000	\$ 25,150,000	\$ 3,764,104	\$ 156,139,104	0.06%
2023	35,670,000	78,500,000	26,200,000	3,337,230	143,707,230	0.06%
2022	37,815,000	81,490,000	26,200,000	3,542,328	149,047,328	0.05%
2021	40,135,000	29,385,000	1,135,000	896,777	71,551,777	3.71%
2020	43,605,000	31,045,000	2,855,000	798,066	78,303,066	3.71%
2019	43,815,000	32,615,000	4,650,000	852,567	81,932,567	0.07%
2018	46,895,000	34,100,000	6,355,000	907,068	88,257,068	0.06%
2017	50,115,000	35,530,000	7,985,000	961,569	94,591,569	0.06%
2016	44,340,000	36,925,000	9,565,000	680,567	91,510,567	0.06%
2015	29,470,000	38,290,000	11,070,000	275,035	79,105,035	0.07%

Source: Current and prior year financial statements.

**Borough of Naugatuck, Connecticut**  
**Schedule of Debt Limitation**  
**Connecticut General Statutes, Section 7-374 (b)**  
**For The Year Ended June 30, 2024**  
**(Unaudited)**

Tax Base:

Total tax collections (including interest and lien fees) for prior year \$ 85,653,200

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 192,719,700	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	385,439,400	-	-	-
3 3/4 times base	-	-	321,199,500	-	-
3 1/4 times base	-	-	-	278,372,900	-
3 times base	-	-	-	-	256,959,600
<b>Total debt limitation</b>	<b>192,719,700</b>	<b>385,439,400</b>	<b>321,199,500</b>	<b>278,372,900</b>	<b>256,959,600</b>
<b>Indebtedness:</b>					
Bonds payable	27,826,000	19,089,000	5,530,000	-	74,780,000
Clean water notes payable	-	-	82,589	-	-
Certificates of participation	-	-	25,150,000	-	-
<b>Total indebtedness</b>	<b>27,826,000</b>	<b>19,089,000</b>	<b>30,762,589</b>	<b>-</b>	<b>74,780,000</b>
<b>Debt limitation in excess of outstanding debt</b>	<b>\$ 164,893,700</b>	<b>\$ 366,350,400</b>	<b>\$ 290,436,911</b>	<b>\$ 278,372,900</b>	<b>\$ 182,179,600</b>

The total net indebtedness above amounts to: \$ 152,457,589

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 599,572,400

There is no overlapping debt for the Borough of Naugatuck.

Source: Current and prior year financial statements.



## Borough of Naugatuck, Connecticut

**Legal Debt Margin Information  
Last Ten Years  
(Unaudited)**

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Percentage of Net Debt Applicable to Limit
2024	\$ 599,572,400	\$ 152,457,589	\$ 447,114,811	25.43%
2023	597,165,688	140,479,037	456,686,651	23.52%
2022	591,205,769	145,639,961	445,565,808	24.63%
2021	574,648,606	70,815,372	503,833,234	12.32%
2020	559,201,083	80,260,281	478,940,802	14.35%
2019	556,381,427	86,744,697	469,636,730	15.59%
2018	534,308,705	87,583,630	446,725,075	16.39%
2017	534,308,705	93,933,223	440,375,482	17.58%
2016	502,004,468	91,211,578	410,792,890	18.17%
2015	493,213,406	87,339,362	405,874,044	17.71%

Source: Current and prior year financial statements.

**Borough of Naugatuck, Connecticut  
Demographic and Economic Statistics  
Last Ten Years  
(Unaudited)**

Year Ended June 30	(1) <u>Population</u>	(2) <u>Median Household Income</u>	(2) <u>Median Age</u>	(2) <u>Education Level in Years of Schooling</u>	(3) <u>School Enrollment</u>	(4) <u>Unemployment Percentage</u>
2024	31,820	\$ 92,184	40	32% at least 4 yrs of college	4,211	3.2%
2023	31,586	86,900	41	32% at least 4 yrs of college	4,320	4.1%
2022	31,433	74,944	40	28% at least 4 yrs of college	4,324	4.9%
2021	31,108	77,967	40	30% at least 4 yrs of college	4,435	6.8%
2020	31,481	70,512	40	27% at least 4 yrs of college	4,389	11.9%
2019	31,649	63,452	40	28% at least 4 yrs of college	4,308	4.7%
2018	31,625	59,522	40	26% at least 4 yrs of college	4,170	5.0%
2017	31,722	62,574	40	26% at least 4 yrs of college	4,207	5.7%
2016	31,707	62,574	39	24% at least 4 yrs of college	4,114	6.2%
2015	32,149	62,574	39	22% at least 4 yrs of college	4,197	6.1%

Sources:

- (1) State of Connecticut Department of Health
- (2) Advance CT profile
- (3) Naugatuck Department of Education
- (4) Connecticut Labor Department

Borough of Naugatuck, Connecticut

Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

Employer	Nature of Business	2024			2015		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Borough of Naugatuck	Municipality	1,040	1	5.97%	847	1	5.57%
ION Bank (formerly NSB)	Financial Institution	371	2	2.13%	250	2	1.65%
Stop & Shop	Supermarket	215	3	1.23%	N/A	N/A	N/A
Wal-Mart	Department Store	210	4	1.21%	210	3	1.38%
Beacon Brook Health Center	Health Rehabilitation	200	5	1.15%	122	8	0.80%
Glendale Center	Health Rehabilitation	160	6	0.92%	130	7	0.86%
Big Y	Supermarket	157	7	0.90%	N/A	N/A	N/A
ICES, Inc	Vocational Rehabilitation	150	8	0.86%	N/A	N/A	N/A
CKS Packaging (formerly Custom Bottle, Inc)	Bottle Manufacturer	120	9	0.69%	160	5	1.05%
YMCA	Community Non-Profit	120	10	0.69%	N/A	N/A	N/A
PalCo	Manufacturer	64	11	0.37%	N/A	N/A	N/A
A Better Way	Wholesale Autos	60	12	0.34%	N/A	N/A	N/A
RAM Specialty	Manufacturer	60	13	0.34%	75	12	0.49%
Electrical Cable Compounds	Manufacturer	59	14	0.34%	N/A	N/A	N/A
J & M Automotive	Automobile Dealer	56	15	0.32%	N/A	N/A	N/A
Coca-Cola	Distribution Center	N/A	N/A	N/A	170	4	1.12%
Naugatuck Valley Savings & Loan	Financial Institution	N/A	N/A	N/A	136	6	0.90%
Sarracco Mechanical	Manufacturer	N/A	N/A	N/A	95	9	0.63%
YoFarm Company	Yogurt Products	N/A	N/A	N/A	90	10	0.59%
Flabeg Technical Glass (Naugatuck Glass)	Glass Manufacturer	N/A	N/A	N/A	84	11	0.55%
Chemtura	Manufacturer	N/A	N/A	N/A	65	13	0.43%
Totals		<u>3,042</u>		<u>17.46%</u>	<u>2,434</u>		<u>16.02%</u>

Source: Connecticut Department of Labor

N/A - Not applicable

**Borough of Naugatuck, Connecticut**  
**Full-Time Equivalent Employees by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

<u>Function/Program</u>	<u>June 30,</u>									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General government	43	38	48	43	50	48	48	51	60	63
Police	79	72	79	65	67	59	59	57	56	55
Fire	44	44	43	38	47	41	41	40	33	37
Public works	31	24	32	26	21	22	22	22	20	17
Health and welfare	11	11	14	12	17	6	6	6	11	10
Education	<u>610</u>	<u>664</u>	<u>650</u>	<u>647</u>	<u>633</u>	<u>630</u>	<u>623</u>	<u>614</u>	<u>643</u>	<u>665</u>
Total	<u>818</u>	<u>853</u>	<u>866</u>	<u>831</u>	<u>835</u>	<u>806</u>	<u>799</u>	<u>790</u>	<u>823</u>	<u>847</u>

Source: Human Resources department.

**Borough of Naugatuck, Connecticut**  
**Operating Indicators by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

Function / Program	For the Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>General Government:</u>										
Residential issued building permits issued	292	313	515	633	530	529	456	1,260	528	483
Dollar value	\$5,036,150	\$ 4,056,801	\$ 7,742,000	\$ 8,285,000	\$ 7,669,000	\$ 8,937,000	\$ 7,194,000	\$ 14,793,000	\$ 7,772,000	\$ 7,500,000
Commercial issued building permits issued	26	37	56	67	66	64	81	193	70	54
Dollar value	\$456,000	\$ 3,519,558	\$ 2,914,000	\$ 3,072,000	\$ 4,728,000	\$ 3,730,000	\$ 11,235,000	\$ 6,378,000	\$ 5,993,000	\$ 2,634,000
<u>Police: (PD records kept on calendar year basis)</u>										
Cases investigated	30,267	25,825	24,963	29,191	37,295	29,358	35,219	36,683	39,038	39,039
Arrests	606	855	1,063	844	1,182	1,311	1,547	1,075	1,558	908
Infractions	556	819	951	791	982	1,363	1,575	1,469	1,612	1,612
Summons	105	169	497	422	425	428	647	474	453	499
Verbal warnings	873	1,026	1,067	1,314	2,452	2,837	2,775	2,386	2,855	2,855
Written warnings	457	496	283	384	419	717	803	823	1,306	1,306
Parking citations	69	25	38	48	173	228	293	199	455	455
Traffic citations (total of all MV)	2,060	2,535	2,819	2,911	4,278	5,345	5,800	5,152	6,226	627
Sexual assaults	19	26	34	31	25	18	28	20	35	37
Assaults	108	169	137	193	146	125	136	162	161	162
Breach of peace	71	121	153	156	191	215	107	138	161	165
Robbery	2	9	5	8	9	10	9	13	14	14
Burglary	27	36	49	47	42	59	70	88	69	69
Larceny	347	487	401	356	392	398	388	431	520	521
Motor vehicle accidents	727	631	888	756	713	847	729	838	684	683
EMS assists	3,188	2,854	2,858	2,873	2,759	2,811	2,809	2,688	2,984	2,873
DUI	49	52	87	115	117	138	117	186	210	210
Domestic disputes	458	447	507	586	514	489	465	588	571	604
<u>Fire:</u>										
Fire related incidents (includes emergency and non-emergency responses)	1,367	1,342	1,390	1,481	1,733	1,770	1,561	1,250	1,320	1,213
Inspections	1,134	1,447	1,521	1,086	477	658	255	359	393	421
<u>Other Public Works:</u>										
Street resurfacing (miles)	7.29	13.15	5.28	10.50	5.19	5.23	12.98	2.26	9.09	-
<u>Recreation and Parks:</u>										
Athletic field permits issued	3,453	3,937	3,291	2,829	1,623	3,200	3,575	2,908	2,737	3,003
School year program registrations	250	1,214	1,454	98	92	122	721	721	712	1,000
Summer camp registrations	245	233	199	175	143	428	503	703	596	707
Swimming program registrations	290	231	330	231	88	138	N/A	N/A	N/A	N/A
Holiday village visitors	747	1,975	2,036	1,200	3,025	6,315	4,950	4,500	6,000	7,000
Pool visitors	572	535	595	450	450	600	N/A	N/A	N/A	N/A

(Continued)

**Borough of Naugatuck, Connecticut**  
**Operating Indicators by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

For the Year Ended June 30,

<u>Function / Program</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Education:</u>										
Enrollment:										
High School Grades 9-12	1,297	1,323	1,312	1,307	1,273	1,268	1,120	1,133	1,201	1,260
Middle School Grades 7-8	636	635	683	698	691	668	636	665	668	680
Intermediate School Grades 5-6	603	657	643	625	667	647	692	653	626	650
Elementary Schools Grades K-4	1,510	1,543	1,511	1,642	1,595	1,562	1,565	1,606	1,589	1,572
Pre K	165	162	175	163	163	163	157	150	30	35
Total enrollment	<u>4,211</u>	<u>4,320</u>	<u>4,324</u>	<u>4,435</u>	<u>4,389</u>	<u>4,308</u>	<u>4,170</u>	<u>4,207</u>	<u>4,114</u>	<u>4,197</u>

Sources: Various departments

N/A - Information not available.

**Borough of Naugatuck, Connecticut**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

	June 30,									
<u>Function / Program</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Recreation and Parks:</u>										
Fields - municipal	10	10	10	9	9	9	9	9	9	9
Fields - schools	9	9	9	7	7	7	7	7	10	10
Playgrounds	10	10	10	9	9	9	9	9	8	8
Baseball fields	4	4	4	3	3	3	3	3	2	2
Multi-purpose fields	11	11	11	10	10	10	10	10	15	15
Soccer	10	10	10	10	10	10	10	10	2	2
<u>Public Safety:</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Municipal buildings	13	11	11	11	11	11	11	10	10	10
<u>Public Works:</u>										
Highway department:										
Sidewalks (miles)	61.84	61.84	61.84	61.84	61.84	61.84	61.84	61.84	61.84	61.84
<u>Education:</u>										
Number of high schools	1	1	1	1	1	1	1	1	1	1
Number of middle schools	1	1	1	1	1	1	1	1	1	2
Intermediate schools	2	2	2	2	2	2	2	2	2	2
Number of elementary schools	5	5	5	5	5	5	5	5	5	5
Preschools	1	1	1	1	1	1	1	1	1	1

Sources: Various departments.

N/A - Not available