

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**BOROUGH OF NAUGATUCK,
CONNECTICUT**

YEAR ENDED

JUNE 30, 2013

**PREPARED BY:
THE CONTROLLER'S DEPARTMENT
ROBERT BUTLER, JR, CONTROLLER**

Borough of Naugatuck, Connecticut

Table of Contents

	Page	
<u>Introductory Section</u>		
List of Principal Officials	1	
Organizational Chart	2	
<u>Financial Section</u>		
Independent Auditor's Report	3	
Management's Discussion and Analysis	6	
<u>Exhibits</u>		
Basic Financial Statements		
<u>Government-Wide Financial Statements</u>		
A	Statement of Net Position	15
B	Statement of Activities	17
<u>Fund Financial Statements</u>		
C	Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position of Governmental Activities	18
D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
E	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	21
F	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	23
G	Statement of Net Position - Proprietary Funds	24
H	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	25
I	Statement of Cash Flows - Proprietary Funds	26
J	Statement of Fiduciary Net Position	27
K	Statement of Changes in Fiduciary Net Position	28
L	Notes to Financial Statements	29

Borough of Naugatuck, Connecticut

Table of Contents - Continued

		Page
<u>RSI</u>	<u>Required Supplementary Information</u>	
1	Naugatuck Employee Pension Plan, Firemen Pension Plan and OPEB Plan - Schedules of Funding Progress	61
2	Naugatuck Employee Pension Plan, Firemen Pension Plan and OPEB Plan - Schedules of Employer Contributions	62
<u>Schedules</u>	<u>Supplemental Schedules</u>	
	General Fund	
1	Schedule of Revenues and Other Financing Sources - Budget and Actual	63
2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	65
3	Report of Tax Collector	67
	Nonmajor Governmental Funds	
4	Combining Balance Sheet	68
5	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71
	Internal Service Funds	
6	Combining Statement of Net Position	74
7	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	75
8	Combining Statement of Cash Flows	76
	Fiduciary Funds	
9	Agency Fund - Statement of Changes in Assets and Liabilities	77

Borough of Naugatuck, Connecticut

Table of Contents - Continued

<u>Tables</u>	<u>Statistical Section</u>	Page
1	Net Position by Component	78
2	Changes in Net Position	79
3	Fund Balances, Governmental Funds	80
4	Changes in Fund Balances, Governmental Funds	81
5	Assessed and Estimated Actual Value of Taxable Property	82
6	Principal Property Taxpayers	83
7	Property Tax Rates, Levies and Cash Collections	84
8	Ratios of Outstanding Debt by Type	85
9	Ratios of General Debt Outstanding	86
10	Schedule of Debt Limitation	87
11	Legal Debt Margin Information	88
12	Demographic and Economic Statistics	89
13	Principal Employers	90
14	Full-Time Equivalent Employees by Function/Program	91
15	Operating Indicators by Function/Program	92
16	Capital Asset Statistics by Function/Program	93

Introductory Section

Borough of Naugatuck, Connecticut

List of Principal Officials
June 30, 2013

Mayor

Robert A. Mezzo

Burgesses

Tamath K. Rossi, Deputy Mayor
Mike Ciacciarella, Second Deputy Mayor
Robert A. Neth, Burgess
Robert J. Burns, Burgess
Laurie Taf Jackson, Burgess
Patrick J. Scully, Burgess
Michael Bronko, Burgess
Ronald San Angelo, Burgess
Catherine M. Ernsky, Burgess

Administration

Treasurer	Judy E. Anderson
Tax Collector	James Goggin
Assessor	George Hlavachek
Town Clerk	Michelle Dowling
Controller	Wayne McAllister
Police Chief	Chris Edson
Fire Chief	Ken Hanks
Director of Public Works & Recreation	James Stewart

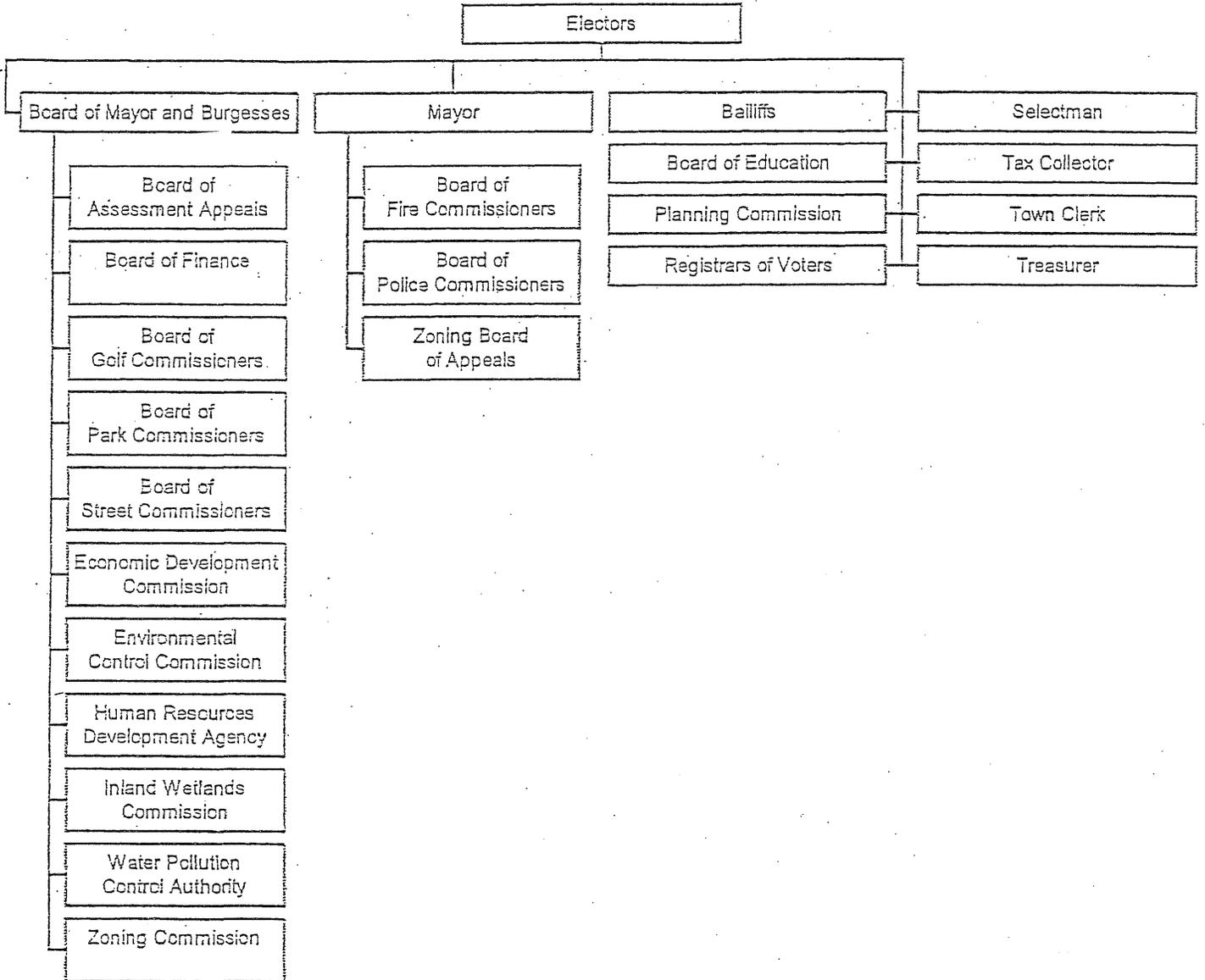
Board of Education

Mr. David Heller, Chairman
Mrs. Dorothy Neth-Kunin, Vice Chair
Mrs. Debra Brackett, Secretary
Mr. James Scully
Mr. James Jordan
Mr. Glen Connan
Mr. Scott Slauson
Mrs. Diana Malone

Superintendent of Schools
Finance and Administration

Dr. John Tindall-Gibson
Wayne McAllister

Organizational Chart



Financial Section

Independent Auditor's Report

Board of Mayor and Burgesees an Board of Finance
Borough of Naugatuck, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Borough of Naugatuck, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Borough of Naugatuck, Connecticut, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note IV.F. to the financial statements, the government-wide activities, NHS Reconstruction and Renovation major fund, other governmental funds, and private-purpose trust funds' net position/fund balance were restated. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress and Employer Contributions of the Naugatuck Employee Pension Plan, Firemen Pension Plan and OPEB Plan on pages 6 through 14 and pages 61 and 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Naugatuck, Connecticut's basic financial statements. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of the Borough of Naugatuck, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 of Naugatuck, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Farmington, Connecticut
February 27, 2014



**Management's Discussion and Analysis
Year Ended June 30, 2013**

As management of the Borough of Naugatuck, Connecticut, we offer readers of the Borough of Naugatuck's financial statements this narrative overview and analysis of the financial activities of the Borough of Naugatuck for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the Borough exceeded its liabilities at the close of the most recent fiscal year by \$88,851,828 (*net position*). *Unrestricted net position*, the amount that may be used to meet the Borough's ongoing obligations to citizens and creditors, was a deficit balance of \$(230,311) at June 30, 2013.
- The Borough's total net position decreased by \$171,988. The decrease is due substantially to capital assets additions in excess of depreciation expense offset by bond issuances and payments and an increase in the OPEB liability of \$8,171,700.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$16,931,059, a decrease of \$6,172,907 in comparison with the prior year. This decrease is a result of negative operations of \$8,972,853 in the Naugatuck High School Reconstruction and Renovation Fund which is offset by positive operations of \$1,254,560 in the general fund. The general fund results were due substantially to expenditures less than budgeted, and the results in the Naugatuck High School Reconstruction and Renovation fund were due to construction activity which has been primarily financed with bond anticipation notes. Once the bond anticipation notes are permanently financed, the fund deficit will be eliminated. Of the total fund balance, \$15,723,914 is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$1,207,145.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,675,673, an increase of \$1,131,149 in comparison with the prior year. This represents 11.8% of total budgetary general fund expenditures and transfers out.

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. One of the most important questions asked about the Borough's finances is, "Is the Borough as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Borough as a whole and about its activities in a way that helps answer this question.

Management's Discussion and Analysis (continued)

These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The *statement of net position* presents information on all of the Borough's assets and liabilities, with the difference between the two 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.

You will need to consider other nonfinancial factors, however, such as changes in the Borough's property tax base and the condition of the Borough's roads, to assess the overall health of the Borough.

The *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 (governmental activities). 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. Governmental funds are 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 a Borough's near-term financing requirements.

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. 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.

Management's Discussion and Analysis (continued)

The Borough reports 20 individual governmental funds. 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 NHS reconstruction and renovation fund, both of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 4 and 5 in this report.

The Borough adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary fund. The Borough maintains two proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Borough's various functions. The Borough uses an internal service fund to account for its self-insured dental benefits and Board of Education dental benefits. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

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

Fiduciary funds. The Borough is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Borough's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position (Exhibits J and K). 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Borough's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in Schedules 4 through 5 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Borough's financial position. The Borough's combined net position decreased by .19% from a year ago – decreasing from \$89,023,816 to \$88,851,828.

Management's Discussion and Analysis (continued)

By far the largest portion of the Borough's net position (97.38%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is 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.

Borough of Naugatuck, Connecticut

**Summary Statement of Net Position
June 30, 2013 and 2012**

	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>
Current and other assets	\$ 104,745,581		\$ 89,961,101	
Capital assets (net)	<u>162,668,815</u>		<u>152,244,613</u>	
Total assets	<u>267,414,396</u>		<u>242,205,714</u>	
Deferred outflows of resources	<u>125,900</u>			
Current liabilities outstanding	44,062,447		10,968,241	
Long-term liabilities outstanding	<u>132,529,284</u>		<u>131,167,536</u>	
Total liabilities	<u>176,591,731</u>		<u>142,135,777</u>	
Deferred inflows of resources	<u>2,096,737</u>		<u>3,498,250</u>	
Net position:				
Net investment in capital assets	86,523,149	97.38%	105,427,433	109.17%
Restricted	2,558,990	2.88%	11,159,628	11.56%
Unrestricted	<u>(230,311)</u>	<u>-0.26%</u>	<u>(20,015,374)</u>	<u>-20.73%</u>
Total net position	<u>\$ 88,851,828</u>	<u>100.00%</u>	<u>\$ 96,571,687</u>	<u>100.00%</u>

A portion of the Borough's net position (2.88%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (0.26%) may be used to meet the Borough's ongoing obligations to citizens and creditors.

Management's Discussion and Analysis (continued)

Governmental activities. The Borough's net position decreased by \$171,988. Key elements of this decrease are as follows:

Revenues:		
Program revenues:		
Charges for services	\$ 9,871,766	\$ 9,566,832
Operating grants and contributions	42,252,414	43,257,854
Capital grants and contributions	3,421,760	1,482,843
General revenues:		
Property taxes	70,083,872	67,296,390
Grants and contributions not restricted to specific programs	1,366,367	1,475,176
Investment income	208,519	214,508
Miscellaneous	451,672	
	<u>127,656,370</u>	<u>123,293,603</u>
Total revenues		
Expenses:		
General government	10,289,524	11,218,397
Public safety	20,834,858	19,026,320
Public works	12,047,531	11,970,784
Health and welfare	4,311,601	4,382,809
Education	76,510,448	73,981,723
Interest expense	3,834,396	4,318,636
	<u>127,828,358</u>	<u>124,898,669</u>
Total expenses		
Change in net position	(171,988)	(1,605,066)
Net position - July 1 (as restated)	<u>89,023,816</u>	<u>98,176,753</u>
Net position - June 30	<u>\$ 88,851,828</u>	<u>\$ 96,571,687</u>

- The \$2,787,482 increase in property taxes was due to increase in the budget and, therefore, the related tax levy as well as the recording of interest and lien receivables in the current year.
- Operating grants and contributions decreased by \$1,005,440 substantially due to the revised classification of certain grants as compared to the prior year.
- Capital grants and contributions increased by \$1,938,917 substantially due to revised classification of certain grants as compared to the prior year and the receipt of approximately \$700,000 of LOCIP funds during the year.
- Public safety expenses increased by \$1,808,538 due to an increase in the budget for this year.

Management's Discussion and Analysis (continued)

- General government expenses decreased by 928,873 due to the decrease in benefit costs.
- Education expenses increased by \$2,528,725 primarily as a result of increased amount approved in the adopted budget for education.

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 a Borough's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$16,931,059. \$15,723,914 is not available for new spending because it has already been classified as 1) nonspendable (\$847,238) for the library endowment, 2) restricted (\$2,557,990), 3) committed (\$7,807,506) and 4) assigned (\$4,511,180).

The total fund balance decreased by \$6,172,907 to \$16,931,059. This decrease is a result of expenditures in excess of revenues in the NHS Reconstruction and Renovation Fund of \$(8,972,853) which is offset by positive operations in general and other nonmajor funds. The decrease is related to the Borough's use of bond anticipation notes for the construction of the project.

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 \$12,675,673. 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 11.8% of total general fund expenditures and transfers out.

The fund balance of the Borough's general fund increased by \$1,254,500 due to following items:

- Increase in intergovernmental grants of \$728,442, due substantially to the receipt of unbudgeted LOCIP funds received during the year.
- Under expenditure in the Public works budgets of \$185,435.

NHS Reconstruction and Renovation Fund. This fund accounts for financial resources to be used for the \$81,000,000 reconstruction and renovation of the High School project. The primary source of funding is bond anticipation notes.

General Fund Budgetary Highlights

Significant budget transfers made during the year were as follows:

- \$388,641 to public works operation and maintenance for increased expenditures for snow removal.
- \$148,685 to the police department for expenditures related to the settlement of union contracts.
- \$332,726 to the fire department as a result of an increase in regular and overtime salary expenditures.

Capital Assets and Debt Administration

Capital assets. At June 30, 2013, the Borough of Naugatuck's capital assets totaled \$162,668,815, net of accumulated depreciation. This includes land, buildings, land improvements, machinery and equipment, roads, bridges and construction in progress. The increase in the Borough's capital assets for the current fiscal year was \$10,424,203 or (6.85%). This increase is largely due to an increase of construction in progress of \$9,128,983 for the high school renovation.

Other significant additions were as follows:

- Purchase of the General DataComm facility for \$2,000,000
- Purchase of computer equipment for \$500,400
- Purchases of public works equipment totaling \$1,079,690

Borough of Naugatuck, Connecticut

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

	2013	2012
Land	\$ 15,226,305	\$ 14,451,535
Construction in progress	11,608,948	1,418,088
Buildings and improvements	44,597,814	44,751,024
Machinery and equipment	6,665,133	4,412,865
Infrastructure	84,570,615	87,211,100
Total	\$ 162,668,815	\$ 152,244,612

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

Long-term debt. At the end of the current fiscal year, the Borough had total debt outstanding of \$72,643,555. The decrease of \$3,281,449 from prior year is due to the issuance of the current year refunding as well as scheduled debt payments. All debt is backed by the full faith and credit of the Borough.

**Outstanding Debt
Long - Term Obligations**

	2013	2012
General obligation bonds	\$ 10,165,000	\$ 11,230,000
General obligation bonds (taxable)	3,600,000	3,780,000
School bonds	350,000	395,000
Pension obligation bonds (taxable)	40,535,000	41,525,000
Notes payable	1,383,555	920,004
Certificates of participation	16,610,000	18,075,000
Total	\$ 72,643,555	\$ 75,925,004

The Borough maintains a "AA" bond rating from Standard and Poor's and a "Aa2" rating from Moody's Investor Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees. The current debt limitation for the Borough is \$479,692,388, 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. F.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Borough is currently 10.1%, which is slightly higher than fiscal year 2012. This is higher than both the state's average unemployment rate of 8.2% and the Hartford Labor Market rate of 8.2%. The Borough is also above the national average of 7.8%.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut's economic and business growth remains flat. This lack of growth will have a negative impact on the amount of revenue the state receives from taxes. This will affect the amount of intergovernmental revenues the Borough will receive in fiscal year 2014 and thereafter.
- Residential construction decreased with 517 new building permits issued this year compared to 548 issued in 2012. Commercial permits decreased from 60 in 2012 to 38 in 2013, but the value of the permits increased from \$8,892,000 to \$45,368,000.
- Interest rates remain at historical lows and as a result investment income has been reduced.

All of these factors were considered in preparing the Borough's budget for the 2014 fiscal year.

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.

Basic Financial Statements

Borough of Naugatuck, Connecticut

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 42,005,638
Investments	16,861,210
Receivables (net):	
Property taxes	6,016,501
Intergovernmental	1,285,566
Assessments	18,592
Loans	17,985
Other	1,315,243
Other	<u>318,672</u>
Total current assets	<u>67,839,407</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	16,271
Permanently restricted:	
Investments	<u>97,078</u>
Total restricted assets	<u>113,349</u>
Receivables (net):	
Property taxes	1,557,386
Loans	<u>499,030</u>
Total receivables (net)	<u>2,056,416</u>
Other noncurrent assets:	
Net pension asset	<u>34,736,409</u>
Capital assets (net of accumulated depreciation):	
Land	15,226,305
Construction in progress	11,608,948
Buildings and improvements	44,597,814
Machinery and equipment	6,665,133
Infrastructure	<u>84,570,615</u>
Total capital assets (net of accumulated depreciation)	<u>162,668,815</u>
Total noncurrent assets	<u>199,574,989</u>
Total assets	<u>267,414,396</u>
<u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	<u>125,900</u>

(Continued)

Borough of Naugatuck, Connecticut

Statement of Net Position
June 30, 2013

Governmental
Activities

Liabilities

Liabilities:	
Current liabilities:	
Cash overdraft	\$ 5,715
Accounts payable	8,249,081
Accrued payroll	728,499
Performance bonds	308,335
Accrued interest payable	447,454
Unearned revenue	266,112
Bond anticipation notes	26,000,000
Bonds and notes payable	2,641,878
Certificates of participation	1,520,000
Capital leases payable	2,683,132
Compensated absences	959,153
Heart and hypertension	45,000
Other liabilities	208,088
	<hr/>
Total current liabilities	44,062,447
Noncurrent liabilities:	
Bonds, notes and related liability	53,391,677
Certificates of participation	15,090,000
Heart and hypertension	45,000
Capital leases payable	13,220,598
Net OPEB obligation	46,945,400
Compensated absences	3,836,609
	<hr/>
Total noncurrent liabilities	132,529,284
	<hr/>
Total liabilities	176,591,731

Deferred Inflows of Resources

Unavailable revenue - advance property tax collections	<hr/> 2,096,737
--	-----------------

Net Position

Net investment in capital assets	86,523,149
Restricted for:	
Endowments:	
Nonexpendable	1,000
Expendable	112,349
Public safety	534,492
Public works	476,091
Other	50,936
Education	1,384,122
Unrestricted	(230,311)
	<hr/>
Total net position	\$ 88,851,828

(Concluded)

Borough of Naugatuck, Connecticut

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 10,289,524	\$ 321,222	\$ 6,500	\$	\$ (9,961,802)
Public safety	20,834,858	797,018	185,139		(19,852,701)
Public works	12,047,531	5,465,085		3,421,760	(3,160,686)
Health and welfare	4,311,601	1,613,075	200,802		(2,497,724)
Education	76,510,448	1,675,366	41,859,973		(32,975,109)
Interest expense	3,834,396				(3,834,396)
Total	\$ 127,828,358	\$ 9,871,766	\$ 42,252,414	\$ 3,421,760	\$ (72,282,418)
General revenues:					
Property taxes					\$ 70,083,872
Grants and contributions not restricted to specific programs					1,366,367
Investment income					208,519
Miscellaneous					451,672
Total general revenues					72,110,430
Change in net position					(171,988)
Net position - July 1, 2012 (as restated)					89,023,816
Net position - June 30, 2013					\$ 88,851,828

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Balance Sheet
Governmental Funds
June 30, 2013

	General	NHS Reconstruction and Renovation	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 10,704,010	\$ 26,157,420	\$ 4,987,540	\$ 41,848,970
Investments	13,142,576		3,815,712	16,958,288
Receivables:				
Property taxes	10,751,349			10,751,349
Intergovernmental	252,740		1,032,826	1,285,566
Assessments	18,592			18,592
Loans			527,566	527,566
Other	1,152,966		162,277	1,315,243
Due from other funds	6,216,553		5,989,486	12,206,039
Other	82,534	206,121	30,017	318,672
Total assets	<u>\$ 42,321,320</u>	<u>\$ 26,363,541</u>	<u>\$ 16,545,424</u>	<u>\$ 85,230,285</u>
<u>Liabilities</u>				
Cash overdraft	\$	\$	\$ 5,715	\$ 5,715
Accounts payable	1,726,485	5,297,850	871,024	7,895,359
Accrued payroll	728,499			728,499
Due to other funds	12,789,276	5,313,487	1,917,677	20,020,440
Unearned revenue			266,112	266,112
Bond anticipation notes		26,000,000		26,000,000
Performance bonds	308,335			308,335
Other liabilities	208,088			208,088
Total liabilities	<u>15,760,683</u>	<u>36,611,337</u>	<u>3,060,528</u>	<u>55,432,548</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	10,751,349			10,751,349
Unavailable revenue - sewer assessments	18,592			18,592
Unavailable revenue - advance property tax collections	2,096,737			2,096,737
Total deferred inflows of resources	<u>12,866,678</u>	<u>-</u>	<u>-</u>	<u>12,866,678</u>
<u>Fund Balances</u>				
Nonspendable	82,534	206,121	558,583	847,238
Restricted			2,557,990	2,557,990
Committed			7,807,506	7,807,506
Assigned	935,752		3,575,428	4,511,180
Unassigned	12,675,673	(10,453,917)	(1,014,611)	1,207,145
Total fund balances	<u>13,693,959</u>	<u>(10,247,796)</u>	<u>13,484,896</u>	<u>16,931,059</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,321,320</u>	<u>\$ 26,363,541</u>	<u>\$ 16,545,424</u>	<u>\$ 85,230,285</u>

(Continued)

Borough of Naugatuck, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Exhibit C, Page 1)	\$ 16,931,059
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	152,244,612
Current year additions (outlay)	17,514,937
Current year additions (donations)	24,770
Depreciation expense	(7,081,379)
Disposal of assets	(34,125)

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

Property tax, interest and lien accrual	8,569,867
Property tax and sewer assessments - accrual basis change	10,769,941
Allowance for doubtful accounts	(11,757,880)
Deferred charge on refunding	125,900
Net pension asset	34,736,409

Internal service funds are used by management to charge the cost of dental insurance to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	7,633,618
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(56,033,555)
Certificates of participation	(16,610,000)
Heart and hypertension	(90,000)
Capital leases	(15,903,730)
Compensated absences	(4,795,762)
Net OPEB obligation	(46,945,400)
Accrued interest payable	(447,454)

Net position of governmental activities	<u>\$ 88,851,828</u>
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(Concluded)

Borough of Naugatuck, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	<u>General</u>	<u>NHS Reconstruction and Renovation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 68,075,454	\$	\$	\$ 68,075,454
Intergovernmental	38,181,435		8,512,693	46,694,128
Charges for services	7,199,575		2,664,150	9,863,725
Income from investments	74,593	1,290	132,636	208,519
Contributions			321,643	321,643
Miscellaneous	444,148		7,524	451,672
Total revenues	<u>113,975,205</u>	<u>1,290</u>	<u>11,638,646</u>	<u>125,615,141</u>
Expenditures:				
Current:				
General government	2,830,803		266,469	3,097,272
Public safety	10,281,240		926,570	11,207,810
Public works	8,704,704		608,621	9,313,325
Health and welfare	2,219,708		53,559	2,273,267
Education	62,533,010		7,082,921	69,615,931
Non departmental	14,541,239			14,541,239
Debt service	6,700,435		2,534,728	9,235,163
Capital outlay		9,130,273	7,722,848	16,853,121
Total expenditures	<u>107,811,139</u>	<u>9,130,273</u>	<u>19,195,716</u>	<u>136,137,128</u>
Excess (deficiency) of revenues over expenditures	<u>6,164,066</u>	<u>(9,128,983)</u>	<u>(7,557,070)</u>	<u>(10,521,987)</u>
Other financing sources (uses):				
BAN premium		156,130		156,130
Capital leases			4,313,430	4,313,430
Payment to refunding bond escrow			(6,392,319)	(6,392,319)
Issuance of debt			7,185,000	7,185,000
Sale of Borough property	21,475			21,475
Transfers in	565,365		3,996,346	4,561,711
Transfers out	(5,496,346)		(1)	(5,496,347)
Net other financing sources (uses)	<u>(4,909,506)</u>	<u>156,130</u>	<u>9,102,456</u>	<u>4,349,080</u>
Net change in fund balances	<u>1,254,560</u>	<u>(8,972,853)</u>	<u>1,545,386</u>	<u>(6,172,907)</u>
Fund balances - July 1, 2012	<u>12,439,399</u>	<u>(1,274,943)</u>	<u>11,939,510</u>	<u>23,103,966</u>
Fund balances - June 30, 2013	<u>\$ 13,693,959</u>	<u>\$ (10,247,796)</u>	<u>\$ 13,484,896</u>	<u>\$ 16,931,059</u>

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds (Exhibit D) \$ (6,172,907)

Governmental funds report capital outlays as expenditures. However, in the statement of activities
the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.
This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	17,514,937
Depreciation expense	<u>(7,081,379)</u>

Total 10,433,558

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations)
is to increase net assets. In the statement of activities, only the *loss* on the sale of capital 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:

Contributed capital assets	24,770
Disposal of capital assets	<u>(34,125)</u>

Total (9,355)

Revenues in the statement of activities that do not provide current financial resources are not
reported as revenues in the funds:

Change in property tax and sewer assessments - accrual basis change	1,349,268
Change in property tax interest and lien revenue	677,742
Change in allowance for doubtful accounts	<u>(10,551)</u>

Total 2,016,459

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds,
while the repayment of the principal of long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect
of 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:	
Issuance of general obligation refunding bonds	(6,435,000)
Issuance of notes payable	(750,000)
Deferred charge on refunding	48,231
Capital lease	(4,313,430)
Principal repayments:	
General obligation bonds	2,375,000
Refunding bonds	6,340,000
Notes payable	286,449
Certificates of participation	1,465,000
Capital lease	<u>1,904,816</u>

Total 921,066

(Continued)

Borough of Naugatuck, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2013

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:

Net OPEB obligation	\$ (8,171,700)
Heart and hypertension	(90,000)
Compensated absences	(744,106)
Net pension asset	78,564
Accrued interest payable	<u>116,552</u>
Total	<u>(8,810,690)</u>
Internal Service Funds are used by management to charge costs of dental insurance to individual departments	<u>1,449,881</u>
Change in net position (Exhibit B)	<u>\$ (171,988)</u>

(Concluded)

Borough of Naugatuck, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 67,567,135	\$ 67,567,135	\$ 68,038,385	\$ 471,250
Intergovernmental revenues	31,623,317	31,623,317	32,365,865	742,548
Charges for services	7,116,531	7,116,531	7,199,575	83,044
Income from investments	80,000	80,000	74,593	(5,407)
Miscellaneous	153,905	153,905	444,148	290,243
Total revenues	<u>106,540,888</u>	<u>106,540,888</u>	<u>108,122,566</u>	<u>1,581,678</u>
Expenditures:				
Current:				
General government	2,999,785	2,922,092	2,830,803	91,289
Public safety	9,865,427	10,320,958	10,281,240	39,718
Public works	8,614,108	8,890,139	8,704,704	185,435
Health and welfare	2,468,448	2,278,209	2,219,708	58,501
Nondepartmental	15,248,901	14,756,534	14,541,239	215,295
Education	56,717,440	56,717,440	56,717,440	-
Debt service	6,696,897	6,725,634	6,700,435	25,199
Total expenditures	<u>102,611,006</u>	<u>102,611,006</u>	<u>101,995,569</u>	<u>615,437</u>
Excess (deficiency) of revenues over expenditures	<u>3,929,882</u>	<u>3,929,882</u>	<u>6,126,997</u>	<u>2,197,115</u>
Other financing sources (uses):				
Appropriation of fund balance	894,875	894,875		(894,875)
Reserve fund closeout	160,000	160,000		(160,000)
Sale of Borough property			21,475	21,475
Transfers in	565,364	565,364	565,365	1
Transfers out	(5,550,121)	(5,550,121)	(5,496,346)	53,775
Net other financing sources (uses)	<u>(3,929,882)</u>	<u>(3,929,882)</u>	<u>(4,909,506)</u>	<u>(979,624)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,217,491	<u>\$ 1,217,491</u>
Fund balance - July 1, 2012			<u>12,476,468</u>	
Fund balance - June 30, 2013			<u>\$ 13,693,959</u>	

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2013

	<u>Internal Service Funds</u>
<u>Assets</u>	
Cash	\$ 172,939
Due from other funds	<u>7,619,001</u>
Total assets	<u>7,791,940</u>
<u>Liabilities</u>	
Accounts payable	69,828
Claims payable	<u>88,494</u>
Total liabilities	<u>158,322</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 7,633,618</u></u>

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013

	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	<u>\$ 1,490,471</u>
Operating expenses:	
Claims	973,437
Administration	<u>1,789</u>
Total operating expenses	<u>975,226</u>
Operating income (loss) before transfers in and out	515,245
Transfers in	1,500,000
Transfers out	<u>(565,364)</u>
Change in net position	1,449,881
Net position - July 1, 2012	<u>6,183,737</u>
Net position - June 30, 2013	<u><u>\$ 7,633,618</u></u>

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received for charges for services	\$ (519,107)
Cash paid for benefits and claims	(999,054)
Cash paid for administration	(1,789)
Cash receipts (payments) of interfund balances	<u>10,255</u>
Net cash provided by (used in) operating activities	<u>(1,509,695)</u>
Cash flows from noncapital and related financing activities:	
Transfer in from other funds	1,500,000
Transfer out to other funds	<u>(565,364)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>934,636</u>
Net increase (decrease) in cash	(575,059)
Cash - July 1, 2012	<u>747,998</u>
Cash - June 30, 2013	<u><u>\$ 172,939</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss) before transfers in and out	\$ 515,245
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	(2,069,151)
Increase (decrease) in:	
Accounts payable	69,828
Claims payable	<u>(25,617)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (1,509,695)</u></u>

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Pension Trust Fund	Other Post Employment Benefit (OPEB) Trust Fund	Private- Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>				
Cash	\$	\$	\$	\$ 198,710
Investments:				
Certificates of deposit			196,746	
Mutual funds:				
Money market	1,384,767	506,311	3,193	
Equity	74,481,897	2,250,172		
Bond	39,967,077	1,406,181		
	<u>115,833,741</u>	<u>4,162,664</u>	<u>199,939</u>	<u>-</u>
Total investments				
Due from other funds	<u>112,400</u>	<u>83,000</u>		
Total assets	<u>115,946,141</u>	<u>4,245,664</u>	<u>199,939</u>	<u>198,710</u>
<u>Liability</u>				
Accounts payable				<u>198,710</u>
<u>Net Position</u>				
Net position held in trust for pension and OPEB benefits and other purposes	<u>\$ 115,946,141</u>	<u>\$ 4,245,664</u>	<u>\$ 199,939</u>	<u>\$ -</u>

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	Pension Trust Fund	Other Post Employment Benefit (OPEB) Trust Fund	Private- Purpose Trust Fund
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 5,204,875	\$ 5,872,200	\$
Employees	1,212,820	945,400	
Other			12,670
	<u> </u>	<u> </u>	<u> </u>
Total contributions	6,417,695	6,817,600	12,670
Investment income (loss):			
Net change in fair value of investments	10,468,894	93,492	
Interest and dividends	2,634,679	173,465	413
	<u> </u>	<u> </u>	<u> </u>
Total investment income (loss)	13,103,573	266,957	413
Total additions	<u> </u>	<u> </u>	<u> </u>
	19,521,268	7,084,557	13,083
Deductions:			
Benefits	8,393,232	6,134,600	
Administration	254,651	14,767	
Scholarships			12,337
	<u> </u>	<u> </u>	<u> </u>
Total deductions	8,647,883	6,149,367	12,337
Changes in net position	10,873,385	935,190	746
Net position - July 1, 2012	<u> </u>	<u> </u>	<u> </u>
	105,072,756	3,310,474	199,193
Net position - June 30, 2013	<u> </u>	<u> </u>	<u> </u>
	\$115,946,141	\$ 4,245,664	\$ 199,939

See Notes to Financial Statements.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

History and Organization

The 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 six-member Board of Education. A three-member committee of the Board of Mayor and Burgesses act as the Board of Finance.

The Borough provided the following public services as authorized by its charter: public safety, public works, health and welfare, recreation and parks and education.

I. 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. Agency funds have no measurement focus but are accounted for using the accrual basis of accounting. 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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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 intergovernmental 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, 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 are considered to be measurable and available only when cash is received by the Borough.

The Borough reports the following major governmental funds:

The *General Fund* is the 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.

The *NHS Reconstruction and Renovation Fund* is used to account for the reconstruction and renovation of the high school.

Additionally, the Borough reports the following fund types:

The *Internal Service Funds* account for risk financing activities for dental insurance benefits.

The *Pension Trust Fund* accounts for the activities of the Naugatuck Employee Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Other Post Employment Trust Fund* accounts for the activities of the Naugatuck Other Post Employment Benefit Plan, which accumulates resources for retiree medical payments to qualified employees.

The *Private-Purpose Trust Fund* accounts for resources legally held in trust for student scholarships. All resources of the fund, including any earnings, may not be used to support Borough activities.

The *Agency Funds* account for monies held on behalf of students.

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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

Deposits - The Borough considers cash and cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Investments for the Borough are reported at fair value. State Treasurers 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 balance of the pooled fixed income investments was invested in a 2a-7 like pool, which operates under State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

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).

Borough of Naugatuck, Connecticut

Notes to Financial Statements

b. Property Taxes and Other Receivables

In the government-wide financial statements, property tax and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 78 percent of outstanding receivable balances and are calculated based upon prior collections.

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 inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year.

Loans receivable consist of Community Development Block Grant loans. The Borough provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

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.

3. Restricted Assets

The restricted assets for the Borough are restricted for endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, 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 estimated fair market 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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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

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

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough reports the deferred charge on refunding in this category in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net Position Flow Assumption

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.

7. 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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations 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.

9. Fund Equity and Net Position

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 reflect capital assets 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 restricted.

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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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 Board of Mayor and Burgessess 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 Burgessess 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 Board of Mayor and Burgessess has provided otherwise in its commitment or assignment actions.

The Board of Mayor and Burgessess 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% nor more than 12% 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

11. Reclassifications

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

Borough of Naugatuck, Connecticut

Notes to Financial Statements

II. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

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.

- 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 Board of Finance is authorized to transfer budgeted amounts within departments.
- The Board of Finance is also authorized to approve additional appropriation 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 approved during the fiscal year.

- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- 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.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds and those specifically reappropriated by the Board of Mayor and Burgesses.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

B. Budget - GAAP Reconciliation

A reconciliation of revenues and expenditures between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, Exhibit F - June 30, 2013	\$ 108,122,566	\$ 101,995,569
Elimination of 60 day tax rule	37,069	
State Teachers' Retirement on-behalf payment	<u>5,815,570</u>	<u>5,815,570</u>
Balance, GAAP basis, Exhibit D - June 30, 2013	<u>\$ 113,975,205</u>	<u>\$ 107,811,139</u>

C. Capital Projects Authorizations

The following is a summary of Capital Projects at June 30, 2013:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Maple St. bridge renovation	\$ 2,000,000	\$ 20,565	\$ 1,979,435
Naugatuck treatment plant 5-year capital project	31,750,000	23,866,339	7,883,661
Naugatuck High School reconstruction & renovation	6,326,900	5,902,397	424,503
Capital Lease	81,000,000	10,405,216	70,594,784
Naugatuck High School cafeteria renovation	3,000,000	2,585,000	415,000
2 nd 5-Year capital project	2,900,000	2,791,991	108,009
Naugatuck High School solar roof	5,787,000	4,897,871	889,129
Park improvement	6,233,564	6,216,680	16,884
Osborn road reconstruction	300,000	300,000	-
Improvement police station	300,000	300,000	-
Reclamation account	345,000	341,789	3,211
Renaissane Place downtown phase I	2,000,000	1,128,273	871,727
Oak Terrace small cities	500,000	2,567	497,433
	500,000	193,357	306,643
	<u>1,000,000</u>	<u>195,924</u>	<u>804,076</u>
Totals	<u>\$ 143,942,464</u>	<u>\$ 59,147,969</u>	<u>\$84,794,495</u>

D. 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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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 Management of Institutional Funds Act ("UMIFA"). Under UMIFA, 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 June 30, 2013, there is no appreciation available for appropriation.

E. Deficit Fund Balance

The following individual funds had a deficit fund balance at June 30, 2013:

Naugatuck High School Reconstruction and Renovation	\$10,247,796
Bonded Projects Fund	525,890

The deficits should be reduced in future years as amounts are bonds are insued to finance the projects.

III. Detailed Notes

A. Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$45,274,800 of the Borough's bank balance of \$48,168,542 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 40,497,319
Uninsured and collateral held by the pledging bank's trust department, not in the Borough's name	<u>4,777,481</u>
Total amount subject to custodial credit risk	<u>\$ 45,274,800</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.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

At June 30, 2013, the Borough's investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Mutual funds:					
Equity mutual funds	\$ 76,732,069	\$ 76,732,069	\$	\$	\$
Corporate bonds	41,373,258			15,054,554	26,318,704
Money market	2,020,185		2,020,185		
U.S. government agency securities	2,395,971		2,395,971		
Certificates of deposit	4,366,723		4,366,723		
Pooled fixed income	10,266,426		10,266,426		
Total	<u>\$137,154,632</u>	<u>\$ 76,732,069</u>	<u>\$19,049,305</u>	<u>\$15,054,554</u>	<u>\$26,318,704</u>

Interest rate risk - To minimize interest rate risk, the Borough's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market funds or similar investment pools.

Credit risk - The Borough's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions and advisors with which the Borough will do business. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

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

Ratings	U.S.	Mutual Funds		Pooled Fixed Income
	Government Agency Securities	Corporate Bonds	Money Market	
AAA	\$1,879,137	\$12,730,257	\$	\$10,266,426
AA		1,127,592		
A		3,547,964		
BBB		2,801,351		
BB		1,284,273		
B		831,880		
CCC		562,687		
Unrated	516,834	18,487,254	2,020,185	
Total	<u>\$2,395,971</u>	<u>\$41,373,258</u>	<u>\$ 2,020,185</u>	<u>\$10,266,426</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements

Custodial credit risk - The Borough does not have a formal policy with respect to 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 investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$100,000 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's investments are subject to custodial credit risk as follows:

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
U.S. government agency securities	<u>\$2,395,971</u>	<u>\$500,000</u>	<u>\$1,895,971</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Borough's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2013, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>			<u>CDBG Loans</u>
	<u>Taxes</u>	<u>Interest & Liens</u>	<u>Total</u>	
Current portion	<u>\$ 2,214,778</u>	<u>\$ 3,801,723</u>	<u>\$ 6,016,501</u>	<u>\$ 17,985</u>
Long-term portion	<u>\$ 8,536,571</u>	<u>\$ 4,768,144</u>	<u>\$ 13,304,715</u>	<u>\$ 509,581</u>
Less allowance for uncollectibles	<u>(5,035,312)</u>	<u>(6,712,017)</u>	<u>(11,747,329)</u>	<u>(10,551)</u>
Net long-term portion	<u>\$ 3,501,259</u>	<u>\$ (1,943,873)</u>	<u>\$ 1,557,386</u>	<u>\$ 499,030</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance July 1, 2012	Increases	Decreases	Ending Balance June 30, 2013
<u>Capital assets, not being depreciated:</u>				
Land	\$ 14,451,535	\$ 774,770	\$	\$ 15,226,305
Construction in progress	1,418,088	10,190,860		11,608,948
Total capital assets, not being depreciated	<u>15,869,623</u>	<u>10,965,630</u>	-	<u>26,835,253</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	75,830,931	1,583,786		77,414,717
Machinery and equipment	14,472,657	3,288,673	292,651	17,468,679
Infrastructure	182,661,687	1,701,618		184,363,305
Total capital assets, being depreciated	<u>272,965,275</u>	<u>6,574,077</u>	<u>292,651</u>	<u>279,246,701</u>
Total capital assets	<u>288,834,898</u>	<u>17,539,707</u>	<u>292,651</u>	<u>306,081,954</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	31,079,907	1,736,996		32,816,903
Machinery and equipment	10,059,792	1,002,280	258,526	10,803,546
Infrastructure	95,450,587	4,342,103		99,792,690
Total accumulated depreciation and amortization	<u>136,590,286</u>	<u>7,081,379</u>	<u>258,526</u>	<u>143,413,139</u>
Total capital assets, being depreciated, net	<u>136,374,989</u>	<u>(507,302)</u>	<u>34,125</u>	<u>135,833,562</u>
Capital assets, net	<u>\$ 152,244,612</u>	<u>\$ 10,458,328</u>	<u>\$ 34,125</u>	<u>\$ 162,668,815</u>

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

General government	\$ 4,453,209
Education	1,438,897
Public safety	297,347
Health and welfare	536,273
Public works	<u>355,653</u>
Total depreciation expense	<u>\$ 7,081,379</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements

Construction Commitments

The Borough has the following construction commitments at June 30, 2013.

NHS Reconstruction and Renovation	\$ 62,613,905
Oak Terrace	310,609
Pedestrian Greenway	<u>934,049</u>
	<u>\$ 63,858,563</u>

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2013 is as follows:

<u>Major funds:</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund:			
Capital nonrecurring fund	N/A	\$	\$ 3,994,975
Town aid road	N/A		473,423
Private duty service	N/A		18,890
Dog fund	N/A		118,052
Debt service fund	N/A		35,696
Pension trust fund	N/A		112,400
Public safety	N/A		17,120
Other post employment benefit trust	N/A		83,000
NHS reconstruction and renovation	N/A	5,313,487	
CRRA	N/A		44
Board of Education self insurance	N/A		5,728,300
Special education grants	N/A	656,585	
Cafeteria fund	N/A	246,481	
Town self insurance	N/A		1,890,701
Consolidation fund	N/A		<u>316,675</u>
Total general fund		<u>6,216,553</u>	<u>12,789,276</u>
Capital projects fund:			
NHS reconstruction and renovation	General Fund	<u>-</u>	<u>5,313,487</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements

	Corresponding Fund	Due From	Due To
<u>Nonmajor governmental funds:</u>			
Special revenue funds:			
Town aid road	General Fund	\$ 473,423	\$
Dog fund	General Fund	118,052	
Private duty service	General Fund	18,890	
CRRA	General Fund	44	
Public safety	General Fund	17,120	
Consolidation fund	General Fund	316,675	
School cafeteria	General Fund		246,481
Special education grants	General Fund		656,585
Total special revenue funds		944,204	903,066
Debt service funds:			
General fund	N/A	35,696	
Bonded projects fund	N/A	1,014,611	
Total debt service fund		1,050,307	-
Capital projects funds:			
Bonded projects fund	Debt Service Fund		1,014,611
Capital nonrecurring fund	General Fund	3,994,975	
Total capital projects funds		3,994,975	1,014,611
Total nonmajor governmental funds		5,989,486	1,917,677
Internal service funds:			
General government	General Fund	1,890,701	
Board of Education	General Fund	5,728,300	
Total internal service funds		7,619,001	-
Fiduciary funds:			
Pension trust fund	General Fund	112,400	
Other post employment benefit trust fund	General Fund	83,000	
Total fiduciary funds		195,400	-
Grand total		\$ 20,020,440	\$ 20,020,440

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

2. Interfund Transfers

A summary of interfund transfers for the year ended June 30, 2013 is as follows:

	Corresponding Fund	Transfers In	Transfers Out
<u>Major funds:</u>			
<u>General fund:</u>			
Public safety	N/A	\$ 1	\$
School cafeteria	N/A		50,000
Debt service fund	N/A		2,475,245
Capital nonrecurring fund	N/A		1,471,101
Internal service fund	N/A	<u>565,364</u>	<u>1,500,000</u>
Total general fund		<u>565,365</u>	<u>5,496,346</u>
<u>Nonmajor funds:</u>			
<u>Special revenue funds:</u>			
Public safety	General Fund		1
School cafeteria fund	General Fund	<u>50,000</u>	
Total special revenue funds		<u>50,000</u>	<u>1</u>
Debt service fund	General Fund	<u>2,475,245</u>	
Capital projects fund:			
Capital nonrecurring fund	General Fund	<u>1,471,101</u>	
Total nonmajor funds		<u>3,996,346</u>	<u>1</u>
Internal service funds:			
Board of Education	General Fund	<u>1,500,000</u>	<u>565,364</u>
Grand total		<u>\$ 6,061,711</u>	<u>\$ 6,061,711</u>

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

E. Short-Term Obligations - Bond Anticipation Notes

The Borough uses bond anticipation notes (BANs) during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

Short-term activity for the year ended June 30, 2013 was as follows:

Project	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
NHS Reconstruction and renovation	\$	<u>\$26,000,000</u>	\$	<u>\$26,000,000</u>

The BANs carry an interest rate of 1.00% and mature in June 2014.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

F. Changes in Long-Term Obligations

1. Summary of Changes

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

Description	Original Amount	Date Of Issue	Date Of Maturity	Interest Rate	Balance July 1, 2012 (As Restated)	Additions	Reductions	Refunded	Balance June 30, 2013	Current Portion
Bonds:										
General purpose:										
2010 GOB										
Refunding bonds	\$ 5,245,000	08/10/10	08/01/30	2.00%-4.00%	\$ 5,245,000	\$	\$ 530,000	\$	\$ 4,715,000	\$ 540,000
2006 5 yr capital project	5,785,000	06/01/06	06/1/26	4.80%-6.00%	3,900,000		300,000		3,600,000	300,000
2002 5 yr capital project	4,200,000	07/15/02	02/15/21	5.875%	2,085,000		235,000		1,850,000	230,000
2006 B GOB loss & reserve fund (taxable)	4,560,000	06/01/06	06/01/26	5.43%-5.93%	3,780,000		180,000		3,600,000	195,000
Total general purpose					15,010,000	-	1,245,000	-	13,765,000	1,265,000
School bonds:										
Naugatuck High School cafeteria project										
	800,000	07/15/02	02/15/21	5.875%	395,000		45,000		350,000	45,000
Total school bonds					395,000	-	45,000	-	350,000	45,000
Pension deficit bonds (taxable):										
2013 GOB (partial refunding 2004 POB) (taxable)										
	6,435,000	06/25/13	06/30/18	2.30%		6,435,000			6,435,000	1,045,000
2003 pension obligation (taxable)	49,265,000	10/23/03	06/01/33	1.35%-5.91%	41,525,000		1,085,000	(6,340,000)	34,100,000	-
Total pension bond					41,525,000	6,435,000	1,085,000	(6,340,000)	40,535,000	1,045,000
Total bonds					56,930,000	6,435,000	2,375,000	(6,340,000)	54,650,000	2,355,000
Notes:										
General purpose:										
CWF 175-CSL										
	750,000	07/02/12	07/02/16	0.00%		750,000	150,000		600,000	150,000
Water:										
CWF 175-CSL										
	472,000	06/30/08	06/30/27	2.00%	367,604		21,229		346,375	21,657
CWF 184-CD1										
	566,969	04/30/00	04/30/18	2.00%	182,893		31,353		151,540	31,353
CWF 184-C										
	480,131	10/30/98	04/30/18	2.00%	140,039		24,006		116,033	24,006
CWF 184-CTP										
	1,197,223	04/22/96	04/30/18	2.00%	229,468		59,861		169,607	59,862
Total notes					920,004	750,000	286,449	-	1,383,555	286,878
Total bonds/notes					57,850,004	7,185,000	2,661,449	(6,340,000)	56,033,555	2,641,878
Certificates of participation	24,285,000	08/13/02	06/15/22	3.00-5.00%	18,075,000		1,465,000		16,610,000	1,520,000
Capital lease obligations					13,495,116	4,313,430	1,904,816		15,903,730	2,683,132
Net OPEB obligation					38,773,700	8,171,700			46,945,400	
Compensated absences					4,051,656	1,207,115	463,009		4,795,762	959,153
Heartt and hypertension						90,000			90,000	45,000
Total long-term obligations					\$132,245,476	\$ 20,967,245	\$ 6,494,274	\$(6,340,000)	\$ 140,378,447	\$ 7,849,163

Borough of Naugatuck, Connecticut

Notes to Financial Statements

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Notes Principal	Bond Principal	Certificates of Participation	Total Interest
2014	\$ 286,878	\$ 2,355,000	\$ 1,520,000	\$ 3,612,608
2015	287,315	2,535,000	1,600,000	3,472,055
2016	277,784	2,425,000	1,675,000	3,298,083
2017	228,355	2,805,000	1,760,000	3,142,234
2018	69,591	2,850,000	1,820,000	2,958,747
2019	23,933	2,465,000	1,910,000	2,776,689
2020	24,416	2,565,000	2,005,000	2,545,638
2021	24,909	2,660,000	2,105,000	2,304,235
2022	25,411	2,500,000	2,215,000	2,052,644
2023	25,924	2,620,000		1,805,432
2024	26,448	2,745,000		1,660,805
2025	26,981	2,880,000		1,508,468
2026	27,527	3,025,000		1,347,038
2027	28,083	2,475,000		1,176,735
2028		2,610,000		1,033,999
2029		2,755,000		883,657
2030		2,910,000		723,510
2031		3,075,000		554,203
2032		3,105,000		377,945
2033		3,290,000		194,439
	<u>\$ 1,383,555</u>	<u>\$54,650,000</u>	<u>\$16,610,000</u>	<u>\$37,429,164</u>

All long-term liabilities listed above after bonds and notes are generally liquidated by the General Fund.

2. 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	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 154,186,839	\$30,975,000	\$ 123,211,839
Schools	308,373,678	26,350,000	282,023,678
Sewers	256,978,065	783,555	256,194,510
Urban renewal	222,714,323		222,714,323
Pension deficit	205,582,452	40,535,000	165,047,452

The total overall statutory debt limit for the Borough is equal to seven times annual receipts from taxation, \$479,692,388.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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.

3. Authorized/Unissued Bonds

The amount of authorized, unissued bonds for general purposes at June 30, 2013 is as follows:

<u>Purpose of Bonds</u>	<u>Authorized but Unissued</u>
Refunding bonds	\$ 2,470,000
High school roof	3,518,564
High school cafeteria	1,800,000
Capital projects	2,126,900
NHS Reconstruction and Renovation	81,000,000
Refunding bonds	165,000
Maple Hill bridge	2,000,000
Pension obligation	<u>1,735,000</u>
Total	<u>\$94,815,464</u>

4. Current Year Advance Refunding

In June 2013, the Borough issued \$6,435,000 of general obligation refunding taxable bonds with an interest rate of 2.30%. These refunding bonds were issued to advance refund and defease bonds issued in October 2003. The refunding resulted in an economic gain of \$505,091 with a total savings of \$532,716.

5. Prior Year Advance Refunding

In prior years, the Borough defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the Borough's financial statements. At June 30, 2013, \$300,000 of bonds outstanding are considered defeased.

6. Capital Leases

At June 30, 2013, the Borough is committed under capital leases for various types of office and public safety equipment, computers, vehicles and building improvements. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Capital assets totaling \$9,288,334, net of accumulated depreciation of \$2,017,318, are recorded under the capital lease as of June 30, 2013. This year, \$694,357 was included in depreciation expense.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments as of June 30, 2013:

Year Ending <u>June 30,</u>	
2014	\$ 2,634,495
2015	2,316,469
2016	2,206,508
2017	1,922,646
2018	1,724,744
2019	1,662,402
2020	1,703,370
2021	1,492,160
2022	1,537,089
2023	1,384,932
Less amount representing interest	<u>(2,681,085)</u>
Present value of minimum lease payments	<u>\$ 15,903,730</u>

G. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$243,575 at June 30, 2013.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

H. Fund Balance Classifications

Fund Balance Component	General Fund	NHS Reconstruction and Renovation	Nonmajor Funds	Total
<u>Nonspendable:</u>				
Community development loans	\$	\$	\$ 527,566	\$ 527,566
Prepaid expenses	82,534	206,121		288,655
Other			30,017	30,017
Trust fund principal			1,000	1,000
Total nonspendable	82,534	206,121	558,583	847,238
<u>Restricted:</u>				
Public safety:				
Police			45,771	45,771
Fire truck			488,721	488,721
Public works:				
Road projects			459,364	459,364
Other			16,727	16,727
Health and welfare:				
Community development programs			44,794	44,794
Youth services programs			6,142	6,142
Education:				
Food services program			99,165	99,165
School repairs and maintenance			226,742	226,742
Various education programs			1,170,564	1,170,564
Total restricted	-	-	2,557,990	2,557,990
<u>Committed:</u>				
Police private duty			173,891	173,891
Park and recreation programs			142,504	142,504
Education programs			6,303	6,303
Construction contracts			7,484,808	7,484,808
Total committed	-	-	7,807,506	7,807,506
<u>Assigned:</u>				
Public works			44	44
Subsequent years budget	935,752			935,752
Debt service			3,575,384	3,575,384
Total Assigned	935,752	-	3,575,428	4,511,180
<u>Unassigned</u>	12,675,673	(10,453,917)	(1,014,611)	1,207,145
Total	\$ 13,693,959	\$ (10,247,796)	\$ 13,484,896	\$ 16,931,059

Borough of Naugatuck, Connecticut

Notes to Financial Statements

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 all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Borough utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for dental claims. In the prior year, the Board of Education was also self insured for medical claims for a portion of the year. 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. In addition, the fund records contributions for benefits for the Board of Education retirees.

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 requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual 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.

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

	Total Claims Payable <u>July 1</u>	Current Year Claims and Change in <u>Estimates</u>	Claims Paid <u> </u>	Total Claims Payable <u>June 30</u>
2011-2012	\$1,056,802	\$1,158,940	\$2,101,631	\$ 114,111
2012-2013	114,111	973,437	999,054	88,494

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. The outcome of these lawsuits is not presently determinable. In the opinion of the Borough attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Borough.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

C. Pension Plans

1. Plan Description

Summary

The Borough of Naugatuck is the administrator of two single-employer defined benefit plans: the Borough Employee Retirement Plan and the Fire Retirement Plan (the "Plans"). The Plans were established and administered by the Borough to provide pension benefits for its employees and beneficiaries. The Plans do not issue stand alone financial statements and are considered to be part of the Borough of Naugatuck's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as a pension trust fund.

Employee Retirement Plan

The Borough of Naugatuck Employee Retirement Plan covers all employees working more than 20 hours a week, except teachers covered under the State of Connecticut Teachers' Retirement System and fire department employees. The Borough provides all retirement benefits through a single employer, contributory, defined benefit plan. All employees are 100% vested after 10 years of continuous service. Employees who retire at normal retirement (for police the earlier of age 55 with 10 years of service or 20 years of service, for all others age 62 with 5 years service) are entitled to receive a retirement benefit.

Cost of living increases for employees other than police department retirees are provided on an ad hoc basis by formal action of the Borough Retirement Board. For police officers who retired after April 1992, the cost of living increase is based upon 25% of the active employees' increase in pay, with a maximum of 100% of final average earnings.

Fire Retirement Plan

The Borough of Naugatuck Fire Retirement Plan covers all Fire Department employees working more than 20 hours a week. The Borough provides all retirement benefits through a single employer, contributory, defined benefit plan. All employees are 100% vested after 10 years of continuous service. Employees who retire at normal retirement, the earlier of age 55 with 10 years of service or 20 years of service, are entitled to receive a retirement benefit.

Benefit Provisions

The benefit formulas are as follows:

Employee Retirement PlanPolice

Benefits are paid to employees based upon a formula that combines age and years of service. The benefit is calculated based upon a percentage of average gross pay from the previous 3 years up to a maximum of 75%.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

Local 1303-50 and nonunion

Benefits are paid to employees based upon a formula that combines age and years of service. The benefit is calculated based upon a percentage of average gross pay from the previous 3 years up to a maximum of 60%.

Other employees

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

Fire Retirement Plan

Benefits are paid to employees based upon a formula that combines age and years of service. The benefit is calculated based upon a percentage of average gross pay from the previous 3 years up to a maximum of 75%.

The membership of the plan consisted of the following as of July 1, 2012, the date of the latest actuarial valuation:

	<u>Employee</u>	<u>Firefighters</u>
Retirees and beneficiaries currently receiving benefits	392	34
Current plan members	415	40
Inactive with vested benefits	<u>48</u>	<u>1</u>
Total	<u>855</u>	<u>75</u>

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Employee and plan member contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

b. Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

3. Contributions

Benefits and contribution requirements may be amended by the Board of Mayor and Burgessess, subject to union ratification. Benefits are fixed by contract.

Employee Retirement Plan

Police employees contribute 8% of earnings; all other employees are required to contribute 2% to 4% of earnings to the plan, based upon the bargaining group.

Fire Retirement Plan

Fire employees contribute 6% of earnings.

The Borough is required to contribute the amounts necessary to finance the benefits for its employees in accordance with actuarial recommendations. Administrative costs are generally financed through investment earnings.

4. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 was as follows:

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
<u>Employee Retirement Plan</u>						
7/1/2012	\$79,477,907	\$102,500,620	\$ (23,022,713)	77.5%	\$17,013,448	(135.3)%
<u>Fire Retirement Plan</u>						
7/1/2012	\$26,637,171	\$28,125,192	\$ (1,488,021)	94.7%	\$3,245,470	(45.8)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress ("RSI"), immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

5. Actuarial Assumptions

The data presented in the schedules of funding progress and schedules of employer contributions ("RSI-1" and "RSI-2") were determined as part of the actuarial valuation at the date indicated. Additional information for both plans as of the latest valuation is as follows:

	<u>Employee Retirement</u>	<u>Fire</u>
Valuation date	July 1, 2012	July 1, 2012
Actuarial cost method	Project Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar
Remaining amortization period	22 years, closed	22 years, closed
Asset valuation method	5 year smoothed	5 year smoothed
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases		
Inflation	2.25%	2.25%
Merit	2.25%	2.25%

6. Annual Pension Cost and Net Pension Asset ("NPA")

The changes in the NPA were as follows:

	<u>Employee Retirement</u>	<u>Fire</u>
Annual required contribution	\$ 3,936,044	\$ 875,900
Interest on net pension asset	(2,090,857)	(681,771)
Adjustment to annual required contribution	<u>2,371,661</u>	<u>773,334</u>
Annual pension cost	4,216,848	967,463
Contributions made	<u>4,477,275</u>	<u>785,600</u>
Change in net pension asset	260,427	(181,863)
Net pension asset - July 1, 2012	<u>26,135,709</u>	<u>8,522,136</u>
Net pension asset - June 30, 2013	<u>\$ 26,396,136</u>	<u>\$ 8,340,273</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements

7. Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
<u>Employee Retirement Plan</u>				
2011	\$3,219,868	\$3,105,281	96.4%	\$ 26,301,445
2012	3,668,827	3,503,091	95.5%	26,135,709
2013	4,216,848	4,477,275	106.2%	26,396,136
<u>Fire Plan</u>				
2011	\$ 631,900	\$ 855,900	135.4%	\$ 8,518,618
2012	734,702	738,220	100.5%	8,522,136
2013	967,463	785,600	81.2%	8,340,273

8. Plan Statements

**Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013**

<u>Assets</u>	<u>Pension Trust Funds</u>		
	<u>Firemen's Pension Fund</u>	<u>Employee's Pension Fund</u>	<u>Total</u>
Investments at fair value:			
Mutual funds:			
Money market	\$ 162,772	\$ 1,221,995	\$ 1,384,767
Equity	19,940,142	54,541,755	74,481,897
Bonds	9,145,465	30,821,612	39,967,077
Total investments	29,248,379	86,585,362	115,833,741
Due from other funds	32,140	80,260	112,400
Total Assets	29,280,519	86,665,622	115,946,141
<u>Net Position</u>			
Net position held in trust for pension benefits	\$ 29,280,519	\$ 86,665,622	\$ 115,946,141

Borough of Naugatuck, Connecticut

Notes to Financial Statements

8. Plan Statements

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013**

	Pension Trust Funds		
	Firemen's Pension Fund	Employee's Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 785,600	\$ 4,419,275	\$ 5,204,875
Plan members	138,719	1,074,101	1,212,820
Total contributions	924,319	5,493,376	6,417,695
Investment income:			
Change in fair value of investments	2,814,348	7,654,546	10,468,894
Interest and dividends	650,204	1,984,475	2,634,679
Total investment income	3,464,552	9,639,021	13,103,573
Total additions	4,388,871	15,132,397	19,521,268
Deductions:			
Benefits	1,405,153	6,988,079	8,393,232
Administration	53,106	201,545	254,651
Total deductions	1,458,259	7,189,624	8,647,883
Changes in net position	2,930,612	7,942,773	10,873,385
Net position - July 1, 2012	26,349,907	78,722,849	105,072,756
Net position - June 30, 2013	\$ 29,280,519	\$ 86,665,622	\$ 115,946,141

Borough of Naugatuck, Connecticut

Notes to Financial Statements

D. Other Post Employment Benefit Plan

1. Plan Description

The Borough administers one single-employer, post retirement healthcare plan for the all Borough and Board of Education through the Borough of Naugatuck Other Post Employment Benefit ("OPEB") trust fund. The plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. The plan does not issue stand alone financial reports.

2. Summary of Significant Accounting Policies and Plan Asset Matters

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

As of July 1, 2012, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	518
Active plan members	<u>789</u>
Total	<u><u>1,307</u></u>

4. Benefit Provisions

a. Benefit Provisions

The plan provides medical, dental and life insurance benefits for all Borough retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

b. Employer Contributions

The Borough's contributions are actuarially determined on an annual basis using the projected unit credit method. The total plan contribution was \$5,872,200.

c. Employee Contributions

Police, Fire and Board of Education certified administrators employees do not currently make any contributions to the plan.

Borough employees and non certified Board of Education employees contribute 6.5% to 11% of premiums as determined by bargaining unit.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Borough's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Borough.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

5. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 was as follows:

	A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
Actuarial Valuation Date <u>July 1, 2012</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) Projected <u>Unit Credit</u>	Over (Under) Funded <u>AAL</u>	Funded AAL <u>Ratio</u>	Covered <u>Payroll</u>	Over (Under) Funded AAL as a Percentage of Covered <u>Payroll</u>
Borough	\$1,714,790	\$ 74,785,812	\$(73,071,022)	2.3%	N/A	N/A
Board of Education	816,684	70,974,382	(70,157,698)	1.2%	N/A	N/A
Total	<u>\$2,531,474</u>	<u>\$145,760,194</u>	<u>\$(143,228,720)</u>	<u>1.7%</u>	<u>\$53,905,000</u>	<u>(265.7)%</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress ("RSI"), immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

6. Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plan as of the latest valuation date is as follows:

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years Open
Asset Valuation Method	Fair Value

Borough of Naugatuck, Connecticut

Notes to Financial Statements

<u>Actuarial Assumptions:</u>	
Investment rate of return	5.0%
Healthcare inflation rate:	
Initial	9.0%
Ultimate	5.0%
Inflation rate	N/A

7. Annual OPEB Cost and Net OPEB Obligation ("NOO")

The changes in the NOO were as follows:

Annual required contribution	\$ 14,507,500
Interest on net OPEB obligation	1,938,700
Adjustment to annual required contribution	<u>(2,402,300)</u>
Annual OPEB cost (AOC)	14,043,900
Contributions made	<u>5,872,200</u>
Change in net OPEB obligation	8,171,700
Net OPEB obligation - July 1, 2012	<u>38,773,700</u>
Net OPEB obligation - June 30, 2013	<u>\$ 46,945,400</u>

8. Three Year Trend Information

<u>Year Ending June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>	<u>Actual Contributed</u>
Board of Education				
2011	\$ 14,880,700	26%	\$ 31,005,600	\$3,798,200
2012	13,867,800	44%	38,773,700	6,099,700
2013	14,043,900	42%	46,945,400	5,872,200

E. On-Behalf Payments

The amount of the State Teachers' Retirement Plan contribution recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Borough's teachers was \$5,815,570.

Borough of Naugatuck, Connecticut

Notes to Financial Statements

F. Prior Period Adjustments

The government-wide activities, NHS Reconstruction and Renovation major fund, other governmental funds and private-purpose trust funds' net position and fund balance were restated as follows:

	Government- Wide Activities	NHS Reconstruction and Renovation Fund	Other Governmental Funds	Private- Purpose Trust Funds
Fund balance/net position as previously reported at June 30, 2012	\$ 96,571,687	\$	\$ 13,356,963	\$ 2,091
To reclassify NHS Reconstruction and Renovation fund to major fund		(1,274,943)	1,274,943	
To remove the Saunders Trust fund from the reporting entity	(2,692,396)		(2,692,396)	
To reclassify high school scholarships from agency funds to private-purpose trust funds				197,102
To record prior year capital leases	(1,077,940)			
To record interest and lien receivable	7,892,125			
To record allowance on interest and lien receivable	(6,712,017)			
To record allowance on property tax receivable	(5,035,312)			
To record deferred charge on refunding	77,669			
Fund balance/net position as restated as of July 1, 2012	<u>\$ 89,023,816</u>	<u>\$ (1,274,943)</u>	<u>\$ 11,939,510</u>	<u>\$ 199,193</u>

**Required
Supplementary
Information**

Borough of Naugatuck, Connecticut

Required Supplementary Information
Schedules of Funding ProgressNaugatuck Employee Pension Plan

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL As a Percentage of Covered Payroll
2007	\$ 81,111,223	\$ 72,454,800	\$ 8,656,423	111.9%	N/A	N/A
2008	82,836,984	78,743,728	4,093,256	105.2%	\$ 18,758,499	21.8%
2009	80,737,900	82,313,400	(1,575,500)	98.1%	N/A	N/A
2010	78,408,209	92,073,091	(13,664,882)	85.2%	17,108,383	-79.9%
2011	79,068,300	95,189,900	(16,121,600)	83.1%	N/A	N/A
2012	79,477,907	102,500,620	(23,022,713)	77.5%	17,013,448	-135.3%

Naugatuck Firemen Pension Plan

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL As a Percentage of Covered Payroll
2007	\$ 25,285,035	\$ 21,740,400	\$ 3,544,635	116.3%	N/A	N/A
2008	26,052,059	23,777,245	2,274,814	109.6%	\$ 3,111,067	73.1%
2009	25,810,600	25,276,000	534,600	102.1%	N/A	N/A
2010	25,573,881	26,052,540	(478,659)	98.2%	3,191,877	-15.0%
2011	26,231,900	27,154,100	(922,200)	96.6%	N/A	N/A
2012	26,637,171	28,125,192	(1,488,021)	94.7%	3,245,470	-45.8%

Naugatuck OPEB Plan

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL As a Percentage of Covered Payroll
2006	\$ -	\$ 142,221,000	\$ (142,221,000)	0.0%	\$ 49,972,600	-284.6%
2008	-	155,650,000	(155,650,000)	0.0%	52,815,200	-294.7%
2010	-	142,965,000	(142,965,000)	0.0%	52,127,000	-274.3%
2012	2,531,474	145,760,194	(143,228,720)	1.7%	53,905,000	-265.7%

Borough of Naugatuck, Connecticut

**Required Supplementary Information
Schedules of Employer Contributions**

Naugatuck Employee Pension Plan

<u>Fiscal Year End June 30</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 1,556,200	\$ 1,665,134	107%
2009	1,617,606	1,601,430	99%
2010	1,881,600	1,712,256	91%
2011	3,009,841	3,100,136	103%
2012	3,424,600	3,493,092	102%
2013	3,936,044	4,477,275	114%

Naugatuck Firemen Pension Plan

<u>Fiscal Year End June 30</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 616,200	\$ 546,442	89%
2009	646,626	616,200	95%
2010	691,200	646,626	94%
2011	565,951	855,900	151%
2012	655,600	738,220	113%
2013	875,900	785,600	90%

Naugatuck OPEB Plan

<u>Fiscal Year End June 30</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 15,969,900	\$ 5,642,200	35%
2010	14,858,100	5,139,200	35%
2011	15,118,900	3,798,200	25%
2012	14,238,500	6,099,700	43%
2013	14,507,500	5,872,200	40%

General Fund

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, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Borough of Naugatuck, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Taxes	\$ 65,074,560	\$ 65,074,560	\$ 64,687,632	\$ (386,928)
Taxes new construction	50,000	50,000	33,269	(16,731)
Prior year taxes	1,400,000	1,400,000	1,433,569	33,569
Interest and lien fees	500,000	500,000	1,106,268	606,268
Vehicle tax	375,000	375,000	558,746	183,746
Exemption P.A. 515	900	900	844	(56)
In lieu of taxes - housing authority	60,000	60,000	129,429	69,429
Telephone access grant	106,675	106,675	88,628	(18,047)
Total property taxes	67,567,135	67,567,135	68,038,385	471,250
Intergovernmental revenues - grants:				
Town:				
Taxes elderly freeze	4,000	4,000		(4,000)
Elderly circuit breaker	235,000	235,000	218,827	(16,173)
Superior court distribution	4,000	4,000	13,226	9,226
Municipal revenue sharing grant	400,000	400,000	675,179	275,179
Capital improvements	254,126	254,126	728,442	474,316
In lieu of taxes - state property	57,064	57,064	65,939	8,875
Railroad station - state rental	8,000	8,000		(8,000)
Matching funds - civil preparedness	2,500	2,500		(2,500)
Additional exempt vets	36,760	36,760	32,436	(4,324)
Municipal video			25,678	25,678
Social security disability	15,000	15,000	15,247	247
Boats	6,305	6,305		(6,305)
Manufacturing transition grant	271,139	271,139		(271,139)
Enterprise zone	81,000	81,000	103,946	22,946
Pequot grant	230,368	230,368	215,889	(14,479)
Total Town	1,605,262	1,605,262	2,094,809	489,547
Education:				
Education cost sharing	29,211,401	29,211,401	29,231,514	20,113
Special ed excess cost	490,000	490,000	697,613	207,613
Transportation - public	266,675	266,675	295,401	28,726
Transportation - non public	49,979	49,979	46,528	(3,451)
Total education	30,018,055	30,018,055	30,271,056	253,001
Total intergovernmental revenues	31,623,317	31,623,317	32,365,865	742,548
Charges for services:				
Youth services	1,500	1,500	689	(811)
Assessor's copies	700	700	557	(143)
Fire miscellaneous	100	100	240	140
Probate court	8,232	8,232	5,295	(2,937)
Permits & licenses	2,000	2,000	4,025	2,025
Zoning hearing costs	20,000	20,000	22,155	2,155
Other costs - Borough clerk	500	500	133	(367)
Police towing	10,000	10,000	11,803	1,803
Recording fees	105,000	105,000	133,436	28,436
Conveyance tax	130,000	130,000	116,721	(13,279)
Vital statistics	27,000	27,000	28,528	1,528
Dog licenses	800	800	998	198
Miscellaneous - Town clerk	28,000	28,000	33,029	5,029
Building, plumbing & electrical	200,000	200,000	216,228	16,228
Parking fines	4,000	4,000	8,174	4,174
Sewer connections	7,000	7,000	6,393	(607)
Private duty - police & fire	10,000	10,000		(10,000)

(Continued)

Borough of Naugatuck, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Charges for services: (continued)				
Miscellaneous - police	\$ 25,000	\$ 25,000	\$ 26,559	\$ 1,559
V.N.A fees	950,000	950,000	975,631	25,631
Swimming pools	2,000	2,000	1,130	(870)
Golf course fees	420,000	420,000	388,619	(31,381)
Rental club house	18,000	18,000	17,000	(1,000)
Tuition other schools	30,000	30,000	29,345	(655)
Interest & lien fees	5,000	5,000	777	(4,223)
Rental - conrad street water tank	21,600	21,600	28,600	7,000
Oxford connection	450,000	450,000	450,000	-
Transfer sewer authority	500	500	494	(6)
Clearwire	18,000	18,000	22,653	4,653
Hopkins park	80	80	80	-
Beacon falls / beacon hills east	33,254	33,254	64,477	31,223
Prospect connection	6,382	6,382	12,925	6,543
Veolia contract monitoring payment	84,643	84,643	83,332	(1,311)
Veolia base rent element 1	3,111,396	3,111,396	3,063,232	(48,164)
Hop brook lights	6,500	6,500	6,250	(250)
Middlebury connection - contract	208,424	208,424	278,942	70,518
Veolia base element 2	1,110,920	1,110,920	1,110,920	-
Bulk trash fees	60,000	60,000	50,205	(9,795)
Total charges for services	<u>7,116,531</u>	<u>7,116,531</u>	<u>7,199,575</u>	<u>83,044</u>
Interest on investments	<u>80,000</u>	<u>80,000</u>	<u>74,593</u>	<u>(5,407)</u>
Miscellaneous:				
Miscellaneous revenue	150,000	150,000	440,314	290,314
Clean water fund bond	3,905	3,905	3,834	(71)
Total miscellaneous	<u>153,905</u>	<u>153,905</u>	<u>444,148</u>	<u>290,243</u>
Total revenues	<u>106,540,888</u>	<u>106,540,888</u>	<u>108,122,566</u>	<u>1,581,678</u>
Other financing sources:				
Appropriation of fund balance	894,875	894,875		(894,875)
Reserve fund closeout	160,000	160,000		(160,000)
Sale of Borough property			21,475	21,475
Transfer In	565,364	565,364	565,365	1
Total other financing sources	<u>1,620,239</u>	<u>1,620,239</u>	<u>586,840</u>	<u>(1,033,399)</u>
Total revenues and other financing sources	<u>\$ 108,161,127</u>	<u>\$ 108,161,127</u>	<u>\$ 108,709,406</u>	<u>\$ 548,279</u>

(Concluded)

Borough of Naugatuck, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government:				
Administrative	\$ 249,227	\$ 249,227	\$ 240,856	\$ 8,371
Town hall building	138,216	138,806	136,187	2,619
Town wide activity	178,420	202,223	199,963	2,260
Department of finance	374,028	408,991	408,634	357
Probate court	14,700	15,213	11,663	3,550
Elections	128,838	89,409	73,558	15,851
Tax department	223,540	223,540	210,831	12,709
Property assessment	217,020	217,251	210,861	6,390
Building inspector	196,695	196,916	192,670	4,246
Information technology	179,783	179,783	177,820	1,963
Town clerk	198,976	198,976	198,031	945
Downtown development	20,800	65,549	65,549	-
Naugatuck economic development	94,050	94,050	94,050	-
Land use	190,091	191,419	186,818	4,601
Legal department	285,000	310,026	296,004	14,022
Estimated wage increase	231,367	66,623	66,623	-
Human resources	79,034	74,090	60,685	13,405
Total general government	<u>2,999,785</u>	<u>2,922,092</u>	<u>2,830,803</u>	<u>91,289</u>
Public safety:				
Police department	6,071,958	6,220,643	6,204,245	16,398
Fire department	3,647,519	3,980,245	3,957,615	22,630
Naugatuck ambulance	100,000	74,120	74,120	-
Emergency management	5,000	5,000	5,000	-
Local emergency planning	19,600	19,600	19,510	90
Eastside fire station	19,350	19,350	18,874	476
Safety patrol	1,000	1,000	936	64
Fire police	1,000	1,000	940	60
Total public safety	<u>9,865,427</u>	<u>10,320,958</u>	<u>10,281,240</u>	<u>39,718</u>
Public works:				
Operation and maintenance	4,232,467	4,621,108	4,479,243	141,865
Engineering department	355,240	260,365	250,067	10,298
Water Pollution Control Board	4,026,401	4,008,666	3,975,394	33,272
Total public works	<u>8,614,108</u>	<u>8,890,139</u>	<u>8,704,704</u>	<u>185,435</u>
Health and welfare:				
Social services	30,000	30,000	30,000	-
Youth services	177,453	156,735	155,285	1,450
Public health nurse	1,183,465	1,013,860	970,773	43,087
Community service	958,408	958,408	953,807	4,601
Senior citizens	119,122	119,206	109,843	9,363
Total health and welfare	<u>2,468,448</u>	<u>2,278,209</u>	<u>2,219,708</u>	<u>58,501</u>

(Continued)

Borough of Naugatuck, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Nondepartmental:				
Pension	\$ 5,817,548	\$ 5,808,606	\$ 5,805,461	\$ 3,145
Insurance	7,743,426	7,675,841	7,501,203	174,638
General	1,264,507	1,272,087	1,234,575	37,512
Contingency	423,420			-
Total nondepartmental	<u>15,248,901</u>	<u>14,756,534</u>	<u>14,541,239</u>	<u>215,295</u>
Education:				
Board of Education	<u>56,717,440</u>	<u>56,717,440</u>	<u>56,717,440</u>	<u>-</u>
Debt service:				
Bond redemption	2,535,890	2,535,890	2,511,449	24,441
Interest on bonds	3,109,022	3,109,022	3,109,008	14
Misc. borrowing cost	15,000	15,000	14,256	744
Lease payments	<u>1,036,985</u>	<u>1,065,722</u>	<u>1,065,722</u>	<u>-</u>
Total debt service	<u>6,696,897</u>	<u>6,725,634</u>	<u>6,700,435</u>	<u>25,199</u>
Total expenditures	<u>102,611,006</u>	<u>102,611,006</u>	<u>101,995,569</u>	<u>615,437</u>
Other financing uses:				
Transfers to other funds:				
Bonded Projects Fund	1,524,876	1,524,876	1,471,101	53,775
Capital Nonrecurring Fund	2,475,245	2,475,245	2,475,245	-
School Cafeteria Fund	50,000	50,000	50,000	-
Internal Service Fund	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total other financing uses	<u>5,550,121</u>	<u>5,550,121</u>	<u>5,496,346</u>	<u>53,775</u>
Total expenditures and other financing uses	<u>\$ 108,161,127</u>	<u>\$ 108,161,127</u>	<u>\$ 107,491,915</u>	<u>\$ 669,212</u>

(Concluded)

Borough of Naugatuck, Connecticut

Report of Tax Collector
Year Ended June 30, 2013

Grand List Year	Uncollected Taxes July 1, 2012	Current Year Levy	Lawful Corrections		Adjusted Taxes Collectible	Collections					Uncollected Taxes June 30, 2013
			Additions	Deductions		Taxes	Over Payments & Suspense	Net Taxes Collected	Interest & Liens	Total	
1996	\$ 187,262	\$	\$	\$ 187,262	\$ -	\$	\$	\$ -	\$	\$ -	\$ -
1997	171,390				171,390	550		550	1,423	1,973	170,840
1998	182,389				182,389			-		-	182,389
1999	246,357				246,357	1,340		1,340	2,540	3,880	245,017
2000	231,716				231,716	2,838		2,838	6,038	8,876	228,878
2001	316,601				316,601	2,597		2,597	4,916	7,513	314,004
2002	312,389				312,389	2,745		2,745	7,144	9,889	309,644
2003	289,189			153	289,036	8,727		8,727	10,239	18,966	280,309
2004	321,063			595	320,468	15,322	454	14,868	18,946	33,814	305,600
2005	511,196			762	510,434	37,029	736	36,293	41,994	78,287	474,141
2006	819,262			1,346	817,916	109,828	715	109,113	95,503	204,616	708,803
2007	905,040		405	1,248	904,197	156,372	345	156,027	118,683	274,710	748,170
2008	1,151,134		2,709	4,694	1,149,149	197,610	1,891	195,719	108,246	303,965	953,430
2009	1,563,439		3,008	11,461	1,554,986	330,126	3,771	326,355	136,698	463,053	1,228,631
2010	<u>2,858,146</u>		<u>5,121</u>	<u>48,854</u>	<u>2,814,413</u>	<u>1,211,802</u>	<u>28,132</u>	<u>1,183,670</u>	<u>246,144</u>	<u>1,429,814</u>	<u>1,630,743</u>
Total Prior Years	10,066,573	-	11,243	256,375	9,821,441	2,076,886	36,044	2,040,842	798,514	2,839,356	7,780,599
2011		<u>68,507,591</u>	<u>95,467</u>	<u>253,230</u>	<u>68,349,828</u>	<u>65,421,089</u>	<u>42,011</u>	<u>65,379,078</u>	<u>309,050</u>	<u>65,688,128</u>	<u>2,970,750</u>
TOTAL	<u>\$ 10,066,573</u>	<u>\$ 68,507,591</u>	<u>\$ 106,710</u>	<u>\$ 509,605</u>	<u>\$ 78,171,269</u>	<u>\$ 67,497,975</u>	<u>\$ 78,055</u>	<u>\$67,419,920</u>	<u>\$1,107,564</u>	<u>\$ 68,527,484</u>	<u>\$ 10,751,349</u>

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Community Development	Federal grants	Borough development programs
Town Aid Road	State grants	Public works
Dog Fund	User fees	Public safety
Private Duty Service	User fees	Police outside services
CRRA	User fees	Public works
Public Safety	Federal and State grants	Public safety
Consolidation Fund	Recreation fees	General government
Community Fund	Federal and State grants	Health and welfare
School Rental	User fees	Education related programs
Youth Services Bureau	Federal and State grants	Health and welfare
Daycare	Federal grants	Education
School Cafeteria	Sale of lunches and grants	Cafeteria operations
Special Education Grants	Federal and State grants	Education related programs
Adult Education	User fees	Education related programs

Debt Service

The debt service fund is used for debt service payments related to the waste treatment plant.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities and equipment.

Bonded projects fund – account for the acquisition of financed capital purchases and expenditures.

Capital and Nonrecurring – account for the acquisition of nonfinanced capital purchases and other nonrecurring expenditures.

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 that support the reporting Borough's programs.

Tuttle Lewis Whittemore Trust Fund – maintenance of grounds at the Hillside Middle School.

Borough of Naugatuck, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

82

	Special Revenue Funds							
	Community Development	Town Aid Road	Dog Fund	Private Duty Service	CRRA	Public Safety	Consolidation Fund	Community Fund
<u>Assets</u>								
Cash	\$ 41,559	\$	\$ 44,754	\$	\$	\$ 28,651	\$	\$ 44,794
Investments								
Receivables:								
Intergovernmental								
Loans	527,566		680					
Other								
Due from other funds		473,423	118,052	18,890	44	17,120	316,675	
Other								
Total assets	\$ 569,125	\$ 473,423	\$ 163,486	\$ 18,890	\$ 44	\$ 45,771	\$ 316,675	\$ 44,794
<u>Liabilities</u>								
Cash overdraft	\$	\$ 5,715	\$	\$	\$	\$	\$	\$
Accounts payable	1,700	8,344	8,485					
Due to other funds								
Unearned revenue	23,132							
Total liabilities	24,832	14,059	8,485	-	-	-	-	-
<u>Fund Balances</u>								
Nonspendable	527,566							
Restricted	16,727	459,364				45,771	174,171	44,794
Committed			155,001	18,890			142,504	
Assigned					44			
Unassigned								
Total fund balances	544,293	459,364	155,001	18,890	44	45,771	316,675	44,794
Total liabilities and fund balances	\$ 569,125	\$ 473,423	\$ 163,486	\$ 18,890	\$ 44	\$ 45,771	\$ 316,675	\$ 44,794

(Continued)

Borough of Naugatuck, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

Special Revenue Funds

	School Rental	Youth Services Bureau	School Cafeteria	Special Education Grants	Adult Education	Total Special Revenue Funds
<u>Assets</u>						
Cash	\$	\$	\$	\$	\$	\$
Investments	114,393	13,496	304,763	1,511,196	6,303	1,989,213
Receivables:						120,696
Intergovernmental			298,784	176,527		475,311
Loans						527,566
Other			14,250	145,800		160,730
Due from other funds						944,204
Other			30,017			30,017
Total assets	<u>\$ 114,393</u>	<u>\$ 13,496</u>	<u>\$ 647,814</u>	<u>\$ 1,833,523</u>	<u>\$ 6,303</u>	<u>\$ 4,247,737</u>
<u>Liabilities</u>						
Cash overdraft	\$	\$	\$	\$	\$	\$
Accounts payable		7,354	272,151	45,873		5,715
Due to other funds			246,481	656,585		343,907
Unearned revenue				134,672		903,066
Total liabilities	<u>-</u>	<u>7,354</u>	<u>518,632</u>	<u>837,130</u>	<u>-</u>	<u>1,410,492</u>
<u>Fund Balances</u>						
Nonspendable			30,017			557,583
Restricted	114,393	6,142	99,165	996,393		1,956,920
Committed					6,303	322,698
Assigned						44
Unassigned						-
Total fund balances	<u>114,393</u>	<u>6,142</u>	<u>129,182</u>	<u>996,393</u>	<u>6,303</u>	<u>2,837,245</u>
Total liabilities and fund balances	<u>\$ 114,393</u>	<u>\$ 13,496</u>	<u>\$ 647,814</u>	<u>\$ 1,833,523</u>	<u>\$ 6,303</u>	<u>\$ 4,247,737</u>

(Continued)

Borough of Naugatuck, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Debt Service Fund	Capital Projects Funds			Permanent Fund	Total
	Debt Service Fund	Bonded Projects Fund	Capital Nonrecurring Fund	Total Capital Projects Funds	Tuttle Lewis Whittemore Trust Fund	Total Nonmajor Governmental Funds
<u>Assets</u>						
Cash	\$	\$	\$ 2,982,056	\$ 2,982,056	\$ 16,271	\$ 4,987,540
Investments	2,525,077	488,721	584,140	1,072,861	97,078	3,815,712
Receivables:						
Intergovernmental			557,515	557,515		1,032,826
Loans				-		527,566
Other			1,547	1,547		162,277
Due from other funds	1,050,307		3,994,975	3,994,975		5,989,486
Other				-		30,017
Total assets	<u>\$ 3,575,384</u>	<u>\$ 488,721</u>	<u>\$ 8,120,233</u>	<u>\$ 8,608,954</u>	<u>\$ 113,349</u>	<u>\$ 16,545,424</u>
<u>Liabilities</u>						
Cash overdraft	\$	\$	\$	\$ -	\$	\$ 5,715
Accounts payable			527,117	527,117		871,024
Due to other funds		1,014,611		1,014,611		1,917,677
Unearned revenue			108,308	108,308		266,112
Total liabilities	<u>-</u>	<u>1,014,611</u>	<u>635,425</u>	<u>1,650,036</u>	<u>-</u>	<u>3,060,528</u>
<u>Fund Balances</u>						
Nonspendable				-	1,000	558,583
Restricted		488,721		488,721	112,349	2,557,990
Committed			7,484,808	7,484,808		7,807,506
Assigned	3,575,384			-		3,575,428
Unassigned		(1,014,611)		(1,014,611)		(1,014,611)
Total fund balances	<u>3,575,384</u>	<u>(525,890)</u>	<u>7,484,808</u>	<u>6,958,918</u>	<u>113,349</u>	<u>13,484,896</u>
Total liabilities and fund balances	<u>\$ 3,575,384</u>	<u>\$ 488,721</u>	<u>\$ 8,120,233</u>	<u>\$ 8,608,954</u>	<u>\$ 113,349</u>	<u>\$ 16,545,424</u>

(Concluded)

Borough of Naugatuck, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

Special Revenue Funds

	Community Development	Town Aid Road	Dog Fund	Private Duty Service	CRRA	Public Safety	Consolidation Fund	Community Fund
Revenues:								
Intergovernmental	\$	\$ 213,014	\$	\$	\$	\$ 185,139	\$ 6,500	\$
Charges for services	18,342		7,030	736,919			140,857	
Income from investments	27					1		
Contributions							162,311	
Miscellaneous								
Total revenues	<u>18,369</u>	<u>213,014</u>	<u>7,030</u>	<u>736,919</u>	<u>-</u>	<u>185,140</u>	<u>309,668</u>	<u>-</u>
Expenditures:								
Current:								
General government							266,469	
Public safety			24,289	755,217		145,721		
Public works		237,705						
Health and welfare	13,725							
Education								
Debt service								
Capital outlay								
Total expenditures	<u>13,725</u>	<u>237,705</u>	<u>24,289</u>	<u>755,217</u>	<u>-</u>	<u>145,721</u>	<u>266,469</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,644</u>	<u>(24,691)</u>	<u>(17,259)</u>	<u>(18,298)</u>	<u>-</u>	<u>39,419</u>	<u>43,199</u>	<u>-</u>
Other financing sources (uses):								
Transfers in								
Transfers out						(1)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,644	(24,691)	(17,259)	(18,298)	-	39,418	43,199	-
Fund balances - July 1, 2012	<u>539,649</u>	<u>484,055</u>	<u>172,260</u>	<u>37,188</u>	<u>44</u>	<u>6,353</u>	<u>273,476</u>	<u>44,794</u>
Fund balances - June 30, 2013	<u>\$ 544,293</u>	<u>\$ 459,364</u>	<u>\$ 155,001</u>	<u>\$ 18,890</u>	<u>\$ 44</u>	<u>\$ 45,771</u>	<u>\$ 316,675</u>	<u>\$ 44,794</u>

(Continued)

Borough of Naugatuck, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

Special Revenue Funds

	School Rental	Youth Services Bureau	Day Care	School Cafeteria	Special Education Grants	Adult Education	Total Special Revenue Funds
Revenues:							
Intergovernmental	\$	\$ 38,491	\$ 342,836	\$1,142,110	\$ 4,129,069	\$	\$ 6,057,159
Charges for services	4,048			841,580	779,812	20,581	2,549,169
Income from investments	250					7	285
Contributions					154,228		316,539
Miscellaneous		97					97
Total revenues	4,298	38,588	342,836	1,983,690	5,063,109	20,588	8,923,249
Expenditures:							
Current:							
General government							266,469
Public safety							925,227
Public works							237,705
Health and welfare		38,490					52,215
Education	460		342,836	2,101,689	4,617,688	20,248	7,082,921
Debt service							-
Capital outlay							-
Total expenditures	460	38,490	342,836	2,101,689	4,617,688	20,248	8,564,537
Excess (deficiency) of revenues over expenditures	3,838	98	-	(117,999)	445,421	340	358,712
Other financing sources (uses):							
Transfers in				50,000			50,000
Transfers out							(1)
Total other financing sources (uses)	-	-	-	50,000	-	-	49,999
Net change in fund balances	3,838	98	-	(67,999)	445,421	340	408,711
Fund balances - July 1, 2012	110,555	6,044		197,181	550,972	5,963	2,428,534
Fund balances - June 30, 2013	\$ 114,393	\$ 6,142	\$ -	\$ 129,182	\$ 996,393	\$ 6,303	\$ 2,837,245

(Continued)

Borough of Naugatuck, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Debt Service Fund	Capital Projects Funds			Permanent Fund	
	Debt Service Fund	Bonded Projects Fund	Capital Nonrecurring Fund	Total Capital Projects Funds	Tuttle Lewis Whittemore Trust Fund	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental	\$	\$	\$ 2,455,534	\$ 2,455,534	\$	\$ 8,512,693
Charges for services			114,981	114,981		2,664,150
Income from investments	125,528	221	5,464	5,685	1,138	132,636
Contributions				-	5,104	321,643
Miscellaneous			7,427	7,427		7,524
Total revenues	<u>125,528</u>	<u>221</u>	<u>2,583,406</u>	<u>2,583,627</u>	<u>6,242</u>	<u>11,638,646</u>
Expenditures:						
Current:						
General government				-		266,469
Public safety			1,343	1,343		926,570
Public works			370,916	370,916		608,621
Health and welfare			255	255	1,089	53,559
Education				-		7,082,921
Debt service	2,342,047	42,681	150,000	192,681		2,534,728
Capital outlay		4,574,930	3,147,918	7,722,848		7,722,848
Total expenditures	<u>2,342,047</u>	<u>4,617,611</u>	<u>3,670,432</u>	<u>8,288,043</u>	<u>1,089</u>	<u>19,195,716</u>
Excess (deficiency) of revenues over expenditures	<u>(2,216,519)</u>	<u>(4,617,390)</u>	<u>(1,087,026)</u>	<u>(5,704,416)</u>	<u>5,153</u>	<u>(7,557,070)</u>
Other financing sources (uses):						
Capital leases		4,313,430		4,313,430		4,313,430
Payment to refunding bond escrow		(6,392,319)		(6,392,319)		(6,392,319)
Issuance of debt		7,185,000		7,185,000		7,185,000
Transfers in	2,475,245		1,471,101	1,471,101		3,996,346
Transfers out				-		(1)
Total other financing sources (uses)	<u>2,475,245</u>	<u>5,106,111</u>	<u>1,471,101</u>	<u>6,577,212</u>	<u>-</u>	<u>9,102,456</u>
Net change in fund balances	258,726	488,721	384,075	872,796	5,153	1,545,386
Fund balances - July 1, 2012	<u>3,316,658</u>	<u>(1,014,611)</u>	<u>7,100,733</u>	<u>6,086,122</u>	<u>108,196</u>	<u>11,939,510</u>
Fund balances - June 30, 2013	<u>\$ 3,575,384</u>	<u>\$ (525,890)</u>	<u>\$ 7,484,808</u>	<u>\$ 6,958,918</u>	<u>\$ 113,349</u>	<u>\$ 13,484,896</u>

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Borough on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

General Government

To account for self-insured dental benefits for Borough employees.

Board of Education

To account for self-insured dental benefits for Board of Education employees.

Borough of Naugatuck, Connecticut

Internal Service Funds
 Combining Statement of Net Position
 June 30, 2013

	<u>Dental Insurance</u>		<u>Total</u>
	<u>General Government</u>	<u>Board of Education</u>	
<u>Assets</u>			
Cash	\$ 88,111	\$ 84,828	\$ 172,939
Due from other funds	<u>1,890,701</u>	<u>5,728,300</u>	<u>7,619,001</u>
Total assets	<u>1,978,812</u>	<u>5,813,128</u>	<u>7,791,940</u>
<u>Liabilities</u>			
Accounts payable	22,536	47,292	69,828
Claims payable	<u>30,883</u>	<u>57,611</u>	<u>88,494</u>
Total liabilities	<u>53,419</u>	<u>104,903</u>	<u>158,322</u>
<u>Net Position</u>			
Unrestricted	<u>\$ 1,925,393</u>	<u>\$ 5,708,225</u>	<u>\$ 7,633,618</u>

Borough of Naugatuck, Connecticut

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2013

	<u>Dental Insurance</u>		<u>Total</u>
	<u>General Government</u>	<u>Board of Education</u>	
Operating revenues:			
Charges for services	\$ 322,309	\$ 1,168,162	\$ 1,490,471
Operating expenses:			
Claims	339,715	633,722	973,437
Administration	496	1,293	1,789
Total operating expenses	<u>340,211</u>	<u>635,015</u>	<u>975,226</u>
Operating income (loss) before transfers in and out	(17,902)	533,147	515,245
Transfers in		1,500,000	1,500,000
Transfers out		<u>(565,364)</u>	<u>(565,364)</u>
Change in net position	(17,902)	1,467,783	1,449,881
Net position - July 1, 2012	<u>1,943,295</u>	<u>4,240,442</u>	<u>6,183,737</u>
Net position - June 30, 2013	<u>\$ 1,925,393</u>	<u>\$ 5,708,225</u>	<u>\$ 7,633,618</u>

Borough of Naugatuck, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2013

	<u>Dental Insurance</u>		
	<u>General Government</u>	<u>Board of Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received for charges for services	\$	\$ (519,107)	\$ (519,107)
Cash paid for benefits and claims	(376,087)	(622,967)	(999,054)
Cash paid for administration	(496)	(1,293)	(1,789)
Cash receipts (payments) of interfund balances	<u>(37,039)</u>	<u>47,294</u>	<u>10,255</u>
Net cash provided by (used in) operating activities	<u>(413,622)</u>	<u>(1,096,073)</u>	<u>(1,509,695)</u>
Cash flows from noncapital and related financing activities:			
Transfer in from other funds		1,500,000	1,500,000
Transfer out to other funds		<u>(565,364)</u>	<u>(565,364)</u>
Net cash provided by (used in) noncapital and and related financing activities	<u>-</u>	<u>934,636</u>	<u>934,636</u>
Net increase (decrease) in cash	(413,622)	(161,437)	(575,059)
Cash - July 1, 2012	<u>501,733</u>	<u>246,265</u>	<u>747,998</u>
Cash - June 30, 2013	<u>\$ 88,111</u>	<u>\$ 84,828</u>	<u>\$ 172,939</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss) before transfers in and out	\$ (17,902)	\$ 533,147	\$ 515,245
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Due from other funds	(381,884)	(1,687,267)	(2,069,151)
Increase (decrease) in:			
Accounts payable	22,536	47,292	69,828
Claims payable	<u>(36,372)</u>	<u>10,755</u>	<u>(25,617)</u>
Net cash provided by (used in) operating activities	<u>\$ (413,622)</u>	<u>\$ (1,096,073)</u>	<u>\$ (1,509,695)</u>

Fiduciary Funds

Pension Trust Funds

Employee Pension Fund

To account for contributions made by the Borough and its employees for pension benefits for all employees including non-certified and police personnel.

Fire Pension Fund

To account for contributions made by the Borough and its employees for pension benefits for all members of the Fire Department.

OPEB Trust Fund

To account for contributions made by the Borough and its employees for post employment benefits for all eligible Borough employees.

Private-Purpose Trust Fund

To account for the initial restricted contribution and investment earnings, which are used to provide scholarships to eligible students as determined by the Board of Education.

Agency Fund

To account for various activities as defined by State Statutes undertaken by students of the public school system.

Borough of Naugatuck, Connecticut

Agency Fund
 Student Activity Funds
 Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Assets</u>				
Cash	<u>\$ 255,083</u>	<u>\$ 739,534</u>	<u>\$ 795,907</u>	<u>\$ 198,710</u>
<u>Liabilities</u>				
Accounts payable	<u>\$ 255,083</u>	<u>\$ 739,534</u>	<u>\$ 795,907</u>	<u>\$ 198,710</u>

Statistical Section

This part of the Borough's comprehensive annual 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.

Contents

Financial Trends (Tables 1 - 4)

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 5 - 7)

These schedules contain information to help the reader assess the Borough's most significant local revenue source, the property tax.

Debt Capacity (Tables 8 - 11)

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 12 - 14)

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 15-16)

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 comprehensive annual financial reports for the relevant year.

Borough of Naugatuck, Connecticut

Net Position by Component
Last Nine Years
(Unaudited)

	Fiscal Year Ended								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net investment in capital assets	\$ 86,523,149	\$ 105,427,433	\$ 105,480,331	\$ 103,244,478	\$ 102,598,069	\$ 104,944,090	\$ 106,308,617	\$ 105,670,568	\$ 115,445,287
Restricted for:									
Endowments:									
Nonexpendable	1,000	11,159,628	3,137,757	2,955,470	2,974,362	3,199,978	1,715,038	2,176,201	3,802,786
Expendable	112,349								
Public safety	534,492								
Public works	476,091								
Other	50,936								
Education	1,384,122								
Unrestricted	<u>(230,311)</u>	<u>(20,015,374)</u>	<u>(10,441,335)</u>	<u>(3,821,118)</u>	<u>6,506,042</u>	<u>11,178,920</u>	<u>3,342,635</u>	<u>928,511</u>	<u>(1,211,158)</u>
Total net position	<u>\$ 88,851,828</u>	<u>\$ 96,571,687</u>	<u>\$ 98,176,753</u>	<u>\$ 102,378,830</u>	<u>\$ 112,078,473</u>	<u>\$ 119,322,988</u>	<u>\$ 111,366,290</u>	<u>\$ 108,775,280</u>	<u>\$ 118,036,915</u>

Borough of Naugatuck, Connecticut

Changes in Net Position
Last Nine Years
(Unaudited)

	Fiscal Year Ended								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:									
General government	\$ 10,289,524	\$ 10,031,197	\$ 10,843,172	\$ 11,149,634	\$ 10,987,838	\$ 10,772,717	\$ 10,593,607	\$ 10,890,521	\$ 10,401,437
Public safety	20,834,858	10,733,102	10,407,092	10,185,039	9,847,840	8,644,162	9,075,518	8,411,445	7,997,669
Public works	12,047,531	3,586,213	4,540,163	4,324,392	3,575,825	3,917,745	4,818,654	4,063,398	3,579,604
Health and welfare	4,311,601	6,157,275	6,354,763	5,963,939	5,993,102	5,056,021	6,011,417	5,108,590	5,727,378
Culture and recreation (1)		1,502,539	1,569,199	1,539,882	1,549,982	1,354,739	1,383,350	1,415,686	1,221,686
Education	76,510,448	73,981,723	72,441,941	74,047,687	71,341,598	81,525,519	60,003,960	58,442,691	53,608,262
Interest expense	3,834,396	4,318,636	4,475,578	5,205,871	4,849,517	5,025,985	5,120,837	2,366,146	2,281,591
Total expenses	<u>127,828,358</u>	<u>110,310,685</u>	<u>110,631,908</u>	<u>112,416,444</u>	<u>108,145,702</u>	<u>116,296,888</u>	<u>97,007,343</u>	<u>90,698,477</u>	<u>84,817,627</u>
Program revenues:									
Charges for services:									
General government	321,222	1,800,540	1,768,767	1,896,900	2,007,787	2,164,084	3,088,122	3,426,620	3,090,427
Public safety	797,018	994,820	821,034	581,738	429,472	358,306	326,579	361,182	322,041
Public works	5,465,085	3,910,811	3,757,289	3,536,655	3,663,807	3,597,390	3,393,562	3,330,854	3,720,079
Health and welfare	1,613,075	970,496	909,907	1,145,764	1,318,935	1,349,796	1,409,272	1,443,331	1,268,947
Culture and recreation		470,419	443,831	-	448,501	457,569	444,020	438,814	468,912
Education	1,675,366	1,327,349	1,300,058	1,170,750	1,494,211	1,467,650	1,484,427	1,390,336	1,572,721
Operating grants and contributions	42,252,414	43,257,854	40,241,149	41,242,455	41,336,830	54,161,698	35,656,661	34,867,966	33,098,314
Capital grants and contributions	3,421,760	1,482,843	3,150,264	277,886	1,171,599	4,273,907	1,542,133	416,532	383,198
Total program revenues	<u>55,545,940</u>	<u>54,215,132</u>	<u>52,392,299</u>	<u>49,852,148</u>	<u>51,871,142</u>	<u>67,830,400</u>	<u>47,344,776</u>	<u>45,675,635</u>	<u>43,924,639</u>
Net expenses	<u>(72,282,418)</u>	<u>(56,095,553)</u>	<u>(58,239,609)</u>	<u>(62,564,296)</u>	<u>(56,274,560)</u>	<u>(48,466,488)</u>	<u>(49,662,567)</u>	<u>(45,022,842)</u>	<u>(40,892,988)</u>
General revenues and other changes in net position:									
Property taxes	70,083,872	67,296,390	65,254,930	64,039,593	63,871,747	61,323,394	56,385,297	52,923,500	48,589,370
Grants and contributions not restricted to specific programs	1,366,367	1,475,176	2,134,062	1,746,170	1,866,779	2,039,519	2,408,457	2,004,454	1,858,756
Investment income	208,519	214,508	687,434	561,862	796,079	1,115,857	1,649,220	831,755	540,295
Miscellaneous	451,672						59,250		
Total general revenues	<u>72,110,430</u>	<u>68,986,074</u>	<u>68,076,426</u>	<u>66,347,625</u>	<u>66,534,605</u>	<u>64,478,770</u>	<u>60,502,224</u>	<u>55,759,709</u>	<u>50,988,421</u>
Change in net position	<u>\$ (171,988)</u>	<u>\$ 12,890,521</u>	<u>\$ 9,836,817</u>	<u>\$ 3,783,329</u>	<u>\$ 10,260,045</u>	<u>\$ 16,012,282</u>	<u>\$ 10,839,657</u>	<u>\$ 10,736,867</u>	<u>\$ 10,095,433</u>

(1) Combined with public works beginning in 2013

Borough of Naugatuck, Connecticut
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund:										
Nonspendable	\$ 82,534	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed										
Assigned	935,752	894,875	1,222,243	970,000	1,263,696	1,217,636	1,091,663	455,834	272,970	395,610
Unassigned	12,675,673	11,544,524	10,229,826	9,665,816	8,895,345	8,454,584	8,689,542	8,275,919	6,536,703	6,904,635
Total general fund	<u>13,693,959</u>	<u>12,439,399</u>	<u>11,452,069</u>	<u>10,635,816</u>	<u>10,159,041</u>	<u>9,672,220</u>	<u>9,781,205</u>	<u>8,731,753</u>	<u>6,809,673</u>	<u>7,300,245</u>
All other governmental funds:										
Nonspendable	764,704	31,263	31,265	28,596	27,002	32,295	32,295	639,782	29,668	19,934
Restricted	2,557,990	4,415,396	3,942,441	2,475,274	2,254,568		80,596	77,250	76,190	7,003,145
Committed	7,807,506	10,402,252	9,596,186	1,756,655	8,311,584	7,729,023	8,583,962	9,174,968	8,327,212	2,174,450
Assigned	3,575,428	961,623	974,339	2,147,654		2,517,485	1,013,039	768,642	748,037	129,376
Unassigned	(11,468,528)	(2,453,572)	(2,166,582)		(382,292)					
Total all other governmental funds	<u>3,237,100</u>	<u>13,356,962</u>	<u>12,377,649</u>	<u>6,408,179</u>	<u>10,210,862</u>	<u>10,278,803</u>	<u>9,709,892</u>	<u>10,660,642</u>	<u>9,181,107</u>	<u>9,326,905</u>
Grand total	<u>\$ 16,931,059</u>	<u>\$ 25,796,361</u>	<u>\$ 23,829,718</u>	<u>\$ 17,043,995</u>	<u>\$ 20,369,903</u>	<u>\$ 19,951,023</u>	<u>\$ 19,491,097</u>	<u>\$ 19,392,395</u>	<u>\$ 15,990,780</u>	<u>\$ 16,627,150</u>

Table 4

Borough of Naugatuck, Connecticut
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Property taxes	\$ 68,075,454	\$ 66,475,472	\$ 64,486,598	\$ 63,441,375	\$ 63,038,783	\$ 60,733,633	\$ 56,471,242	\$ 52,643,474	\$ 48,019,806	\$ 45,014,873
Intergovernmental	46,694,128	45,984,042	44,718,963	42,984,713	44,612,070	60,022,573	39,875,405	37,995,395	35,623,704	35,481,021
Charges for services	9,863,725	4,224,863	3,863,841	3,680,449	4,097,559	4,184,361	4,347,716	4,550,641	4,562,359	4,162,073
Contributions	321,643									
Income from investments	208,519	238,788	712,620	561,862	803,469	995,654	1,626,185	1,367,967	1,501,510	499,106
Miscellaneous	451,672	5,818,677	6,245,580	5,771,935	6,348,535	8,270,804	5,880,432	5,759,448	5,916,116	4,061,016
Total revenues	125,615,141	122,741,842	120,027,602	116,440,334	118,900,416	134,207,025	108,200,980	102,316,925	95,623,495	89,218,089
Expenditures:										
Current:										
General government	3,097,272	2,995,463	3,121,755	3,053,276	3,636,122	3,050,098	5,732,773	5,656,496	5,431,922	4,912,464
Public safety	11,207,810	10,921,243	10,105,974	9,812,690	9,872,288	10,864,163	8,757,014	8,061,524	7,993,487	7,712,837
Public works	9,313,325	3,248,983	4,492,055	3,554,115	3,979,949	3,587,290	3,331,577	2,966,884	3,131,313	3,135,031
Health and welfare	2,273,267	5,644,897	5,807,178	5,641,572	5,402,687	5,529,388	5,946,191	5,027,964	5,716,672	5,338,449
Education	69,615,931	69,696,428	66,802,714	68,058,654	68,046,768	79,077,328	60,382,159	57,604,743	53,814,312	52,676,893
Parks and recreation		1,664,117	1,615,035	1,565,342	1,629,828	1,615,355	2,566,327	1,253,072	1,164,469	1,225,298
Non departmental	14,541,239	14,896,044	14,825,713	13,339,958	12,817,763	12,609,319	8,572,906	11,379,112	10,648,407	58,157,031
Debt service:										
Principal	2,661,449	4,285,815	4,219,402	4,874,818	4,829,818	5,471,817	5,426,079	4,480,221	4,380,221	2,620,221
Interest	6,573,714	4,337,191	3,233,931	5,247,615	5,191,139	4,876,618	5,205,916	2,655,812	2,803,993	5,098,179
Capital outlay	16,853,121	3,645,355	5,577,149	2,501,667	10,940,123	5,923,501	3,982,343	7,317,853	8,450,162	14,335,359
Total expenditures	136,137,128	121,335,536	119,800,906	117,649,707	126,346,485	132,604,877	109,903,285	106,403,681	103,534,958	155,211,762
Excess (deficiency) of revenues over expenditures	(10,521,987)	1,406,306	226,696	(1,209,373)	(7,446,069)	1,602,148	(1,702,305)	(4,086,756)	(7,911,463)	(65,993,673)
Other financing sources (uses):										
Premium	156,130									
Capital leases - equipment financing	4,313,430			240,209	5,839,926	728,443	1,512,675	1,028,594	6,210,093	660,000
Payment to refunding bond escrow	(6,392,319)		(2,525,000)							
Issuance of debt	7,185,000	560,338	5,327,059	2,585,000				10,345,000		51,265,000
Sale of Borough property	21,475									
Transfers in	4,561,711	4,856,541	6,636,584	3,273,284	4,202,106	4,961,370	3,680,889	3,119,099	3,324,998	3,225,375
Transfers out	(5,496,347)	(4,856,541)	(7,821,363)	(3,273,285)	(4,202,106)	(4,961,370)	(3,351,092)	(7,633,175)	(3,324,998)	(1,241,625)
Net other financing sources (uses)	4,349,080	560,338	1,617,280	2,825,208	5,839,926	728,443	1,842,472	6,859,518	6,210,093	53,908,750
Net change in fund balances	\$ (6,172,907)	\$ 1,966,644	\$ 1,843,976	\$ 1,615,835	\$ (1,606,143)	\$ 2,330,591	\$ 140,167	\$ 2,772,762	\$ (1,701,370)	\$ (12,084,923)
Debt service as a percentage of noncapital expenditures	7.79%	7.13%	6.24%	8.63%	7.95%	7.82%	9.70%	6.73%	6.96%	4.98%

Table 5

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)	Total Motor Vehicle and Personal Property Assessed Value	Less Exempt Property	Total Motor Vehicle and Personal Property Estimated Actual Value	(1)	Total Estimated Actual Value	(2)	(3)
	Residential	Industrial and Commercial	Estimated Value	Motor Vehicle Assessed Value	Personal Property Assessed Value							
2013	\$ 1,535,327,400	\$ 267,145,920	\$ 2,574,961,886	\$ 175,429,736	\$ 97,374,870	\$272,804,606	\$40,288,310	\$ 389,720,866	\$ 2,034,989,616	\$ 2,907,128,023	70.00%	33.55
2012	1,351,917,010	267,468,400	2,313,407,729	166,727,800	92,988,560	259,716,360	31,667,683	371,023,371	1,847,434,087	2,639,191,553	70.00%	32.81
2011	1,530,337,260	267,430,900	2,568,240,229	159,441,577	88,991,220	248,432,797	29,849,398	354,903,996	2,016,351,559	2,880,502,227	70.00%	32.02
2010	1,524,058,660	266,550,110	2,558,012,529	156,316,360	87,278,040	243,594,400	24,951,900	347,992,000	2,009,251,270	2,870,358,957	70.00%	31.52
2009	1,518,229,650	265,309,750	2,547,913,429	163,940,680	101,763,480	265,704,160	38,688,900	379,577,371	2,010,554,660	2,872,220,943	70.00%	31.52
2008	1,024,836,980	192,154,380	1,738,559,086	163,469,200	102,054,370	265,523,570	31,213,390	379,319,386	1,451,301,540	2,073,287,914	70.00%	41.30
2007	1,006,960,600	188,523,960	1,707,835,086	160,619,510	94,215,760	254,835,270	29,510,540	364,050,386	1,420,809,290	2,029,727,557	70.00%	38.80
2006	988,022,830	192,398,670	1,686,316,429	149,851,310	94,503,390	244,354,700	30,970,770	349,078,143	1,393,805,430	1,991,150,614	70.00%	37.10
2005	967,932,330	194,663,190	1,660,850,743	138,654,330	94,644,740	233,299,070	27,619,600	462,982,957	1,368,274,990	1,954,678,557	70.00%	35.40
2004	957,087,030	194,102,660	1,644,556,700	140,557,580	100,708,400	241,265,980	32,077,530	344,665,686	1,360,378,140	1,943,397,343	70.00%	33.00

(1) Assessed 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 7.

* Revaluation year.

Borough of Naugatuck, Connecticut

Table 6

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

Name	Grand List Year 2011			Grand List 2002		
	Assessed Value	Rank	Percentage Net Taxable Grand List	Assessed Value	Rank	Percentage Net Taxable Grand List
Connecticut Water Company	\$ 15,670,950	1	0.77%	\$ 14,970,490	2	1.10%
Connecticut Light & Power Company	14,710,650	2	0.73%	7,862,310	6	0.58%
Yankee Gas	13,196,830	3	0.65%			
Garden Homes/Horizon Homes	9,215,220	4	0.45%	6,034,460	9	0.44%
Wal-Mart	8,599,780	5	0.42%	6,607,460	7	0.49%
Mancinone, John/Mancinone, John Trust	7,989,310	6	0.39%	9,152,520	4	0.67%
Bridge Street Shopping Center LTD	7,393,470	7	0.36%			
Ansonia Acquisitions 1 LLC	6,563,620	8	0.32%			
Southwood Gardens LLC	5,365,990	9	0.26%			
Genesis Health Ventures of	4,692,040	10	0.23%			
GDC Naugatuck, Inc.				8,051,640	5	0.59%
Crosspointe Plaza LLC				6,245,910	8	0.46%
Hershey				18,002,290	1	1.32%
Crompton Mfg.				9,900,180	3	0.73%
Uniroyal Chemical				5,460,650	10	0.40%
	<u>\$ 93,397,860</u>		<u>4.58%</u>	<u>\$ 92,287,910</u>		<u>6.78%</u>

Table 7

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
2013	33.55	2011	\$ 68,349,828	\$ 65,379,078	95.7%	\$	\$ 65,379,078	95.7%	\$ 2,970,750
2012	32.81	2010	66,736,730	63,735,946	95.5%	2,858,146	66,594,092	99.8%	1,630,743
2011	32.02	2009	65,004,830	61,925,710	95.3%	2,684,103	64,609,813	99.4%	1,228,631
2010	31.52	2008	63,490,111	60,673,085	95.6%	2,618,297	63,291,382	99.7%	953,430
2009	31.52	2007	64,326,316	60,469,539	94.0%	2,878,507	63,348,046	98.5%	748,170
2008	41.30	2006	60,525,267	57,664,453	95.3%	2,675,627	60,340,080	99.7%	708,803
2007	38.80	2005	55,790,777	53,087,905	95.2%	2,518,806	55,606,711	99.7%	474,141
2006	37.10	2004	52,300,193	49,592,731	94.8%	2,392,189	51,984,920	99.4%	305,600
2005	35.40	2003	48,862,627	46,298,075	94.8%	2,390,381	48,688,456	99.6%	280,309
2004	33.00	2002	45,245,662	42,963,248	95.0%	2,165,910	45,129,158	99.7%	309,644

Source: Borough Tax Collector

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

*Revaluation performed.

Table 8

Borough of Naugatuck, Connecticut

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

Year Ended June 30	General Obligation Bonds	Pension Bonds	Sewer Bonds	Certificates of Participation	Notes Payable	Capital Leases	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2013	\$ 14,115,000	\$ 40,535,000	\$	\$16,610,000	\$ 1,383,555	\$ 15,903,730	\$88,547,285	3.05%	\$ 2,787
2012	15,405,000	41,525,000		18,075,000	920,004	12,417,175	88,342,179	3.35%	2,773
2011	16,400,000	42,560,000		19,485,000	1,056,034	13,211,611	92,712,645	3.22%	2,910
2010	14,645,000	43,545,000		20,845,000	1,191,651	4,954,859	85,181,510	2.97%	2,668
2009	16,760,000	44,490,000		22,150,000	1,326,865	12,478,734	97,205,599	3.38%	3,044
2008	19,250,000	45,400,000		23,410,000	1,461,683	7,848,564	97,370,247	4.70%	3,049
2007	21,750,000	46,280,000		24,785,000	1,128,503	7,982,631	101,926,134	5.02%	3,205
2006	24,610,000	47,130,000		25,915,000	1,243,724	7,295,348	106,194,072	5.33%	3,339
2005	17,160,000	47,960,000		27,385,000	1,358,945	6,772,728	100,636,673	5.15%	3,164
2004	20,115,000	48,775,000	25,000	28,670,000	1,474,166	1,118,155	100,177,321	5.15%	3,150

Note: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

Table 9

Borough of Naugatuck, Connecticut

**Ratios of General Debt Outstanding
Last Ten Years
(Unaudited)**

Year Ended June 30	General Debt Outstanding				Percentage of Actual Taxable Value of Property	Debt Per Capita
	General Obligation Bonds	Pension Bonds	Notes	Total		
2013	\$ 14,115,000	\$ 40,535,000	\$ 1,383,555	\$ 56,033,555	2.75%	\$ 1,764
2012	15,405,000	41,525,000	920,004	57,850,004	3.13%	1,816
2011	16,400,000	42,560,000	1,056,034	60,016,034	2.98%	1,884
2010	61,754,500	43,545,000	1,191,651	65,498,578	3.26%	2,051
2009	16,760,000	44,490,000	1,326,865	62,576,865	3.11%	1,960
2008	19,250,000	45,400,000	1,461,683	66,111,683	4.56%	2,070
2007	21,750,000	46,280,000	1,128,503	69,158,503	4.87%	2,175
2006	24,610,000	47,130,000	1,243,724	72,983,724	5.24%	2,295
2005	83,482,300	47,960,000	1,358,945	85,094,494	6.22%	2,676
2004	20,115,000	48,775,000	1,474,166	70,364,166	5.17%	2,213

Note: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

Borough of Naugatuck, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
Year Ended June 30, 2013
(Unaudited)

Tax Base:

Total tax collections (including interest and lien fees) for current year and base for debt limitation computation \$ 68,527,484

Debt limitation:	<u>General Purpose</u>	<u>Schools</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 154,186,839	\$	\$	\$	\$
4 1/2 times base		308,373,678			
3 3/4 times base			256,978,065		
3 1/4 times base				222,714,323	
3 times base					<u>205,582,452</u>
Total debt limitation	<u>154,186,839</u>	<u>308,373,678</u>	<u>256,978,065</u>	<u>222,714,323</u>	<u>205,582,452</u>
Indebtedness:					
Bonds payable	13,765,000	350,000			
Taxable bonds payable					40,535,000
Notes payable	600,000		783,555		
Certificates of participation	16,610,000				
Bond anticipation notes		<u>26,000,000</u>			
Total indebtedness	<u>30,975,000</u>	<u>26,350,000</u>	<u>783,555</u>	<u>-</u>	<u>40,535,000</u>
Debt limitation in excess of outstanding debt	<u>\$ 123,211,839</u>	<u>\$282,023,678</u>	<u>\$256,194,510</u>	<u>\$222,714,323</u>	<u>\$ 165,047,452</u>
The total net indebtedness above amounts to:					<u>\$ 98,643,555</u>
In no event shall total indebtedness exceed seven time the base for debt limitation computation:					<u>\$ 479,692,388</u>

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	Total Net Debt Applicable
2013	\$ 479,692,388	\$ 98,643,555	\$ 381,048,833	20.56%
2012	465,881,892	90,342,200	375,539,692	19.39%
2011	451,145,254	100,706,611	350,438,643	22.32%
2010	445,487,557	102,296,677	343,190,880	22.96%
2009	440,452,565	104,720,369	335,732,196	23.78%
2008	430,449,789	104,929,554	325,520,235	24.38%
2007	392,321,230	109,025,256	283,295,974	27.79%
2006	365,103,158	106,713,177	258,389,981	29.23%
2005	338,983,897	107,264,417	231,719,480	31.64%
2004	317,417,254	96,991,380	220,425,874	30.56%

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

Year Ended June 30	(1) <u>Population</u>	(5) <u>Personal Income</u>	(2) <u>Per Capita Income</u>	(5) <u>Median Age</u>	(5) <u>Education Level in Years of Schooling</u>	(3) <u>School Enrollment</u>	(4) <u>Unemployment Percentage</u>
2013	31,774	\$ 62,550	\$ 28,801	36	24% at least 4 yrs of college	4,341	10.1%
2012	31,862	62,550	28,801	36	24% at least 4 yrs of college	4,380	10.0%
2011	31,862	59,472	27,933	36	23% at least 4 yrs of college	4,884	10.6%
2010	31,931	64,313	22,757	35.5	24% at least 4 yrs of college	4,756	11.0%
2009	31,931	63,193	22,757	35.5	22% at least 4 yrs of college	4,785	9.7%
2008	31,931	N/A	22,757	35.5	N/A	4,720	7.0%
2007	31,802	N/A	22,757	35.5	N/A	4,828	5.1%
2006	31,802	N/A	22,757	35.5	N/A	4,987	4.9%
2005	31,802	54,902	22,757	35.5	19% at least 4 yrs of college	5,123	5.3%
2004	31,802	N/A	22,757	35.5	N/A	5,302	5.7%

(1) Source: State of Connecticut, Department of Health, 1990 Population - U.S. Bureau of Census.

(2) Per Capital Income and Median Age - Figures obtained from the State of Connecticut Census Data Center, U.S. Census Bureau and the Housatonic Council of Elected Officials.

(3) Connecticut Department of Education.

(4) Connecticut Labor Department - Research and Statistics.

(5) Connecticut Economic Resource Center Town Profile.

N/A - Information not available.

Table 13

Borough of Naugatuck, Connecticut

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	Nature of Business	2013			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Borough of Naugatuck	Municipality	914	1	6.02%	945	1	6.05%
Wal-Mart	Department Store	200	2	1.32%	210	4	1.35%
Beacon Brook Health Center	Health Rehabilitation	190	3	1.25%			
Big Y Foods	Supermarket	182	4	1.20%			
Coca-Cola	Distribution Center	175	5	1.15%	183	6	1.17%
(Naugatuck Glass)	Glass Manufacturer	158	6	1.04%	117	7	0.75%
ION Bank (formerly NSB)	Financial Institution	150	7	0.99%	94	9	0.60%
Stop & Shop	Supermarket	150	8	0.99%	100	8	0.64%
The YoFarm Company	Yogurt Products	130	9	0.86%			
Glendale Center	Health Rehabilitation	130	10	0.86%			
Kuehne & Nagel	Distribution Logistics	125	11	0.82%			
Custom Bottle, Inc	Bottle Manufacturer	100	12	0.66%			
Sarracco Mechanical	HVAC Contractors	95	13	0.63%			
General DataComm	Telecommunications				189	5	1.21%
Peter Paul (a division of Hershey Foods)	Confectionery Products				270	2	1.73%
Uniroyal/Crompton Manufacturing	Manufacturing specialty organic chemicals and research and product development				250	3	1.60%
Meyer's Supply	Health and Beauty Supplies				76	10	0.49%
Palco Connector, Inc	Electronic Connectors				65	11	0.42%
Total		<u>2,699</u>		<u>17.79%</u>	<u>2,499</u>		<u>16.01%</u>

Source: Connecticut Department of Labor

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	93	99	95	95	95	99	102	95	93	93
Police	54	54	57	57	58	52	57	56	54	56
Fire	41	38	36	37	37	37	37	36	37	37
Public works	28	31	31	31	32	31	31	31	35	31
Recreation and Parks	14	13	13	13	13	13	13	12	12	12
Education	614	679	682	696	696	679	657	657	631	624
Total	844	914	914	929	931	911	897	887	862	853

SOURCE: Borough's payroll department.

Table 15

Borough of Naugatuck, Connecticut

Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

Fiscal Year Ended June 30

Function / Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
Building Permits Residential Issued	517	548	548	520	505	787	1,017	522	91	102
Value	6,925,000	6,954,000	6,006,000	6,645,000	6,234,500	18,982,162	16,133,500	17,736,776	13,431,863	12,946,606
Building Permits Commercial Issued	38	60	55	48	16	13	20	25	5	3
Value	45,368,000	8,892,000	8,564,000	3,303,000	2,028,000	4,315,000	2,079,800	1,318,123	3,527,797	790,035
Police: (PD records kept on calendar year basis)										
Cases Investigated	38,247	36,281	36,393	33,458	33,211	34,756	34,483	35,868	34,102	33,034
Arrests	1,208	1,115	1,967	1,702	1,733	1,472	1,542	1,602	1,330	889
Infractions	2,136	1,812	1,418	910	1,597	2,113	1,789	2,542	1,104	1,160
Summons	613	691	540	572	323	328	455	716	360	477
Verbal Warnings	3,953	3,566	3,555	2,001	1,921	1,793	2,360	3,580	2,420	3,221
Written Warnings	2,662	2,230	2,159	1,412	1,630	1,551	1,643	1,918	1,142	1,455
Parking Citations	586	210	281	628	364	347	318	234	346	328
Traffic Citations (Total of all MV)	9,364	8,299	6,524	4,895	5,471	5,785	6,247	8,756	5,026	6,313
Homicide	-	-	-	-	1	1	1	-	1	-
Sexual Assaults	5	38	24	32	18	27	17	21	24	32
Assaults	163	131	149	145	182	173	124	83	123	206
Breach of Peace	201	259	231	237	226	164	75	49	45	88
Robbery	11	11	11	10	12	10	5	6	12	9
Burglary	103	82	71	75	59	77	84	84	90	139
Larceny	557	487	541	524	476	521	507	524	542	792
Motor Vehicle Accidents	747	726	825	852	846	854	884	903	1,101	1,082
EMS Assists	2,584	2,560	2,433	2,298	2,422	2,576	2,447	2,252	2,361	1,988
DUI	202	177	193	204	114	115	106	99	82	150
Domestic Disputes	422	611	416	608	650	650	608	575	528	626
Fire:										
Fire Related Incidents (includes emergency & non-emergency responses)	1,362	1,719	1,924	1,387	1,243	1,254	1,351	1,280	1,463	1,515
Inspection	380	366	345	493	402	279	430	N/A	N/A	N/A
Refuse Collection:										
Refuse Collected (Tons per Day)	7,955	8,722	8,732	9,087	9,454	9,646	9,823	9,769	9,619	9,515
Recyclables Collected (Tons per Day)	1,917	1,737	1,643	1,357	1,423	1,440	1,432	1,418	1,441	1,472
Other Public Works:										
Street Resurfacing (Miles)	0.96	3.51	0	4.4	0.9	N/A	1.9	0.0	4.1	3.0
Recreation and Parks:										
Athletic Field Permits Issued	2,900	3,845	4,170	3,646	2,965	1,791	1,516	-	-	-
School year program registrations	600	570	462	1,373	1,400	1,350	1,634	1,500	1,722	1,600
Summer camp registrations	400	486	471	450	614	584	647	375	435	-
Swimming program registrations	-	200	180	195	213	167	217	119	125	-
Holiday Village visitors	8,000	10,500	10,200	10,300	9,450	9,500	11,000	11,500	10,000	-
Pool visitors	-	4,489	4,625	5,750	6,500	5,800	6,551	6,200	6,125	-

Sources: Directors of each Department

Table 16

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

Function / Program	Fiscal Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Recreation and Parks:										
Fields - Municipal	9	9	9	9	7	7	7	7	7	7
Fields - Schools	5	5	5	5	5	5	5	5	5	5
Public Safety:										
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	10	10	10	10	10	9	9	9	9	9
Public Works:										
Highway department:										
Streets paving during year (miles)	0.96	3.51	-	4.43	0.85	N/A	1.93	0.03	4.1	2.99
Education:										
Number of High Schools	1	1	1	1	1	1	1	1	1	1
Number of Middle Schools	2	2	2	2	2	2	2	2	2	2
Intermediate Schools	2	2	2	2	2	2	2	2	2	2
Number of Elementary Schools	6	6	6	6	6	6	6	6	6	6

Sources: Various Town Departments.