

**Comprehensive Annual Financial Report**  
**of the**  
**Borough of Naugatuck, Connecticut**  
**Year Ended June 30, 2015**

# Borough of Naugatuck, Connecticut

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# Introductory Section

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**Borough of Naugatuck, Connecticut**

List of Principal Officials  
June 30, 2015

**Mayor**

Robert A. Mezzo

**Burgesses**

Tamath K. Rossi, Deputy Mayor  
Michael Bronko, Burgess  
Robert J. Burns, Burgess  
Catherine Emsky, Burgess  
Laurie Jackson, Burgess  
Robert A. Neth, Burgess  
Laurie Jackson, Burgess  
Alexander Olbrys, Burgess  
Patrick J. Scully, Burgess  
Rocky Vitale, Burgess

**Administration**

Treasurer  
Tax Collector  
Town Clerk  
Assessor  
Controller  
Police Chief  
Fire Chief  
Director of Public Works & Recreation

Judy E. Anderson  
James Goggin  
Michelle Dowling  
George Hlavachek  
Robert Butler  
Chris Edson  
Ken Hanks  
James Stewart

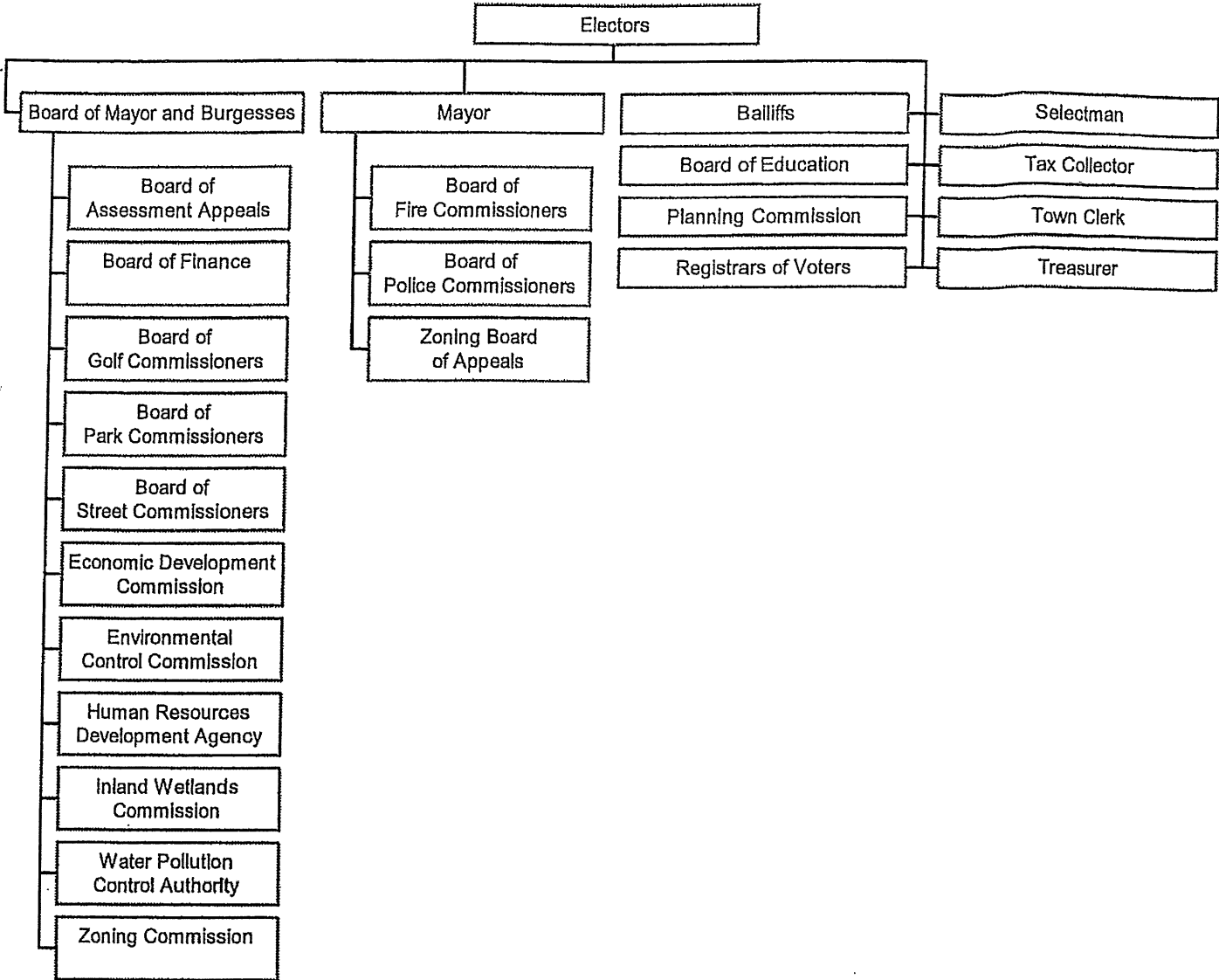
**Board of Education**

David Heller, Chairman  
Dorothy Neth-Kunin, Vice Chair  
Glen Connan  
Ethel Grant  
Jill Mahoney  
Diana Malone  
James Scully  
Scott Slauson

Superintendent of Schools  
Finance and Administration

Sharon Locke  
Robert Butler

# Organizational Chart



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# Financial Section

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## Independent Auditor's Report

Boards of Mayor and Burgesses and 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, 2015, 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, 2015, 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.

### *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 pension and other post-employment benefit plan schedules on pages 6 through 14 and pages 68 through 79, 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.

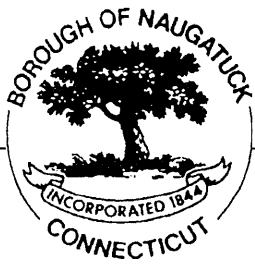
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016, 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 black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
February 10, 2016



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**Management's Discussion and Analysis  
Year Ended June 30, 2015**

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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, 2015.

**Financial Highlights**

- During the fiscal year, the Town implemented GASB 68 related to pensions. GASB 68 required that the net pension liability be recorded on the government-wide financial statements. The result of implementing GASB 68 was a prior period adjustment as of July 1, 2014 to record the net pension liability of \$14,308,570. The current year pension expense was \$2,723,042 and the net pension liability at June 30, 2015 was \$28,343,923.
- The assets of the Borough exceeded its liabilities at the close of the most recent fiscal year by \$72,232,966 (*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 \$(84,376,104).
- The Borough's total net position increased by \$19,827,555. The increase is due substantially to capital asset additions in excess of depreciation expense due to the NHS Reconstruction and Renovation project, offset by bond issuances and payments and an increase in the pension expense and OPEB expense of \$2,723,042 and \$7,743,300, respectively.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$18,730,828, an increase of \$10,967,672 in comparison with the prior year. This increase is a result of positive operations of \$10,805,456 in the NHS Reconstruction and Renovation Fund due to an increase in school building progress payments and the issuance of \$8,000,000 of bond anticipation notes to help eliminate the deficit. Of the total fund balance, \$13,862,176 is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$4,868,652.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,729,445, an increase of \$101,074 in comparison with the prior year. This represents 12.3% 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.

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, deferred outflows, liabilities and deferred inflows, with the difference between these accounts being 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.

The Borough reports governmental funds 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, NHS Reconstruction and Renovation fund and Capital Nonrecurring fund, which are considered to be major funds. Data from the other 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 three 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 as well as workers compensation benefits for the Borough and the Board of Education. 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.

**Required supplementary 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 and other post-employment benefits to its employees.

**Other information.** 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 increased by 37.8% from a year ago – increasing from \$52,405,411 to \$72,232,966 (after the restatement for the net pension liability).

By far the largest portion of the Borough’s net position 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.

A portion of the Borough’s net position (3.71%) represents resources that are subject to external restrictions on how they may be used. When the balance is positive, the remaining balance of unrestricted net position is available to be used to meet the Borough’s ongoing obligations to citizens and creditors.

**Summary Statement of Net Position  
June 30, 2015 and 2014**

	<u>2015</u>	<u>2014 (restated)</u>
Current and other assets	\$ 58,148,658	\$ 53,418,421
Capital assets (net)	<u>213,529,584</u>	<u>193,227,271</u>
Total assets	<u>271,678,242</u>	<u>246,645,692</u>
Deferred outflows of resources	<u>11,312,311</u>	<u>-</u>
Current liabilities outstanding	29,519,354	35,028,708
Long-term liabilities outstanding	<u>180,380,086</u>	<u>157,561,089</u>
Total liabilities	<u>209,899,440</u>	<u>192,589,797</u>
Deferred inflows of resources	<u>858,147</u>	<u>1,650,484</u>
Net position:		
Net investment in capital assets	153,926,812	129,094,722
Restricted	2,682,258	2,174,668
Unrestricted	<u>(84,376,104)</u>	<u>(78,863,979)</u>
Total net position	<u>\$ 72,232,966</u>	<u>\$ 52,405,411</u>

**Governmental activities.** The Borough's net position increased by \$19,827,555. Key elements of this increase are as follows:

**Statement of Changes in Net Position  
Years Ended June 30, 2015 and 2014**

	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 9,004,627	\$ 9,884,928
Operating grants and contributions	44,034,455	43,420,641
Capital grants and contributions	28,869,904	17,410,487
General revenues:		
Property taxes	72,046,915	72,459,074
Grants and contributions not restricted to specific programs	981,437	1,090,223
Investment income	79,015	165,135
Gain on sale of capital assets	54,888	-
Miscellaneous	94,259	566,703
	<b>155,165,500</b>	<b>144,997,191</b>
Expenses:		
General government	10,620,763	10,332,621
Public safety	22,237,894	21,418,222
Public works	13,577,208	13,058,521
Health and welfare	3,689,680	4,299,282
Education	82,079,593	80,266,613
Interest expense	3,132,807	2,836,697
	<b>135,337,945</b>	<b>132,211,956</b>
Change in net position	19,827,555	12,785,235
Net position - July 1	52,405,411	88,851,828
Restated for net pension liability	-	(49,231,652)
Net position - June 30	<b>\$ 72,232,966</b>	<b>\$ 52,405,411</b>



- The \$11,459,417 increase in capital grants and contributions was due to the State progress payment grant received for the NHS Reconstruction and Renovation project.
- Charges for services decreased by \$880,301 substantially due to decrease in Veolia contract rents as well as decrease in fees for the Visiting Nurse Association which is no longer owned by the Borough.
- The \$1,812,980 increase in education expenses increased mainly due to an increase in the pension and other post-employment benefit liabilities net with a decrease in the state teacher's retirement contribution from prior year.
- The \$609,602 decrease in health and welfare is mainly due to the reduction of expenses in the visiting nurse association which is no longer owned by the Borough.
- Public safety expenses increased by \$819,672 primarily from increases in fire department salaries and expenses, as well increase in pension and other post-employment benefit liabilities.

### **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 \$18,730,828. \$13,862,176 is not available for new spending because it has already been classified as 1) nonspendable (\$800,175) for the library endowment, 2) restricted (\$2,052,513), 3) committed (\$7,413,179) and 4) assigned (\$3,596,309).

The total fund balance increased by \$10,967,672 to \$18,730,828. This increase is the result of an increase in school building grants revenues and bond anticipation notes issued in the NHS Reconstruction and Renovation Fund of \$8,000,000.

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 \$13,729,445. 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 12.3% of total general fund expenditures and transfers out.

The fund balance of the Borough's general fund decreased by \$53,610 due to expenditures under budget reported for every department. The significant departments that were underspent are discussed below under the General Fund Budgetary Highlights section.

**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 school building grants and bond anticipation notes. The fund ended the year with a deficit of \$8,822,890, which will be eliminated when the bond anticipation notes are permanently financed.

**Capital Nonrecurring Fund.** This fund accounts for financial resources to be used for the activities associated with major capital improvements and equipment. This fund is funded with grants and transfers from the general fund. The fund balance at fiscal year end was \$6,919,764, which will be spent in future years as projects are completed.

**General Fund Budgetary Highlights**

Significant budget transfers made during the year were as follows:

- \$445,423 to public works operation and maintenance for increased expenditures for snow removal.
- \$269,366 to the fire department as a result of an increase in regular and overtime salary expenditures.

Significant departments that were underspent during the year were as follows:

- Education was under spent by \$349,916 due to lower than expected employee benefit costs.
- Insurance was underspent by \$720,992 due to lower than expected premiums.

**Capital Assets and Debt Administration**

**Capital assets.** The Borough of Naugatuck’s capital assets totaled \$213,529,584, 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 \$20,302,313 or 10.5%. This increase is largely due to an increase of construction in progress of \$22,945,289 for the high school renovation.

Other significant transactions were as follows:

- \$1,776,462 for school security upgrades.
- \$598,350 for Board of Education copiers.
- Disposal of garbage trucks of a net book value of \$584,612 resulting in a gain on sale of capital assets of \$54,888.

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

	2015	2014
Land	\$ 15,598,094	\$ 15,661,524
Construction in progress	69,345,002	45,566,665
Buildings and improvements	44,908,366	45,091,699
Machinery and equipment	5,675,976	6,371,043
Infrastructure	78,002,146	80,536,340
 Total	 \$ 213,529,584	 \$ 193,227,271

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 \$79,339,362. The increase of \$3,502,685 from prior year is due to the issuance of the current year debt net with scheduled debt payments. All debt is backed by the full faith and credit of the Borough.

<b>Outstanding Debt</b>		
<b>Long - Term Obligations</b>		
	2015	2014
General obligation bonds	\$ 5,730,000	\$ 6,670,000
General obligation bonds (taxable)	3,200,000	3,405,000
School bonds	12,540,000	12,730,000
Pension obligation bonds (taxable)	38,290,000	39,490,000
Bond anticipation notes (permanently financed)	8,000,000	-
Notes payable	509,362	1,096,677
Certificates of participation (taxable)	1,325,000	2,000,000
Certificates of participation	9,745,000	10,445,000
<b>Total</b>	<b>\$ 79,339,362</b>	<b>\$ 75,836,677</b>

The Borough maintains an “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 \$493,213,406, 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 6.1%, which is lower than fiscal year 2014. This is higher than both the state’s average unemployment rate of 5.5% and the Hartford Labor Market rate of 5.4%. The Borough is above the national average of 5.2%.
- 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 2016 and thereafter.
- 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 2016 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.

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# **Basic Financial Statements**

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Borough of Naugatuck, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2015

Assets

Current assets:	
Cash	\$ 20,176,676
Investments	21,652,448
Receivables (net):	
Property taxes	4,095,260
Intergovernmental	2,756,374
Assessments	15,490
Loans	22,273
Other	2,189,877
Other assets	<u>64,554</u>
Total current assets	<u>50,972,952</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	273,538
Permanently restricted:	
Investments	<u>62,787</u>
Total restricted assets	<u>336,325</u>
Receivables (net):	
Property taxes	6,100,907
Loans	<u>738,474</u>
Total receivables (net)	<u>6,839,381</u>
Capital assets (net of accumulated depreciation):	
Land	15,598,094
Construction in progress	69,345,002
Buildings and improvements	44,908,366
Machinery and equipment	5,675,976
Infrastructure	<u>78,002,146</u>
Total capital assets (net of accumulated depreciation)	<u>213,529,584</u>
Total noncurrent assets	<u>220,705,290</u>
Total assets	<u>271,678,242</u>

Deferred Outflow of Resources

Pension related	<u>11,312,311</u>
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(Continued)

Borough of Naugatuck, Connecticut

Statement of Net Position  
Governmental Activities  
June 30, 2015

Liabilities

Liabilities:

Current liabilities:	
Cash overdraft	\$ 4,702
Accounts payable	11,618,812
Accrued payroll	1,006,474
Performance bonds	212,451
Accrued interest payable	353,848
Unearned revenue	208,922
Bond anticipation notes	8,000,000
Bonds and notes payable	3,382,784
Certificates of participation	1,505,000
Capital leases payable	1,942,354
Compensated absences	803,069
Heart and hypertension	100,000
Other liabilities	380,938
	<hr/>
Total current liabilities	29,519,354
	<hr/>
Noncurrent liabilities:	
Bonds, notes and related liabilities	65,161,613
Certificates of participation	9,565,000
Capital leases payable	10,677,874
Net pension liability	28,343,923
Net OPEB obligation	63,419,400
Compensated absences	3,212,276
	<hr/>
Total noncurrent liabilities	180,380,086
	<hr/>
Total liabilities	209,899,440
	<hr/>

Deferred Inflows of Resources

Deferred charge on refunding	858,147
	<hr/>

Net Position

Net investment in capital assets	153,926,812
Restricted for:	
Endowments:	
Nonexpendable	677,301
Expendable	122,874
Public safety	148,901
Public works	385,049
Other	45,917
Education	1,302,216
Unrestricted	(84,376,104)
	<hr/>
Total net position	\$ 72,232,966
	<hr/>

(Concluded)

Borough of Naugatuck, Connecticut

Statement of Activities  
Governmental Activities  
Year Ended June 30, 2015

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
General government	\$ 10,620,763	\$ 474,693	\$ -	\$ -	\$ (10,146,070)
Public safety	22,237,894	1,199,037	169,170	-	(20,869,687)
Public works	13,577,208	5,131,422	-	3,034,492	(5,411,294)
Health and welfare	3,689,680	715,715	282,968	-	(2,690,997)
Education	82,079,593	1,483,760	43,582,317	25,835,412	(11,178,104)
Interest expense	3,132,807	-	-	-	(3,132,807)
<b>Total</b>	<b>\$ 135,337,945</b>	<b>\$ 9,004,627</b>	<b>\$ 44,034,455</b>	<b>\$ 28,869,904</b>	<b>\$ (53,428,959)</b>
General revenues:					
Property taxes					\$ 72,046,915
Grants and contributions not restricted to specific programs					981,437
Investment income					79,015
Gain on sale of capital assets					54,888
Miscellaneous					94,259
<b>Total general revenues</b>					<b>73,256,514</b>
Change in net position					19,827,555
Net position - July 1, 2014 (as restated)					52,405,411
Net position - June 30, 2015					<b>\$ 72,232,966</b>



Borough of Naugatuck, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2015

	General	NHS Reconstruction and Renovation	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 12,702,909	\$ 408,154	\$ 2,415,755	\$ 3,011,465	\$ 18,538,283
Restricted cash	212,451	-	-	-	212,451
Investments	19,834,867	-	556,656	1,323,712	21,715,235
Receivables:					
Property taxes	12,423,158	-	-	-	12,423,158
Intergovernmental	430,289	-	1,804,542	521,543	2,756,374
Assessments	15,490	-	-	-	15,490
Loans	-	-	-	776,272	776,272
Other, net	2,136,447	22,410	5,026	25,994	2,189,877
Due from other funds	1,059,698	3,248,932	2,466,522	1,782,449	8,557,601
Prepaid/other	-	22,903	-	41,651	64,554
Total assets	<u>\$ 48,815,309</u>	<u>\$ 3,702,399</u>	<u>\$ 7,248,501</u>	<u>\$ 7,483,086</u>	<u>\$ 67,249,295</u>
<u>Liabilities</u>					
Cash overdraft	\$ -	\$ -	\$ -	\$ 4,702	\$ 4,702
Accounts payable	2,315,986	4,525,289	328,737	768,298	7,938,310
Accrued payroll and early retirement incentives	1,006,474	-	-	-	1,006,474
Due to other funds	17,268,324	-	-	1,059,698	18,328,022
Unearned revenue	-	-	-	208,922	208,922
Bond anticipation notes	-	8,000,000	-	-	8,000,000
Performance bonds	212,451	-	-	-	212,451
Other liabilities	380,938	-	-	-	380,938
Total liabilities	<u>21,184,173</u>	<u>12,525,289</u>	<u>328,737</u>	<u>2,041,620</u>	<u>36,079,819</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	12,423,158	-	-	-	12,423,158
Sewer assessments	15,490	-	-	-	15,490
Total deferred inflows of resources	<u>12,438,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,438,648</u>
<u>Fund Balances</u>					
Nonspendable	-	22,903	-	777,272	800,175
Restricted	-	-	-	2,052,513	2,052,513
Committed	-	-	6,919,764	493,415	7,413,179
Assigned	1,463,043	-	-	2,133,266	3,596,309
Unassigned	13,729,445	(8,845,793)	-	(15,000)	4,868,652
Total fund balances	<u>15,192,488</u>	<u>(8,822,890)</u>	<u>6,919,764</u>	<u>5,441,466</u>	<u>18,730,828</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 48,815,309</u>	<u>\$ 3,702,399</u>	<u>\$ 7,248,501</u>	<u>\$ 7,483,086</u>	<u>\$ 67,249,295</u>

(Continued)

Borough of Naugatuck, Connecticut

Reconciliation of Fund Balance  
to Net Position of Governmental Activities  
June 30, 2015

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)	\$ 18,730,828
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	193,227,271
Current year additions (net of construction in progress)	27,842,625
Depreciation expense	(6,892,876)
Disposal of assets	(647,436)
Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:	
Property tax interest and lien accrual	9,520,338
Allowance for doubtful accounts	(11,762,854)
Deferred outflows related to pensions	11,312,311
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax and sewer assessments receivable - accrual basis change	12,438,648
Internal service funds are used by management to charge the cost of dental insurance and workers' compensation to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	7,789,399
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(68,269,362)
Premium	(275,035)
Certificates of participation	(11,070,000)
Capital leases	(12,620,228)
Net pension liability	(28,343,923)
Net OPEB obligation	(63,419,400)
Compensated absences	(4,015,345)
Heart and hypertension	(100,000)
Deferred charge on refunding	(858,147)
Accrued interest payable	(353,848)
Net position of governmental activities	<u>\$ 72,232,966</u>
	(Concluded)

See Notes to Financial Statements.

## Borough of Naugatuck, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2015**

	General	NHS Reconstruction and Renovation	Capital Nonrecurring Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 70,618,029	\$ -	\$ -	\$ -	\$ 70,618,029
Intergovernmental	37,060,076	25,835,412	2,463,169	8,475,419	73,834,076
Charges for services	6,099,517	-	76,955	2,830,693	9,007,165
Income from investments	72,911	489	4,091	1,524	79,015
Contributions	-	-	-	51,720	51,720
Miscellaneous	90,744	-	3,515	-	94,259
<b>Total revenues</b>	<b>113,941,277</b>	<b>25,835,901</b>	<b>2,547,730</b>	<b>11,359,356</b>	<b>153,684,264</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,854,947	-	-	156,657	3,011,604
Public safety	10,659,002	-	-	1,162,392	11,821,394
Public works	9,492,433	-	-	805,178	10,297,611
Health and welfare	1,569,110	-	-	111,169	1,680,279
Education	64,498,577	-	-	9,107,559	73,606,136
Nondepartmental	15,586,311	-	-	-	15,586,311
Debt service	9,485,035	159,556	-	427,300	10,071,891
Capital outlay	-	23,914,317	3,509,474	-	27,423,791
<b>Total expenditures</b>	<b>114,145,415</b>	<b>24,073,873</b>	<b>3,509,474</b>	<b>11,770,255</b>	<b>153,499,017</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(204,138)</b>	<b>1,762,028</b>	<b>(961,744)</b>	<b>(410,899)</b>	<b>185,247</b>
<b>Other financing sources (uses):</b>					
Capital leases	-	969,028	-	-	969,028
Issuance of debt	-	8,000,000	-	-	8,000,000
Premium	-	74,400	-	-	74,400
Sale of capital assets	639,500	-	-	-	639,500
Transfers in	2,342,221	-	1,539,054	67,000	3,948,275
Transfers out	(2,831,193)	-	-	(17,585)	(2,848,778)
<b>Net other financing sources (uses)</b>	<b>150,528</b>	<b>9,043,428</b>	<b>1,539,054</b>	<b>49,415</b>	<b>10,782,425</b>
<b>Net change in fund balances</b>	<b>(53,610)</b>	<b>10,805,456</b>	<b>577,310</b>	<b>(361,484)</b>	<b>10,967,672</b>
<b>Fund balances - July 1, 2014</b>	<b>15,246,098</b>	<b>(19,628,346)</b>	<b>6,342,454</b>	<b>5,802,950</b>	<b>7,763,156</b>
<b>Fund balances - June 30, 2015</b>	<b>\$ 15,192,488</b>	<b>\$ (8,822,890)</b>	<b>\$ 6,919,764</b>	<b>\$ 5,441,466</b>	<b>\$ 18,730,828</b>

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, 2015

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)	<u>\$ 10,967,672</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities  
the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.  
This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	27,842,625
Donated capital assets	
Depreciation expense	<u>(6,892,876)</u>
 Total	 <u>20,949,749</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations)  
is to increase net position. 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:

Disposal of capital assets	<u>(647,436)</u>
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Revenues in the statement of activities that do not provide current financial resources are not  
reported as revenues in the funds:

Change in property tax and sewer assessments - accrual basis change	983,476
Change in property tax interest and lien revenue	447,846
Change in allowance for doubtful accounts	<u>(4,974)</u>
 Total	 <u>1,426,348</u>

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 bonds	(8,000,000)
Capital lease	(969,028)
Principal repayments:	
General obligation bonds	2,535,000
Notes payable	587,315
Certificates of participation	1,375,000
Capital lease	<u>2,269,341</u>
 Total	 <u>(2,202,372)</u>

(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, 2015

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	\$ (7,743,300)
Heart and hypertension	(55,000)
Compensated absences	529,718
Pension expense	(2,723,042)
Accrued interest payable	(39,121)
Amortization of deferred charges	121,869
Amortization of bond premium	<u>15,280</u>
Total	<u>(9,893,596)</u>
Internal Service Funds are used by management to charge costs of dental insurance and workers' compensation to individual departments	<u>(772,810)</u>
Change in net position (Exhibit B)	<u>\$ 19,827,555</u>
	(Concluded)

## Borough of Naugatuck, Connecticut

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 70,034,997	\$ 70,034,997	\$ 70,618,029	\$ 583,032
Intergovernmental revenues	31,568,324	31,568,324	31,499,444	(68,880)
Charges for services	6,432,110	6,432,110	6,099,517	(332,593)
Income from investments	60,000	60,000	72,911	12,911
Miscellaneous	198,905	198,905	90,744	(108,161)
Total revenues	<u>108,294,336</u>	<u>108,294,336</u>	<u>108,380,645</u>	<u>86,309</u>
Expenditures:				
Current:				
General government	2,933,750	2,999,072	2,854,947	144,125
Public safety	10,495,142	10,697,204	10,659,002	38,202
Public works	9,182,301	9,653,133	9,492,433	160,700
Health and welfare	1,523,086	1,626,675	1,569,110	57,565
Nondepartmental	17,015,334	16,356,563	15,586,311	770,252
Education	59,287,861	59,287,861	58,937,945	349,916
Debt service	9,694,032	9,510,998	9,485,035	25,963
Total expenditures	<u>110,131,506</u>	<u>110,131,506</u>	<u>108,584,783</u>	<u>1,546,723</u>
Excess (deficiency) of revenues over expenditures	<u>(1,837,170)</u>	<u>(1,837,170)</u>	<u>(204,138)</u>	<u>1,633,032</u>
Other financing sources (uses):				
Appropriation of fund balance	1,617,727	1,617,727	-	(1,617,727)
Sale of capital assets	566,000	566,000	639,500	73,500
Transfers in	2,484,636	2,484,636	2,342,221	(142,415)
Transfers out	(2,831,193)	(2,831,193)	(2,831,193)	-
Net other financing sources (uses)	<u>1,837,170</u>	<u>1,837,170</u>	<u>150,528</u>	<u>(1,686,642)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(53,610)</u>	<u>\$ (53,610)</u>
Fund balance - July 1, 2014			<u>15,246,098</u>	
Fund balance - June 30, 2015			<u>\$ 15,192,488</u>	

Borough of Naugatuck, Connecticut

Statement of Net Position  
 Proprietary Funds  
 June 30, 2015

	<u>Internal Service Funds</u>
<u>Assets</u>	
Cash	\$ 1,699,480
Due from other funds	<u>6,870,443</u>
Total assets	<u>8,569,923</u>
<u>Liabilities</u>	
Accounts payable	92,316
Claims payable	<u>688,208</u>
Total liabilities	<u>780,524</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 7,789,399</u></u>

## Borough of Naugatuck, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2015**

	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	<u>\$ 3,093,040</u>
Operating expenses:	
Claims	2,162,561
Administration	<u>603,792</u>
Total operating expenses	<u>2,766,353</u>
Operating income (loss) before transfers in and out	326,687
Transfers in	2,600,139
Transfers out	<u>(3,699,636)</u>
Change in net position	(772,810)
Net position - July 1, 2014	<u>8,562,209</u>
Net position - June 30, 2015	<u><u>\$ 7,789,399</u></u>



## Borough of Naugatuck, Connecticut

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received for charges for services	\$ 3,093,040
Cash paid for benefits and claims	(1,565,811)
Cash paid for administration	(603,792)
Cash receipts (payments) of interfund balances	<u>1,232,281</u>
Net cash provided by (used in) operating activities	<u>2,155,718</u>
Cash flows from noncapital and related financing activities:	
Transfer in from other funds	2,600,139
Transfer out to other funds	<u>(3,699,636)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(1,099,497)</u>
Net increase (decrease) in cash	1,056,221
Cash - July 1, 2014	<u>643,259</u>
Cash - June 30, 2015	<u><u>\$ 1,699,480</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 326,687
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	1,170,685
Increase (decrease) in:	
Accounts payable	61,596
Claims payable	<u>596,750</u>
Net cash provided by (used in) operating activities	<u><u>\$ 2,155,718</u></u>

## Borough of Naugatuck, Connecticut

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	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	\$ -	\$ -	\$ -	\$ 366,162
Investments:				
Certificates of deposit	-	-	64,707	3,738
Mutual funds:				
Equity	87,416,373	3,245,744	-	-
Diversified bonds	44,238,923	2,171,739	-	-
Money market	1,765,148	8,876	-	-
	<u>133,420,444</u>	<u>5,426,359</u>	<u>64,707</u>	<u>3,738</u>
Total investments				
Due from other funds	<u>1,367,303</u>	<u>1,532,675</u>	<u>-</u>	<u>-</u>
Total assets	<u>134,787,747</u>	<u>6,959,034</u>	<u>64,707</u>	<u>369,900</u>
<u>Liability</u>				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,900</u>
<u>Net Position</u>				
Net position held in trust for pension and OPEB benefits and other purposes	<u>\$ 134,787,747</u>	<u>\$ 6,959,034</u>	<u>\$ 64,707</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, 2015**

	Pension Trust Fund	Other Post- Employment Benefit (OPEB) Trust Fund	Private- Purpose Trust Fund
Additions:			
Contributions:			
Employer	\$ 5,545,444	\$ 6,227,100	\$ -
Employees	925,359	-	-
Other	-	-	510
Total contributions	<u>6,470,803</u>	<u>6,227,100</u>	<u>510</u>
Investment income (loss):			
Net change in fair value of investments	1,351,711	(11,937)	-
Interest and dividends	<u>2,516,024</u>	<u>121,377</u>	<u>-</u>
Total investment income (loss)	3,867,735	109,440	-
Less investment expenses	<u>166,484</u>	<u>22,706</u>	<u>-</u>
Net investment income (loss)	<u>3,701,251</u>	<u>86,734</u>	<u>-</u>
Total additions	<u>10,172,054</u>	<u>6,313,834</u>	<u>510</u>
Deductions:			
Benefits	9,805,238	4,569,425	-
Administration	54,174	22,706	-
Scholarships	<u>-</u>	<u>-</u>	<u>2,150</u>
Total deductions	<u>9,859,412</u>	<u>4,592,131</u>	<u>2,150</u>
Changes in net position	312,642	1,721,703	(1,640)
Net position - July 1, 2014	<u>134,475,105</u>	<u>5,237,331</u>	<u>66,347</u>
Net position - June 30, 2015	<u><u>\$ 134,787,747</u></u>	<u><u>\$ 6,959,034</u></u>	<u><u>\$ 64,707</u></u>

See Notes to Financial Statements.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015**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. The Finance board is comprised of nine residents and three alternates who are appointed by the Board of Mayor and Burgesses.

The Borough provides the following public services as authorized by its charter: 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  
June 30, 2015

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 reimbursement grants 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.

The *Capital Nonrecurring Fund* is used to account for activities associated with major capital improvements and equipment.

Additionally, the Borough reports the following fund types:

The *Internal Service Funds* account for risk financing activities for dental insurance and workers' compensation 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 Benefit Trust Fund* accounts for the activities of the Naugatuck Other Post-Employment Benefit Plan, which accumulates resources for retiree medical payments to qualified employees.

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 Fund* accounts 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  
June 30, 2015

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.

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

**C. Assets, liabilities, deferred outflows/inflows of resources and 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.

Method to value investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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.

The Borough's pension plan investment policy targets are 50% domestic equities, 15% international equities, 20% fixed income, 10% real estate equities, and 5% high yield.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015**2. Receivables and payables****a. Interfunds**

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

**b. Property taxes and other receivables**

In the government-wide financial statements, property tax and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 71% 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 performance bonds and endowment purposes. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Borough calls the bond for nonperformance. The endowment's trust agreement restricts the expenditure of the investment income only for the designated purpose.

**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  
June 30, 2015**

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 deferred outflows of resources related to pensions for the differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings on pension plan investments. These deferred outflows will be amortized over 5.2 years, 5.2 years and 5 years, respectively.

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

June 30, 2015

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

**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  
June 30, 2015Committed

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 Burgesses or referendum.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Mayor and Burgesses or by the issuance of a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

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

The Board of Mayor and Burgesses adopted a minimum fund balance policy for the General Fund. The policy requires the Borough to strive to maintain an unassigned general fund balance of not less than 8% 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  
June 30, 2015**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 appropriations up to \$2,000. Amounts over \$2,000 must be approved jointly by the Board of Finance and Board of Mayor and Burgesses with a 2/3 vote.

There were no additional appropriations 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.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015**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	\$ 108,380,645	\$ 108,584,783
State teachers' retirement on-behalf amount	<u>5,560,632</u>	<u>5,560,632</u>
Balance, GAAP basis, Exhibit D	<u>\$ 113,941,277</u>	<u>\$ 114,145,415</u>

**C. Capital projects authorizations**

The following is a summary of Capital Projects at June 30, 2015:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Maple St. Bridge renovation	\$ 2,000,000	\$ -	\$ 2,000,000
Naugatuck treatment plant	31,750,000	23,866,339	7,883,661
5-year capital project	6,326,900	6,720,615	(393,715)
Naugatuck High School reconstruction & renovation	81,000,000	65,372,357	15,627,643
Capital Lease	3,000,000	2,585,000	415,000
Naugatuck High School cafeteria renovation	2,900,000	2,791,991	108,009
2 <sup>nd</sup> 5-Year capital project	7,183,560	6,619,307	564,253
Naugatuck High School solar roof	6,233,564	6,216,680	16,884
Improvement police station	345,000	341,789	3,211
Reclamation account	2,000,000	1,128,273	871,727
Renaissane Place downtown phase I	500,000	2,567	497,433
Roads and Infrastructure	5,075,000	-	5,075,000
Financing of Judgement	12,430,000	-	12,430,000
Parcel A, B & C Site	975,000	5,547	969,453
Bldg 25 Goodyear/Tuttle House	<u>940,000</u>	<u>98,435</u>	<u>841,565</u>
Totals	<u>\$ 162,659,024</u>	<u>\$ 115,748,900</u>	<u>\$ 46,910,124</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  
June 30, 2015

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

At June 30, 2015, there is no appreciation available for appropriation.

**E. Deficit fund balances**

The Making Places fund had a deficit fund balance of \$15,000 at June 30, 2015. The deficit should be reduced or eliminated in future years by transfers from the general fund.

**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, 2015, \$27,111,131 of the Borough's bank balance of \$30,215,114 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,125,018
Uninsured and collateral held by the pledging bank's trust department, not in the Borough's name	<u>2,986,113</u>
Total amount subject to custodial credit risk	<u>\$ 27,111,131</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  
June 30, 2015

At June 30, 2015, 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	Over 10
Mutual funds and ETF's:						
Equity mutual funds	\$ 90,662,117	\$90,662,117	\$ -	\$ -	\$ -	\$ -
Diversified bond fund	46,410,662	-	-	3,509,803	1,896,843	41,004,016
Money market	1,774,024	-	1,774,024	-	-	-
Certificates of deposit	7,553,826	-	7,553,826	-	-	-
Pooled fixed income	14,229,854	-	14,229,854	-	-	-
Total	\$ 160,630,483	\$90,662,117	\$23,557,704	\$ 3,509,803	\$ 1,896,843	\$41,004,016

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	Mutual Funds		
	Diversified Bond	Money Market	Pooled Fixed Income
AAA	\$ 24,606,926	\$ -	\$ 14,229,854
AA	1,671,070	-	-
A	6,464,860	-	-
BBB	6,422,206	-	-
BB	3,595,064	-	-
B	1,243,933	-	-
CCC	1,045,784	-	-
Unrated	1,360,819	1,774,024	-
Total	\$ 46,410,662	\$ 1,774,024	\$ 14,229,854

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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 \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

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

**B. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Borough's government-wide and general fund financial statements with allowances for uncollectible accounts as of June 30, 2015, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes			CDBG Loans
	Taxes	Interest & Liens	Total	
Current portion	\$ 2,770,364	\$ 1,324,896	\$ 4,095,260	\$ 22,273
Long-term portion	\$ 9,652,794	\$ 8,195,442	\$ 17,848,236	\$ 753,999
Less allowance for uncollectibles	<u>(5,035,312)</u>	<u>(6,712,017)</u>	<u>(11,747,329)</u>	<u>(15,525)</u>
Net long-term portion	<u>\$ 4,617,482</u>	<u>\$ 1,483,425</u>	<u>\$ 6,100,907</u>	<u>\$ 738,474</u>
Gross other receivables	\$ 2,544,976			
Less allowance for uncollectibles	<u>(355,099)</u>			
Net other receivables	<u>\$ 2,189,877</u>			

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

C. Capital assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<u>Capital assets, not being depreciated:</u>				
Land	\$ 15,661,524	\$ -	\$ 63,430	\$ 15,598,094
Construction in progress	45,566,665	24,326,259	547,922	69,345,002
Total capital assets, not being depreciated	<u>61,228,189</u>	<u>24,326,259</u>	<u>611,352</u>	<u>84,943,096</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	79,182,894	1,461,942	74,790	80,570,046
Machinery and equipment	18,123,649	1,053,190	790,508	18,386,331
Infrastructure	184,657,722	1,612,586	-	186,270,308
Total capital assets, being depreciated	<u>281,964,265</u>	<u>4,127,718</u>	<u>865,298</u>	<u>285,226,685</u>
Total capital assets	<u>343,192,454</u>	<u>28,453,977</u>	<u>1,476,650</u>	<u>370,169,781</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	34,091,195	1,582,450	11,965	35,661,680
Machinery and equipment	11,752,606	1,163,646	205,897	12,710,355
Infrastructure	104,121,382	4,146,780	-	108,268,162
Total accumulated depreciation	<u>149,965,183</u>	<u>6,892,876</u>	<u>217,862</u>	<u>156,640,197</u>
Total capital assets, being depreciated, net	<u>131,999,082</u>	<u>(2,765,159)</u>	<u>647,436</u>	<u>128,586,488</u>
Capital assets, net	<u>\$ 193,227,271</u>	<u>\$ 21,561,101</u>	<u>\$ 1,258,788</u>	<u>\$ 213,529,584</u>

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

General government	\$ 4,336,527
Education	1,239,302
Public safety	500,291
Health and welfare	550,486
Public works	<u>266,270</u>
Total depreciation expense	<u>\$ 6,892,876</u>



Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

**Construction commitments**

The Borough has the following construction commitments at June 30, 2015:

NHS Reconstruction and Renovation	\$ 10,016,516
Cross Street Reconstruction	<u>421,393</u>
 Total	 <u>\$ 10,437,909</u>

**D. Interfund accounts**

**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

<u>Major funds:</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund:			
NHS reconstruction and renovation	N/A	\$ -	\$ 3,248,932
Capital nonrecurring fund	N/A	-	2,466,522
Town aid road	N/A	-	353,103
Special education grants	N/A	931,853	-
Dog fund	N/A	-	151,430
Pension trust fund	N/A	-	1,367,303
Other post-employment benefit trust fund	N/A	-	1,532,675
Private duty service	N/A	-	15,205
Public safety	N/A	14,691	-
Community fund	N/A	-	1,022
Board of Education self insurance	N/A	-	5,961,313
Cafeteria fund	N/A	98,154	-
Debt service fund	N/A	-	872,331
Making places grant	N/A	15,000	-
Consolidation fund	N/A	-	341,802
Workers compensation fund	N/A	-	909,130
Youth services donations	N/A	-	<u>47,556</u>
 Total general fund		 <u>1,059,698</u>	 <u>17,268,324</u>
Capital projects funds:			
NHS reconstruction and renovation	General Fund	<u>3,248,932</u>	-
Capital nonrecurring fund	General Fund	<u>2,466,522</u>	-

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
<u>Nonmajor governmental funds:</u>			
Special revenue funds:			
Town aid road	General Fund	\$ 353,103	\$ -
Dog fund	General Fund	151,430	-
Private duty service	General Fund	15,205	-
Public safety	General Fund	-	14,691
Consolidation fund	General Fund	341,802	-
Community fund	General Fund	1,022	-
Youth services donations	General Fund	47,556	-
Making places grant	General Fund	-	15,000
School cafeteria	General Fund	-	98,154
Special education grants	General Fund	-	<u>931,853</u>
Total special revenue funds		910,118	1,059,698
Debt service fund:			
General fund	N/A	<u>872,331</u>	-
Total nonmajor governmental funds		<u>1,782,449</u>	<u>1,059,698</u>
Internal service funds:			
General government	General Fund	1,246,040	-
Board of Education	General Fund	4,715,273	-
Workers' compensation	General Fund	<u>909,130</u>	-
Total internal service funds		<u>6,870,443</u>	-
Fiduciary funds:			
Pension trust fund	General Fund	1,367,303	-
Other post-employment benefit trust fund	General Fund	<u>1,532,675</u>	-
Total fiduciary funds		<u>2,899,978</u>	-
Grand total		<u>\$ 18,328,022</u>	<u>\$ 18,328,022</u>

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  
June 30, 2015

2. Interfund transfers

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

	Corresponding Fund	Transfers In	Transfers Out
<u>Major funds:</u>			
General fund:			
Private duty service	N/A	\$ 17,585	\$ -
Debt service fund	N/A	-	67,000
Capital nonrecurring fund	N/A	-	1,539,054
Dental insurance- general government	N/A	500,000	-
Dental insurance- board of education	N/A	1,824,636	1,225,139
Total general fund		2,342,221	2,831,193
Capital nonrecurring fund	General Fund	1,539,054	-
<u>Nonmajor funds:</u>			
Special revenue funds:			
Private duty service	General Fund	-	17,585
Debt service fund	General Fund	67,000	-
Total nonmajor funds		67,000	17,585
Internal service funds:			
Board of education	General Fund	1,225,139	-
Workers' compensation	Board of Education	1,375,000	-
General government	General Fund	-	500,000
Board of education	General Fund	-	1,824,636
Board of education	Workers compensation	-	1,375,000
Total internal service funds		2,600,139	3,699,636
Grand total		\$ 6,548,414	\$ 6,548,414

Transfers are used to account for the financing by the general fund of various programs and activities in other funds. Transfers from the internal service funds to the general fund are to reduce the budget for employee benefits.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

**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 obligation activity for the fiscal year was as follows:

Project	Balance July 1, 2014	Additions	Reductions	Permanently Financed	Balance June 30, 2015
NHS Reconstruction and Renovation	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	\$ (8,000,000)	\$ 8,000,000

The BANs carry an interest rate of 1.00% and mature in September 2015.

In September 2015, the Borough permanently financed \$8,000,000 and reissued \$8,000,000 of the bond anticipation notes with a coupon rate of 1.25% and a true interest cost of 0.17% maturing in March 2016.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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, 2014 (as restated)	Additions	Reductions	Balance June 30, 2015	Current Portion
<b>Bonds:</b>									
General purpose:									
Refunding bonds	\$ 2,530,000	08/10/10	08/01/30	2.00%-4.00%	\$ 1,750,000	\$ -	\$ 410,000	\$ 1,340,000	\$ 425,000
5 year capital project	5,785,000	06/01/06	06/1/26	4.80%-6.00%	3,300,000	-	300,000	3,000,000	300,000
Loss reserve (taxable)	4,560,000	06/01/06	06/01/26	5.43%-5.93%	3,405,000	-	205,000	3,200,000	215,000
5 year capital project	4,200,000	07/15/02	02/15/21	5.875%	1,620,000	-	230,000	1,390,000	230,000
<b>Total general purpose</b>					<b>10,075,000</b>	<b>-</b>	<b>1,145,000</b>	<b>8,930,000</b>	<b>1,170,000</b>
School bonds:									
NHS addition & renovation	10,000,000	03/18/14	03/15/34	2.00%-5.00%	10,000,000	-	-	10,000,000	530,000
NHS solar roof	2,715,000	08/10/10	8/01/30	2.00%-4.00%	2,425,000	-	145,000	2,280,000	145,000
NHS cafeteria project	800,000	07/15/02	02/15/21	5.875%	305,000	-	45,000	260,000	45,000
<b>Total school bonds</b>					<b>12,730,000</b>	<b>-</b>	<b>190,000</b>	<b>12,540,000</b>	<b>720,000</b>
Pension deficit bonds (taxable):									
2013 GOB (partial refunding 2004 POB) (taxable)	6,435,000	06/25/13	06/30/18	2.30%	5,390,000	-	1,200,000	4,190,000	1,365,000
2003 pension obligation (taxable)	49,265,000	10/23/03	06/01/33	1.35%-5.91%	34,100,000	-	-	34,100,000	-
<b>Total pension bonds</b>					<b>39,490,000</b>	<b>-</b>	<b>1,200,000</b>	<b>38,290,000</b>	<b>1,365,000</b>
<b>Total bonds</b>					<b>62,295,000</b>	<b>-</b>	<b>2,535,000</b>	<b>59,760,000</b>	<b>3,255,000</b>
Bond anticipation notes					-	8,000,000	-	8,000,000	-
<b>Notes:</b>									
General purpose:									
Andrew Avenue Mtn	750,000	07/02/12	07/02/16	0.00%	450,000	-	450,000	-	-
Clean water:									
CWF 175-CSL	472,000	06/30/08	06/30/27	2.00%	324,718	-	22,094	302,624	22,540
CWF 184-CD1	566,969	04/30/00	04/30/18	2.00%	120,187	-	31,353	88,834	31,353
CWF 184-C	480,131	10/30/98	04/30/18	2.00%	92,026	-	24,006	68,020	24,006
CWF 184-CTP	1,197,223	04/22/96	04/30/18	2.00%	109,746	-	59,862	49,884	49,884
<b>Total clean water notes</b>					<b>646,677</b>	<b>-</b>	<b>137,315</b>	<b>509,362</b>	<b>127,784</b>
<b>Total notes</b>					<b>1,096,677</b>	<b>-</b>	<b>587,315</b>	<b>509,362</b>	<b>127,784</b>
<b>Total bonds/BANs/notes</b>					<b>63,391,677</b>	<b>8,000,000</b>	<b>3,122,315</b>	<b>68,269,362</b>	<b>3,382,784</b>
Premium					290,315	-	15,280	275,035	-
<b>Total bonds/notes and related liabilities</b>					<b>63,681,992</b>	<b>8,000,000</b>	<b>3,137,595</b>	<b>68,544,397</b>	<b>3,382,784</b>
Certificates of participation:									
Wastewater	1,490,000	05/05/14	06/30/22	2.00%-5.00%	1,490,000	-	165,000	1,325,000	180,000
Incinerator A	10,545,000	05/05/14	06/30/22	5.00%	10,545,000	-	800,000	9,745,000	1,325,000
Incinerator B (Taxable)	410,000	05/05/14	06/15/15	0.85%	410,000	-	410,000	-	-
<b>Total certificates of participation</b>					<b>12,445,000</b>	<b>-</b>	<b>1,375,000</b>	<b>11,070,000</b>	<b>1,505,000</b>
Capital lease obligations					13,920,541	969,028	2,269,341	12,620,228	1,942,354
Net pension liability					14,308,570	24,112,833	10,077,480	28,343,923	-
Net OPEB obligation					55,676,100	13,970,400	6,227,100	63,419,400	-
Compensated absences					4,545,063	528,846	1,058,564	4,015,345	803,069
Heart and hypertension					45,000	100,000	45,000	100,000	100,000
<b>Total long-term obligations</b>					<b>\$ 164,622,266</b>	<b>\$ 47,681,107</b>	<b>\$ 24,190,080</b>	<b>\$ 188,113,293</b>	<b>\$ 7,733,207</b>

**Borough of Naugatuck, Connecticut**

**Notes to Financial Statements  
June 30, 2015**

The following is a summary of bond and note maturities:

Fiscal Year Ended <u>June 30,</u>	Notes <u>Principal</u>	Bond <u>Principal</u>	Certificates of <u>Participation</u>	Total <u>Interest</u>
2016	\$ 127,784	\$ 3,255,000	\$ 1,505,000	\$ 3,539,570
2017	78,355	3,335,000	1,580,000	3,359,122
2018	69,591	3,080,000	1,630,000	3,169,007
2019	23,933	2,995,000	1,705,000	2,993,826
2020	24,416	3,095,000	1,795,000	2,745,662
2021	24,909	3,185,000	1,720,000	2,492,660
2022	25,411	3,025,000	1,135,000	2,233,129
2023	25,924	3,145,000	-	2,023,177
2024	26,448	3,270,000	-	1,862,799
2025	26,981	3,405,000	-	1,694,712
2026	27,527	3,550,000	-	1,517,531
2027	28,083	3,000,000	-	1,331,478
2028	-	3,135,000	-	1,172,336
2029	-	3,280,000	-	1,004,932
2030	-	3,435,000	-	826,410
2031	-	3,600,000	-	638,203
2032	-	3,630,000	-	440,945
2033	-	3,815,000	-	236,439
2034	-	525,000	-	21,000
	<u>\$ 509,362</u>	<u>\$59,760,000</u>	<u>\$11,070,000</u>	<u>\$33,302,938</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	\$ 158,532,881	\$ 8,930,000	\$ 149,602,881
Schools	317,065,761	28,540,000	288,525,761
Sewers	264,221,468	11,579,362	252,642,106
Urban renewal	228,991,939	-	228,991,939
Pension	211,377,174	38,290,000	173,087,174

The total overall statutory debt limit for the Borough is equal to seven times annual receipts from taxation, \$493,213,406.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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 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	71,000,000
Refunding bonds	165,000
Maple Hill bridge	2,000,000
Certificates of participation	3,055,000
Pension obligation	1,735,000
New recycling center	775,000
Bridge, road and infrastructure repairs	5,075,000
Renovation and repairs to Hop Brook Pool	1,000,000
CT DEEP	2,162,000
Incinerator repair & facilities planning project	<u>12,430,000</u>
Total	<u>\$ 109,312,464</u>

**4. 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, 2015, \$300,000 of bonds outstanding are considered defeased.

**5. Subsequent event**

In September 2015, the Town issued \$17,235,000 of general obligation bonds for the High School renovation project (\$8,000,000), Road and Infrastructure repairs (\$5,075,000), financing of judgment (\$2,160,000) and Maple Hill Bridge repairs (\$2,000,000). The bonds were issued with coupon rates ranging from 2.00%-5.00% and mature on September 15, 2035.

**Borough of Naugatuck, Connecticut**

**Notes to Financial Statements  
June 30, 2015**

**6. Capital leases**

At June 30, 2015, 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 \$10,326,334, net of accumulated depreciation of \$3,494,464, are recorded under the capital lease as of June 30, 2015. This year, \$782,042 was included in depreciation expense.

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, 2015:

Year Ending <u>June 30,</u>	
2016	\$ 2,405,836
2017	2,309,099
2018	1,857,353
2019	1,789,197
2020	1,766,929
2021	1,492,160
2022	1,537,089
2023	<u>1,384,932</u>
	14,542,595
Less amount representing interest	<u>(1,922,367)</u>
Present value of minimum lease payments	<u>\$ 12,620,228</u>

**7. Heart and hypertension**

The Borough had two heart and hypertension claims during the fiscal year. One was paid off during the fiscal year, and one is outstanding. Payments are made annually based on the terms of the agreement. The balance of the heart and hypertension claim is \$100,000 as of June 30, 2015.

**G. Restricted net assets**

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$112,366 at June 30, 2015.



## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015**H. Fund balance classifications**

Fund Balance Component	General Fund	NHS Reconstruction and Renovation	Capital Nonrecurring Fund	Nonmajor Funds	Total
<b><u>Nonspendable:</u></b>					
Community development loans	\$ -	\$ -	\$ -	\$ 776,272	\$ 776,272
Prepaid expenses	-	22,903	-	-	22,903
Trust fund principal	-	-	-	1,000	1,000
Total nonspendable	-	22,903	-	777,272	800,175
<b><u>Restricted:</u></b>					
Public safety:					
Police	-	-	-	9,422	9,422
Public works:					
Road projects	-	-	-	459,072	459,072
Other	-	-	-	65,456	65,456
Health and welfare:					
Community development programs	-	-	-	45,816	45,816
Youth services programs	-	-	-	47,657	47,657
Education:					
Food services program	-	-	-	112,366	112,366
School repairs and maintenance	-	-	-	122,874	122,874
Various education programs	-	-	-	1,189,850	1,189,850
Total restricted	-	-	-	2,052,513	2,052,513
<b><u>Committed:</u></b>					
Police private duty	-	-	-	182,255	182,255
Park and recreation programs	-	-	-	153,811	153,811
Education programs	-	-	-	2,767	2,767
School repairs and maintenance	-	-	-	154,582	154,582
Construction contracts	-	-	6,919,764	-	6,919,764
Total committed	-	-	6,919,764	493,415	7,413,179
<b><u>Assigned:</u></b>					
Subsequent years budget	1,463,043	-	-	-	1,463,043
Debt service	-	-	-	2,133,266	2,133,266
Total assigned	1,463,043	-	-	2,133,266	3,596,309
<b><u>Unassigned</u></b>	13,729,445	(8,845,793)	-	(15,000)	4,868,652
<b>Total</b>	<b>\$ 15,192,488</b>	<b>\$ (8,822,890)</b>	<b>\$ 6,919,764</b>	<b>\$ 5,441,466</b>	<b>\$ 18,730,828</b>

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

IV. Other information

A. Risk management

The Borough is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Borough purchases commercial insurance for risks of loss, including blanket and umbrella policies. Except for the purchase of commercial insurance coverage for all Borough buildings (flood, fire and casualty), errors and omissions, general liability, and workers' compensation excess policy with a retention limit of \$500,000 per incident, the Borough is exposed to various risks for which it has retained the risk of loss including torts; theft of, damage to and destruction of assets; natural disaster; workers' compensation; and employee and post-retiree group workers' compensation and dental coverage. Settled claims have not exceeded commercial coverage in any of the past 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 workers' compensation and dental claims. The fund records all claim expenses and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

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

The claims liability reported in the Internal Service Fund is based on the 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:

	Claims Payable July 1,	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
Dental insurance – general government:				
2014	\$ 30,883	\$ 442,463	\$ 442,463	\$ 30,883
2015	30,883	444,097	423,797	51,183
Dental insurance – Board of Education:				
2014	\$ 57,604	\$ 700,371	\$ 697,400	\$ 60,575
2015	60,575	809,044	826,619	43,000
Workers' compensation fund:				
2015	\$ -	\$ 909,420	\$ 315,395	\$ 594,025

**Borough of Naugatuck, Connecticut**

**Notes to Financial Statements  
June 30, 2015**

**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.

**C. Pension plans**

**1. Plan description**

**Plan administration**

The Borough administers two single-employer defined benefit plans: the Employee's Pension Fund and the Firemen's Pension Fund that provide pension benefits for eligible employees of the Borough. The pension plans grant the authority to establish and amend the benefit terms to the Board of Mayor and Burgesses. The plans are considered to be a part of the Borough's financial reporting entity and are included in the Borough's financial statements as a pension trust fund. The plans do not issue stand-alone financial statements.

Management of the plans is vested in the Pension Board, which consists of one member from the Board of Mayor and Burgesses, one member from the Board of Finance, one member from the Board of Education, and three electors from the Borough of Naugatuck. The Comptroller of the Borough and/or the Chief Personnel Officer shall be advisory members of the Pension Board, without vote.

**Plan membership**

At July 1, 2014, pension plan membership consisted of the following:

	<u>Firemen</u>	<u>Employee</u>
Retirees and beneficiaries currently receiving benefits	36	417
Current plan members	36	363
Inactive with vested benefits	<u>1</u>	<u>55</u>
Total	<u>73</u>	<u>835</u>

The plans were closed to employees hired after January 2010. At that time, employees became eligible for participation in one of the Borough's defined contribution plans.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015**2. Benefit provisions****Firemen's Pension Fund**

The plan provides retirement, disability and death benefits for all Fire Department employees working more than 20 hours a week. 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. Retirement benefits for firemen are calculated at a maximum of 75% of the eligible participant's average gross pay earned by the participant in the three calendar years during which the participant earned his highest gross pay excluding private duty, uniform allowance, and tuition reimbursement. Overtime pay is included in the calculation of benefits, capped at 60%.

All plan members with ten or more years of service, who have contributed to the plan for ten or more years, and become unable to perform the duties as a firefighter, are eligible for disability benefits. The benefit is limited to  $\frac{1}{2}$  of the average monthly pay received during the three calendar years that they earned their highest gross pay. Death benefits, whether prior to or subsequent to retirement, are equal to  $\frac{1}{2}$  of the pension benefits that are being paid or would have been paid to the participant if he had retired in accordance with the terms of the pension fund.

A member who terminates employment prior to normal retirement shall be paid a benefit equal to 2% of the highest three year average salary multiplied by years of credited service.

Members shall receive cost of living adjustments ("COLA") of 1.125% to 2.25% annually.

**Employee's Pension Fund**

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. 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 60 with 15 years service) are entitled to receive a retirement benefit. Retirement benefits are paid to police officers based upon a formula that combines age and years of service. The benefit is calculated based upon a percentage of average three highest year gross pay up to a maximum of 75%. For Local 1303-50 and nonunion participants, 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 three highest year gross pay up to a maximum of 60%. Finally, for all 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.

Disability benefits are limited to one-half of the employee's covered earnings to a maximum of \$5,000 per month. Death benefits, whether prior to or subsequent to retirement, are equal to one-half of the pension benefits that are being paid or would have been paid to the participant if he had retired in accordance with the terms of the pension fund.

Borough of Naugatuck, Connecticut

Notes to Financial Statements
June 30, 2015

A member who terminates employment prior to normal retirement, and who does not elect a refund of his contributions with interest credited thereon, shall be vested in his accrued pension benefit payable at normal retirement date.

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.

3. Contributions

Firemen's Pension Fund

Firemen are required to contribute 8% of their earnings based upon union contract.

The Borough is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 8% of annual base compensation, and the Borough's average contribution rate was 28.41% of annual payroll.

Employee's Pension Fund

Police employees contribute 8% of earnings; all other employees are required to contribute 3% to 4% of earnings to the plan, based upon the bargaining group.

The Borough is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 5% of annual base compensation, and the Borough's average contribution rate was 27.18% of annual payroll.

4. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members.

Table with 2 columns: Asset Class and Target Allocation. Rows include Domestic equities (50%), International equities (15%), Fixed income (20%), Real estate equities (10%), High yield (5%), and Total (100%).

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

**5. Concentrations**

There were no investments in any one organization that represents 5% or more of the pension plan's net position.

**6. Rate of return**

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.86% for the Firemen's Pension Fund and 2.74% for the Employee's Pension Fund. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**7. Net pension liability**

The components of the net pension liability at June 30, 2015, were as follows:

	<u>Firemen</u>	<u>Employee</u>
Total pension liability	\$ 36,733,094	\$ 126,398,576
Plan fiduciary net position	<u>34,799,542</u>	<u>99,988,205</u>
Net pension liability (asset)	<u>\$ 1,933,552</u>	<u>\$ 26,410,371</u>
Plan fiduciary net position as percentage of the total pension liability	<u>94.74%</u>	<u>79.11%</u>

**8. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Firemen</u>	<u>Employee</u>
Actuarial cost method	Entry age	Entry age
Asset valuation method	Fair value	Fair value
Assumed average post-retirement increases	1.125% - 2.25%	1.125%
Amortization method	Level dollar	Level dollar
Inflation	3.00%	3.00%
Salary increase	4.50%	4.00%
Investment rate of return	7.75%	7.75%
Mortality rates	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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

<u>Asset Class</u>	<u>Firemen</u>	<u>Employee</u>
	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Short-Term Fixed Income	0.25%	0.25%
Core Fixed Income	1.00%	1.00%
Large Cap	5.25%	5.25%
International Equity	6.50%	5.50%
REITS	4.25%	4.25%
Commodities	2.60%	2.60%

**9. Discount rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Borough contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

10. Changes in the net pension liability

The Borough's net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The changes in net pension liability for each plan for the fiscal year were as follows:

Firemen Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 33,142,086	\$ 34,466,287	\$ (1,324,201)
Service cost	702,150	-	702,150
Interest	2,633,972	-	2,633,972
Differences between expected and actual experience	909,390	-	909,390
Changes in assumptions	1,220,757	-	1,220,757
Contributions - employer	-	988,400	(988,400)
Contributions - member	-	253,109	(253,109)
Net investment income	-	980,242	(980,242)
Benefit payments, including refunds of member contributions	(1,875,261)	(1,875,261)	-
Administration expense	-	(13,235)	13,235
Net change	3,591,008	333,255	3,257,753
Balance at June 30, 2015	\$ 36,733,094	\$ 34,799,542	\$ 1,933,552

Employee Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 115,641,589	\$ 100,008,818	\$ 15,632,771
Service cost	2,201,496	-	2,201,496
Interest	9,158,335	-	9,158,335
Changes in benefit terms	2,267,177	-	2,267,177
Differences between expected and actual experience	2,451,313	-	2,451,313
Changes in assumptions	2,608,643	-	2,608,643
Contributions - employer	-	4,557,044	(4,557,044)
Contributions - member	-	672,250	(672,250)
Net investment income	-	2,721,009	(2,721,009)
Benefit payments, including refunds of member contributions	(7,929,977)	(7,929,977)	-
Administration expense	-	(40,939)	40,939
Net change	10,756,987	(20,613)	10,777,600
Balance at June 30, 2015	\$ 126,398,576	\$ 99,988,205	\$ 26,410,371



Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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

The following presents the net pension liability (asset), calculated using the discount rate of 7.75% as well as what the Borough's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Firemen

	1% Decrease <u>(6.75%)</u>	Current Discount <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Net pension liability (asset)	\$ 6,277,247	\$ 1,933,552	\$ (1,722,641)

Employee

	1% Decrease <u>(6.75%)</u>	Current Discount <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Net pension liability (asset)	\$ 40,874,185	\$ 26,410,371	\$ 14,265,366

**12. Pension expense and deferred outflows of resources related to pensions**

For the year ended June 30, 2015, the Borough recognized pension expense of \$2,723,042. The Borough reported deferred outflows of resources related to pensions from the following sources:

<u>Description of outflows</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 2,699,841
Changes in assumptions	3,073,414
Net difference between projected and actual earnings on pension plan investments	<u>5,539,056</u>
Total	<u>\$ 11,312,311</u>

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 5.2 years.

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

Year Ending June 30:	
2016	\$ 2,801,612
2017	2,801,612
2018	2,801,612
2019	2,712,859
2020	<u>194,616</u>
Total	<u>\$ 11,312,311</u>

## 13. Plan statements

Combining Statement of Fiduciary Net Position  
Pension Funds

	Pension Trust Funds		
	Firemen's Pension Fund	Employee's Pension Fund	Total
<u>Assets</u>			
Investments at fair value:			
Mutual funds:			
Equity	\$ 23,855,772	\$ 63,560,601	\$ 87,416,373
Diversified bonds	10,302,900	33,936,023	44,238,923
Money market	367,761	1,397,387	1,765,148
	<u>34,526,433</u>	<u>98,894,011</u>	<u>133,420,444</u>
Total investments	34,526,433	98,894,011	133,420,444
Due from other funds	<u>273,109</u>	<u>1,094,194</u>	<u>1,367,303</u>
Total assets	<u>34,799,542</u>	<u>99,988,205</u>	<u>134,787,747</u>
<u>Net Position</u>			
Net position held in trust for pension benefits	<u>\$ 34,799,542</u>	<u>\$ 99,988,205</u>	<u>\$ 134,787,747</u>

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

## 13. Plan statements

Combining Statement of Changes in Fiduciary Net Position  
Pension Funds

	Pension Trust Funds		
	Firemen's Pension Fund	Employee's Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 988,400	\$ 4,557,044	\$ 5,545,444
Plan members	253,109	672,250	925,359
Total contributions	1,241,509	5,229,294	6,470,803
Investment income (loss):			
Change in fair value of investments	392,457	959,254	1,351,711
Interest and dividends	630,564	1,885,460	2,516,024
Total investment income (loss)	1,023,021	2,844,714	3,867,735
Less investment expenses	42,779	123,705	166,484
Net investment income (loss)	980,242	2,721,009	3,701,251
Total additions	2,221,751	7,950,303	10,172,054
Deductions:			
Benefits	1,875,261	7,929,977	9,805,238
Administration	13,235	40,939	54,174
Total deductions	1,888,496	7,970,916	9,859,412
Changes in net position	333,255	(20,613)	312,642
Net position - July 1, 2014	34,466,287	100,008,818	134,475,105
Net position - June 30, 2015	\$ 34,799,542	\$ 99,988,205	\$ 134,787,747

## 14. Defined contribution pension plans

The Borough administers four separate single-employer defined contribution pension plans. The Board of Mayor and Burgesses has authority to establish and amend the plans. Employee contribution percentages are defined in the union contracts. For police and fire, employees are required to contribute a minimum of 3.75% of wages and the Borough contribution is a maximum of 3.75% of wages. For Plan A and Plan B, employees are required to contribute a minimum of 3% of wages and the Borough contribution is a maximum of 3% of wages.

Pension expense and employee contributions made for the fiscal year are as follows:

Plan	Pension expense	Employee contributions
Police	\$ 38,439	\$ 43,984
Fire	23,098	28,558
Plan A	24,759	47,046
Plan B	16,767	21,331

**Borough of Naugatuck, Connecticut**

**Notes to Financial Statements  
June 30, 2015**

**D. Pension Plan - Connecticut State Teachers' Retirement System**

**1. Plan description**

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

**2. Benefit provisions**

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

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

**Early Retirement:** Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

**3. Contributions**

State of Connecticut

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

Employer (School Districts)

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

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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

At June 30, 2015, the Borough reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Borough as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Borough	<u>74,113,510</u>
Total	<u>\$74,113,510</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Borough has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Borough recognized pension expense and revenue of \$5,560,632 for on-behalf amounts for the benefits provided by the State.

**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market fund	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

**6. Discount rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement System Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2014.

**E. Other post-employment benefit plan**

**1. Plan description**

The Borough administers one single-employer, post retirement healthcare plan for the Borough and Board of Education through the Borough of Naugatuck Other Post-Employment Benefit ("OPEB") trust fund. The plan 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 a national or international exchange are valued at the last reported sales price at current exchange rates. There are no investments of 5% or greater in any one organization.

**3. Classes of employees covered**

As of July 1, 2014, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	558
Active plan members	<u>782</u>
Total	<u>1,340</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

4. Benefit provisions and contributions

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 \$6,227,100.

c. Employee contributions

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

Borough employees and noncertified 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.

5. Funded status and funding progress

The funded status of the plan as of July 1, 2014 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
July 1, 2014	\$ 5,054,000	\$147,865,000	\$(142,811,000)	3.4%	\$ 54,406,000	(262.5%)

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 5"), 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.



## Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015**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 schedule of funding progress and schedule of contribution 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, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Amortization Period	30 Years Open
Asset Valuation Method	Fair Value

Actuarial Assumptions:

Investment rate of return	5%
Healthcare inflation rate:	
Initial	8%
Ultimate	5%
Inflation rate	N/A

**7. Annual OPEB cost and net OPEB obligation ("NOO")**

The changes in the NOO were as follows:

Annual required contribution	\$ 14,636,200
Interest on net OPEB obligation	2,783,800
Adjustment to annual required contribution	<u>(3,449,600)</u>
Annual OPEB cost (AOC)	13,970,400
Contributions made	<u>(6,227,100)</u>
Change in net OPEB obligation	7,743,300
Net OPEB obligation - July 1, 2014	<u>55,676,100</u>
Net OPEB obligation - June 30, 2015	<u>\$ 63,419,400</u>

Borough of Naugatuck, Connecticut

Notes to Financial Statements  
June 30, 2015

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>
2013	\$ 14,043,900	42%	\$ 46,945,400	\$ 5,872,200
2014	13,811,000	37%	55,676,100	5,080,300
2015	13,970,400	45%	63,419,400	6,227,100

F. Prior period adjustment

The government-wide net position was restated as follows:

Net position as previously reported at June 30, 2014	\$ 101,637,063
To remove net pension asset	(34,923,082)
To record beginning net pension asset (NPA) - Firemen's pension fund	1,324,201*
To record beginning net pension asset (NPL) - Employee's pension fund	<u>(15,632,771)*</u>
Net position as restated as of July 1, 2014	<u>\$ 52,405,411</u>

\*Beginning pension liability presented as \$14,308,570.

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**Required  
Supplementary  
Information**

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## Borough of Naugatuck, Connecticut

## Firemen's Pension Fund

Required Supplementary Information  
Schedule of Changes in Net Pension LiabilityLast Two Years

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 702,150	\$ 671,914
Interest	2,633,972	2,514,224
Differences between expected and actual experience	909,390	-
Changes in assumptions	1,220,757	-
Benefit payments, including refunds of member contributions	<u>(1,875,261)</u>	<u>(1,569,689)</u>
Net change in total pension liability	3,591,008	1,616,449
Total pension liability - July 1	<u>33,142,086</u>	<u>31,525,637</u>
Total pension liability - June 30 (a)	<u>\$ 36,733,094</u>	<u>\$ 33,142,086</u>
Plan fiduciary net position:		
Contributions - employer	\$ 988,400	\$ 1,065,039
Contributions - member	253,109	190,130
Net investment income	980,242	5,512,663
Benefit payments, including refunds of member contributions	(1,875,261)	(1,569,689)
Administration expense	<u>(13,235)</u>	<u>(12,375)</u>
Net change in plan fiduciary net position	333,255	5,185,768
Plan fiduciary net position - July 1	<u>34,466,287</u>	<u>29,280,519</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 34,799,542</u>	<u>\$ 34,466,287</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 1,933,552</u>	<u>\$ (1,324,201)</u>

## Borough of Naugatuck, Connecticut

## Employee's Pension Fund

Required Supplementary Information  
Schedule of Changes in Net Pension LiabilityLast Two Years

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 2,201,496	\$ 2,127,000
Interest	9,158,335	8,834,440
Changes in benefit terms	2,267,177	-
Differences between expected and actual experience	2,451,313	-
Changes in assumptions	2,608,643	-
Benefit payments, including refunds of member contributions	<u>(7,929,977)</u>	<u>(7,109,921)</u>
Net change in total pension liability	10,756,987	3,851,519
Total pension liability - July 1	<u>115,641,589</u>	<u>111,790,070</u>
Total pension liability - June 30 (a)	<u><u>\$ 126,398,576</u></u>	<u><u>\$ 115,641,589</u></u>
Plan fiduciary net position:		
Contributions - employer	\$ 4,557,044	\$ 4,616,760
Contributions - member	672,250	646,463
Net investment income	2,721,009	15,323,438
Benefit payments, including refunds of member contributions	(7,929,977)	(7,190,247)
Administration expense	<u>(40,939)</u>	<u>(53,218)</u>
Net change in plan fiduciary net position	(20,613)	13,343,196
Plan fiduciary net position - July 1	<u>100,008,818</u>	<u>86,665,622</u>
Plan fiduciary net position - June 30 (b)	<u><u>\$ 99,988,205</u></u>	<u><u>\$ 100,008,818</u></u>
Net pension liability (asset) - June 30 (a)-(b)	<u><u>\$ 26,410,371</u></u>	<u><u>\$ 15,632,771</u></u>

## Borough of Naugatuck, Connecticut

## Firemen's Pension Fund

Required Supplementary Information  
Schedule of Net Pension LiabilityLast Two Years

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 36,733,094	\$ 33,142,086
Plan fiduciary net position	<u>34,799,542</u>	<u>34,466,287</u>
Net pension liability (asset)	<u>\$ 1,933,552</u>	<u>\$ (1,324,201)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.74%</u>	<u>104.00%</u>
Covered-employee payroll	<u>\$ 3,478,593</u>	<u>\$ 3,544,134</u>
Net pension liability (asset) as a percentage of covered-employee payroll	<u>55.58%</u>	<u>-37.36%</u>

## Schedule of Investment Returns

	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>2.86%</u>	<u>18.80%</u>

## Borough of Naugatuck, Connecticut

## Employee's Pension Fund

Required Supplementary Information  
Schedule of Net Pension LiabilityLast Two Years

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 126,398,576	\$ 115,641,589
Plan fiduciary net position	<u>99,988,205</u>	<u>100,008,818</u>
Net pension liability	<u>\$ 26,410,371</u>	<u>\$ 15,632,771</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.11%</u>	<u>86.48%</u>
Covered-employee payroll	<u>\$ 16,768,913</u>	<u>\$ 18,579,111</u>
Net pension liability as a percentage of covered-employee payroll	<u>157.50%</u>	<u>84.14%</u>

## Schedule of Investment Returns

	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>2.74%</u>	<u>17.79%</u>

## Borough of Naugatuck, Connecticut

## Firemen's Pension Fund

Required Supplementary Information  
Schedule of ContributionsLast Ten Years

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 925,647	\$ 988,400	\$ 62,753	\$ 3,478,593	28.41%
2014	968,400	1,065,039	96,639	3,544,134	30.05%
2013	875,900	785,600	(90,300)	3,391,516	23.16%
2012	655,600	738,220	82,620	3,245,470	22.75%
2011	565,951	855,900	289,949	N/A	N/A
2010	691,200	646,626	(44,574)	3,191,877	20.26%
2009	646,626	616,200	(30,426)	N/A	N/A
2008	616,200	546,442	(69,758)	3,111,067	17.56%
2007	433,504	489,860	56,356	N/A	N/A
2006	411,200	407,088	(4,112)	2,729,030	14.92%



## Borough of Naugatuck, Connecticut

## Employee's Pension Fund

Required Supplementary Information  
Schedule of ContributionsLast Ten Years

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 4,304,743	\$ 4,557,044	\$ 252,301	\$16,768,913	27.18%
2014	4,094,700	4,616,760	522,060	18,579,111	24.85%
2013	3,936,044	4,477,275	541,231	17,779,053	25.18%
2012	3,424,600	3,503,091	78,491	17,013,448	20.59%
2011	3,009,841	3,100,136	90,295	N/A	N/A
2010	1,881,600	1,712,256	(169,344)	17,108,383	10.01%
2009	1,617,606	1,601,430	(16,176)	N/A	N/A
2008	1,556,200	1,665,134	108,934	18,758,499	8.88%
2007	1,230,476	1,611,924	381,448	N/A	N/A
2006	1,364,400	1,350,756	(13,644)	18,426,678	7.33%

## Borough of Naugatuck, Connecticut

## Firemen's Pension Fund

Notes to Required Supplementary Information  
Year Ended June 30, 2015

Changes of benefit terms	None
Changes of assumptions	2015 - Discount rate was reduced from 8.00% to 7.75%
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, one year prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar, 20 years remaining
Asset Valuation Method	Fair value
Inflation	3.00%
Salary Increases	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

Borough of Naugatuck, Connecticut

Employee's Pension Fund

Notes to Required Supplementary Information  
Year Ended June 30, 2015

Changes of benefit terms	2015 - Benefit calculation changed from last three years gross pay to highest three years gross pay. In addition, benefit formula changed to 70% times final average earnings (FAE) plus 1% for years in excess of 20 years.
Changes of assumptions	2015 - Discount rate was reduced from 8.00% to 7.75%. Average salary increase was decreased from 4.50% to 4.00%.
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, one year prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar, 20 years remaining
Asset Valuation Method	Fair value
Inflation	3.00%
Salary Increases	4.0%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

## Borough of Naugatuck, Connecticut

## Borough of Naugatuck Other Post-Employment Benefit Plan

Required Supplementary Information  
Schedule of Funding ProgressLast Five Valuations

	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%
2014	5,054,000	147,865,000	(142,811,000)	3.4%	54,406,000	-262.5%

## Schedule of Employer Contributions

Last Seven Years

Fiscal Year End June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
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%
2014	14,372,300	5,080,300	35%
2015	14,636,200	6,227,100	43%

Borough of Naugatuck, Connecticut

Borough of Naugatuck Other Post-Employment Benefit Plan

Notes to Required Supplementary Information  
Year Ended June 30, 2015

Changes of benefit terms	None
Changes of assumptions	Effective July 1 2013, the Board of Education will only provide a high deductible plan with a health savings account
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, one year prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	30 years, open
Asset Valuation Method	Fair value
Investment Rate of Return	5.00%
Healthcare Inflation rate - Initial	8.00%, reducing by 0.5% for each year to a final of 5.00% for 2020 and later. Dental 5.00%.
Healthcare and dental Inflation rate - Ultimate	5.00%
Inflation rate	2.25%

**Borough of Naugatuck, Connecticut**  
**Connecticut State Teachers' Retirement System**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**

**June 30, 2015**

		2015
Borough's proportion of the net pension liability		0.00%
Borough's proportionate share of the net pension liability		\$ -
State of Connecticut's proportionate share of the net pension liability associated with Borough		74,113,510
Total		\$ 74,113,510
Borough's covered-employee payroll	(2)	N/A
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		0.00%
Plan fiduciary net position as a percentage of the total pension liability		0.00%

**Schedule of Contributions**

		2015
Contractually required contribution (1)	(1)	\$ -
Contributions in relation to the contractually required contribution		-
Contribution deficiency (excess)		\$ -
Borough's covered-employee payroll	(2)	N/A
Contributions as a percentage of covered-employee payroll		0.00%

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

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



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## **General Fund**

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The general fund is the principal fund of the Borough and is used to account for all activities of the Borough, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Borough (i.e., general government, public safety, public works, health and welfare, 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, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Taxes	\$ 66,664,429	\$ 66,664,429	\$ 65,387,397	\$ (1,277,032)
Taxes new construction	25,000	25,000	20,615	(4,385)
Prior year taxes	2,200,000	2,200,000	2,810,606	610,606
Interest and lien fees	600,000	600,000	1,496,642	896,642
Vehicle tax	400,000	400,000	750,818	350,818
Exemption P.A. 515	900	900	185	(715)
In lieu of taxes - Housing Authority	60,000	60,000	84,613	24,613
Telephone access grant	84,668	84,668	67,153	(17,515)
<b>Total property taxes</b>	<b>70,034,997</b>	<b>70,034,997</b>	<b>70,618,029</b>	<b>583,032</b>
Intergovernmental revenues - grants:				
Town:				
State revenue	-	-	71,272	71,272
Taxes elderly freeze	4,000	4,000	-	(4,000)
Elderly circuit breaker	220,000	220,000	220,771	771
Superior court distribution	10,000	10,000	14,632	4,632
Municipal revenue sharing grant	285,791	285,791	-	(285,791)
Capital improvements	252,368	252,368	73,371	(178,997)
In lieu of taxes - state property	91,305	91,305	91,305	-
Matching funds - civil preparedness	-	-	2,500	2,500
Additional exempt vets	43,884	43,884	38,157	(5,727)
Social security disability	18,000	18,000	18,418	418
Grants for Municipal Project	321,327	321,327	321,327	-
Enterprise zone	100,000	100,000	131,141	31,141
Pequot grant	150,000	150,000	145,686	(4,314)
<b>Total Town</b>	<b>1,496,675</b>	<b>1,496,675</b>	<b>1,128,580</b>	<b>(368,095)</b>
Education:				
Education cost sharing	29,211,401	29,211,401	29,250,727	39,326
Special ed excess cost	498,319	498,319	693,765	195,446
Transportation - public	312,073	312,073	370,594	58,521
Transportation - non public	49,856	49,856	55,778	5,922
<b>Total education</b>	<b>30,071,649</b>	<b>30,071,649</b>	<b>30,370,864</b>	<b>299,215</b>
<b>Total intergovernmental revenues</b>	<b>31,568,324</b>	<b>31,568,324</b>	<b>31,499,444</b>	<b>(68,880)</b>
Charges for services:				
Assessor's copies	700	700	587	(113)
Fire miscellaneous	125	125	202	77
Probate court	9,000	9,000	8,162	(838)
Permits & licenses	2,200	2,200	1,400	(800)
Zoning hearing costs	20,000	20,000	19,337	(663)
Other costs - Borough clerk	250	250	407	157
Police towing	10,000	10,000	-	(10,000)
Recording fees	105,000	105,000	114,958	9,958
Conveyance tax	110,000	110,000	129,586	19,586
Vital statistics	30,000	30,000	27,879	(2,121)
Dog licenses	800	800	696	(104)
Miscellaneous - Town clerk	28,000	28,000	30,736	2,736
Building, plumbing & electrical	200,000	200,000	223,091	23,091
Parking fines	5,000	5,000	5,353	353
Sewer connections	7,000	7,000	10,400	3,400
Private duty - police & fire	10,000	10,000	17,585	7,585

(Continued)

Borough of Naugatuck, Connecticut

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Charges for services: (continued)				
Miscellaneous - police	\$ 26,000	\$ 26,000	\$ 22,225	\$ (3,775)
V.N.A. fees	60,000	60,000	59,795	(205)
Golf course fees	435,000	435,000	366,957	(68,043)
Rental club house	32,100	32,100	32,102	2
Tuition other schools	30,000	30,000	49,786	19,786
Interest & lien fees	2,000	2,000	10,837	8,837
GDC	218,304	218,304	162,241	(56,063)
Rental - conrad street water tank	24,200	24,200	23,760	(440)
Tipping fees	-	-	36,145	36,145
Oxford connection	361,000	361,000	450,000	89,000
Transfer sewer authority	500	500	3,032	2,532
Clearwire	18,867	18,867	24,501	5,634
Hopkins park	80	80	80	-
Beacon falls / beacon hills east	33,254	33,254	68,631	35,377
Prospect connection	6,382	6,382	9,625	3,243
Veolia contract monitoring payment	83,740	83,740	85,658	1,918
Veolia base rent element 1	3,078,242	3,078,242	2,886,340	(191,902)
Hop brook lights	6,250	6,250	6,250	-
Middlebury connection - contract	306,000	306,000	135,104	(170,896)
Veolia base element 2	1,112,116	1,112,116	1,019,755	(92,361)
Bulk trash fees	60,000	60,000	56,314	(3,686)
Total charges for services	6,432,110	6,432,110	6,099,517	(332,593)
Income from investments	60,000	60,000	72,911	12,911
Miscellaneous:				
Miscellaneous revenue	195,000	195,000	87,054	(107,946)
Clean water fund bond	3,905	3,905	3,690	(215)
Total miscellaneous	198,905	198,905	90,744	(108,161)
Total revenues	108,294,336	108,294,336	108,380,645	86,309
Other financing sources:				
Appropriation of fund balance	1,617,727	1,617,727	-	(1,617,727)
Sale of sanitation trucks	566,000	566,000	566,000	-
Sale of other capital assets	-	-	73,500	73,500
Transfers in:				
Police private duty	-	-	17,585	17,585
Reserve fund closeout	160,000	160,000	-	(160,000)
BOE pension & OPEB contributions	824,636	824,636	824,636	-
Internal service funds	1,500,000	1,500,000	1,500,000	-
Total other financing sources	4,668,363	4,668,363	2,981,721	(1,686,642)
Total revenues and other financing sources	\$ 112,962,699	\$ 112,962,699	\$ 111,362,366	\$ (1,600,333)

(Concluded)

Borough of Naugatuck, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
General government:				
Administrative	\$ 260,149	\$ 260,149	\$ 256,101	\$ 4,048
Town hall building	136,712	141,431	141,155	276
Town wide activity	188,210	196,771	182,389	14,382
Department of finance	347,768	347,768	347,303	465
Probate court	17,360	17,509	13,944	3,565
Elections	94,191	96,292	81,935	14,357
Tax department	220,032	220,032	212,179	7,853
Property assessment	199,668	196,031	193,078	2,953
Building inspector	205,774	205,866	183,837	22,029
Information technology	217,403	227,056	220,097	6,959
Town clerk	167,798	171,544	169,623	1,921
Downtown development	220,800	196,872	191,872	5,000
Naugatuck economic development	94,050	94,050	94,050	-
Land use	114,184	114,969	114,608	361
Legal department	283,000	341,396	340,533	863
Estimated wage increase	52,000	52,000	-	52,000
Human resources	82,151	82,151	75,058	7,093
Prospect street building maintenance	32,500	37,185	37,185	-
Total general government	2,933,750	2,999,072	2,854,947	144,125
Public safety:				
Police department	6,384,788	6,315,111	6,305,132	9,979
Fire department	3,977,101	4,246,467	4,239,914	6,553
Dog fund	91,753	91,753	71,200	20,553
Emergency management	5,000	5,000	5,000	-
Local emergency planning	19,900	19,900	19,417	483
Eastside fire station	15,000	17,373	16,824	549
Safety patrol	700	700	632	68
Fire police	900	900	883	17
Total public safety	10,495,142	10,697,204	10,659,002	38,202
Public works:				
Operation and maintenance	4,595,556	5,040,979	4,944,331	96,648
Engineering department	297,682	299,352	280,444	18,908
Water Pollution Control Board	4,289,063	4,312,802	4,267,658	45,144
Total public works	9,182,301	9,653,133	9,492,433	160,700
Health and welfare:				
Social services	30,000	30,000	30,000	-
Youth services	75,130	75,157	71,676	3,481
Public health nurse	365,300	365,300	364,734	566
Community service	971,025	1,069,071	1,020,762	48,309
Senior citizens	81,631	87,147	81,938	5,209
Total health and welfare	1,523,086	1,626,675	1,569,110	57,565

(Continued)

Borough of Naugatuck, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Nondepartmental:				
Pension	\$ 6,173,838	\$ 6,042,627	\$ 5,998,927	\$ 43,700
Insurance	9,332,591	9,141,281	8,420,289	720,992
General	1,158,905	1,172,655	1,167,095	5,560
Contingency	350,000	-	-	-
Total nondepartmental	17,015,334	16,356,563	15,586,311	770,252
Education	59,287,861	59,287,861	58,937,945	349,916
Debt service:				
Bond redemption	4,047,315	4,047,315	4,047,315	-
Interest on bonds	3,928,283	3,744,918	3,732,635	12,283
Miscellaneous borrowing cost	15,000	15,331	15,331	-
Lease payments	1,703,434	1,703,434	1,689,754	13,680
Total debt service	9,694,032	9,510,998	9,485,035	25,963
Total expenditures	110,131,506	110,131,506	108,584,783	1,546,723
Other financing uses:				
Transfers to other funds:				
Capital nonrecurring fund - Borough	1,139,054	1,139,054	1,139,054	-
Capital nonrecurring fund - Board of Education	400,000	400,000	400,000	-
Dental insurance fund	1,225,139	1,225,139	1,225,139	-
Debt service fund	67,000	67,000	67,000	-
Total other financing uses	2,831,193	2,831,193	2,831,193	-
Total expenditures and other financing uses	\$ 112,962,699	\$ 112,962,699	\$ 111,415,976	\$ 1,546,723

(Concluded)

## Borough of Naugatuck, Connecticut

Report of Tax Collector  
Year Ended June 30, 2015

Grand List Year	Uncollected Taxes July 1, 2014	Current Year Levy	Lawful Corrections		Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2015
			Additions	Deductions		Net Taxes Collected	Interest & Liens	Total	
1998	\$ 181,867	\$ -	\$ -	\$ 181,867	\$ -	\$ -	\$ 163	\$ 163	\$ -
1999	243,568	-	-	182	243,386	780	2,765	3,545	242,606
2000	227,813	-	-	193	227,620	66,836	1,178	68,014	160,784
2001	311,464	-	-	234	311,230	841	3,479	4,320	310,389
2002	306,773	-	-	-	306,773	1,353	1,783	3,136	305,420
2003	272,173	-	-	-	272,173	3,090	5,883	8,973	269,083
2004	288,724	-	-	-	288,724	5,545	10,103	15,648	283,179
2005	433,194	-	-	273	432,921	13,398	13,983	27,381	419,523
2006	598,016	-	-	356	597,660	34,390	49,930	84,320	563,270
2007	589,253	-	-	159	589,094	124,645	126,300	250,945	464,449
2008	731,652	-	-	524	731,128	226,892	219,604	446,496	504,236
2009	939,266	-	-	951	938,315	244,087	195,830	439,917	694,228
2010	1,186,565	-	434	5,914	1,181,085	249,311	157,471	406,782	931,774
2011	1,581,880	-	35,641	12,779	1,604,742	394,460	153,836	548,296	1,210,282
2012	<u>3,544,936</u>	<u>-</u>	<u>53,017</u>	<u>95,405</u>	<u>3,502,548</u>	<u>1,445,080</u>	<u>320,263</u>	<u>1,765,343</u>	<u>2,057,468</u>
Total Prior Years	11,437,144	-	89,092	298,837	11,227,399	2,810,708	1,262,571	4,073,279	8,416,691
2013	<u>-</u>	<u>70,688,945</u>	<u>92,554</u>	<u>624,965</u>	<u>70,156,534</u>	<u>66,150,067</u>	<u>235,712</u>	<u>66,385,779</u>	<u>4,006,467</u>
<b>TOTAL</b>	<u><u>\$ 11,437,144</u></u>	<u><u>\$ 70,688,945</u></u>	<u><u>\$ 181,646</u></u>	<u><u>\$ 923,802</u></u>	<u><u>\$ 81,383,933</u></u>	<u><u>\$ 68,960,775</u></u>	<u><u>\$ 1,498,283</u></u>	<u><u>\$ 70,459,058</u></u>	<u><u>\$ 12,423,158</u></u>

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# Nonmajor Governmental Funds

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## 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
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
Youth Services Donations	Contributions	Health and welfare
Day Care	Federal grants	Education
Making Places	State grants	Health and welfare
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 Fund

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

## 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, 2015

Special Revenue Funds

	Community Development	Town Aid Road	Dog Fund	Private Duty Service	Public Safety	Consolidation Fund	Community Fund
<u>Assets</u>							
Cash	\$ 113,632	\$ -	\$ 22,830	\$ -	\$ 9,422	\$ -	\$ 44,794
Investments	-	-	-	-	-	-	-
Receivables:							
Intergovernmental	-	-	-	-	154,170	-	-
Loans	776,272	-	-	-	-	-	-
Other	-	-	50	-	-	-	-
Due from other funds	-	353,103	151,430	15,205	-	341,802	1,022
Other	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 889,904</b>	<b>\$ 353,103</b>	<b>\$ 174,310</b>	<b>\$ 15,205</b>	<b>\$ 163,592</b>	<b>\$ 341,802</b>	<b>\$ 45,816</b>
<u>Liabilities</u>							
Cash overdraft	\$ -	\$ 4,702	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	26,052	28,808	7,260	-	-	-	-
Due to other funds	-	-	-	-	14,691	-	-
Unearned revenue	22,124	-	-	-	-	-	-
<b>Total liabilities</b>	<b>48,176</b>	<b>33,510</b>	<b>7,260</b>	<b>-</b>	<b>14,691</b>	<b>-</b>	<b>-</b>
<u>Fund Balances</u>							
Nonspendable	776,272	-	-	-	-	-	-
Restricted	65,456	319,593	-	-	148,901	187,991	45,816
Committed	-	-	167,050	15,205	-	153,811	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>841,728</b>	<b>319,593</b>	<b>167,050</b>	<b>15,205</b>	<b>148,901</b>	<b>341,802</b>	<b>45,816</b>
<b>Total liabilities and fund balances</b>	<b>\$ 889,904</b>	<b>\$ 353,103</b>	<b>\$ 174,310</b>	<b>\$ 15,205</b>	<b>\$ 163,592</b>	<b>\$ 341,802</b>	<b>\$ 45,816</b>

(Continued)

Borough of Naugatuck, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

Special Revenue Funds

	School Rental	Youth Services Bureau	Youth Services Donations	Making Places	School Cafeteria	Special Education Grants	Adult Education	Total Special Revenue Funds
<u>Assets</u>								
Cash	\$ 154,582	\$ 101	\$ -	\$ -	\$ 135,242	\$ 2,467,008	\$ 2,767	\$ 2,950,378
Investments	-	-	-	-	-	-	-	-
Receivables:								
Intergovernmental	-	-	-	7,250	226,893	133,230	-	521,543
Loans	-	-	-	-	-	-	-	776,272
Other	-	-	-	-	23,536	2,398	-	25,984
Due from other funds	-	-	47,556	-	-	-	-	910,118
Other	-	-	-	-	41,651	-	-	41,651
<b>Total assets</b>	<b>\$ 154,582</b>	<b>\$ 101</b>	<b>\$ 47,556</b>	<b>\$ 7,250</b>	<b>\$ 427,322</b>	<b>\$ 2,602,636</b>	<b>\$ 2,767</b>	<b>\$ 5,225,946</b>
<u>Liabilities</u>								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,702
Accounts payable	-	-	-	7,250	216,802	482,126	-	768,298
Due to other funds	-	-	-	15,000	98,154	931,853	-	1,059,698
Unearned revenue	-	-	-	-	-	186,798	-	208,922
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,250</b>	<b>314,956</b>	<b>1,600,777</b>	<b>-</b>	<b>2,041,620</b>
<u>Fund Balances</u>								
Nonspendable	-	-	-	-	-	-	-	776,272
Restricted	-	101	47,556	-	112,366	1,001,859	-	1,929,639
Committed	154,582	-	-	-	-	-	2,767	493,415
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(15,000)	-	-	-	(15,000)
<b>Total fund balances</b>	<b>154,582</b>	<b>101</b>	<b>47,556</b>	<b>(15,000)</b>	<b>112,366</b>	<b>1,001,859</b>	<b>2,767</b>	<b>3,184,326</b>
<b>Total liabilities and fund balances</b>	<b>\$ 154,582</b>	<b>\$ 101</b>	<b>\$ 47,556</b>	<b>\$ 7,250</b>	<b>\$ 427,322</b>	<b>\$ 2,602,636</b>	<b>\$ 2,767</b>	<b>\$ 5,225,946</b>

(Continued)



**Borough of Naugatuck, Connecticut**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015**

	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	
	<u>Debt Service Fund</u>	<u>Tuttle Lewis Whittemore Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>			
Cash	\$ -	\$ 61,087	\$ 3,011,465
Investments	1,260,925	62,787	1,323,712
Receivables:			
Intergovernmental	-	-	521,543
Loans	-	-	776,272
Other	10	-	25,994
Due from other funds	872,331	-	1,782,449
Other	-	-	41,651
<b>Total assets</b>	<b><u>\$ 2,133,266</u></b>	<b><u>\$ 123,874</u></b>	<b><u>\$ 7,483,086</u></b>
<u>Liabilities</u>			
Cash overdraft	\$ -	\$ -	\$ 4,702
Accounts payable	-	-	768,298
Due to other funds	-	-	1,059,698
Unearned revenue	-	-	208,922
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,041,620</u></b>
<u>Fund Balances</u>			
Nonspendable	-	1,000	777,272
Restricted	-	122,874	2,052,513
Committed	-	-	493,415
Assigned	2,133,266	-	2,133,266
Unassigned	-	-	(15,000)
<b>Total fund balances</b>	<b><u>2,133,266</u></b>	<b><u>123,874</u></b>	<b><u>5,441,466</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,133,266</u></b>	<b><u>\$ 123,874</u></b>	<b><u>\$ 7,483,086</u></b>

Borough of Naugatuck, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

Special Revenue Funds

	Community Development	Town Aid Road	Dog Fund	Private Duty Service	Public Safety	Consolidation Fund	Community Fund
Revenues:							
Intergovernmental	\$ 193,879	\$ 424,180	\$ -	\$ -	\$ 169,170	\$ -	\$ -
Charges for services	-	70,005	4,157	1,140,657	-	181,785	115
Income from investments	49	-	-	-	6	-	-
Contributions	-	-	-	-	-	-	-
Total revenues	<u>193,928</u>	<u>494,185</u>	<u>4,157</u>	<u>1,140,657</u>	<u>169,176</u>	<u>181,785</u>	<u>115</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	156,657	-
Public safety	-	-	4,521	1,127,336	30,535	-	-
Public works	-	805,178	-	-	-	-	-
Health and welfare	47,340	-	-	-	-	-	200
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>47,340</u>	<u>805,178</u>	<u>4,521</u>	<u>1,127,336</u>	<u>30,535</u>	<u>156,657</u>	<u>200</u>
Excess (deficiency) of revenues over expenditures	<u>146,588</u>	<u>(310,993)</u>	<u>(364)</u>	<u>13,321</u>	<u>138,641</u>	<u>25,128</u>	<u>(85)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(17,585)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,585)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	146,588	(310,993)	(364)	(4,264)	138,641	25,128	(85)
Fund balances - July 1, 2014	<u>695,140</u>	<u>630,586</u>	<u>167,414</u>	<u>19,469</u>	<u>10,260</u>	<u>316,674</u>	<u>45,901</u>
Fund balances - June 30, 2015	<u>\$ 841,728</u>	<u>\$ 319,593</u>	<u>\$ 167,050</u>	<u>\$ 15,205</u>	<u>\$ 148,901</u>	<u>\$ 341,802</u>	<u>\$ 45,816</u>

(Continued)

Borough of Naugatuck, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

Special Revenue Funds

	School Rental	Youth Services Bureau	Youth Services Donations	Day Care	Making Places	School Cafeteria	Special Education Grants	Adult Education	Total Special Revenue Funds
Revenues:									
Intergovernmental	\$ -	\$ 34,283	\$ -	\$ 351,720	\$ 7,250	\$ 1,251,493	\$ 6,043,444	\$ -	\$ 8,475,419
Charges for services	12,008	-	-	-	-	858,626	549,611	13,729	2,830,693
Income from investments	287	-	-	-	-	-	-	2	344
Contributions	-	-	47,556	-	-	-	-	-	47,556
Total revenues	12,295	34,283	47,556	351,720	7,250	2,110,119	6,593,055	13,731	11,354,012
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	156,657
Public safety	-	-	-	-	-	-	-	-	1,162,392
Public works	-	-	-	-	-	-	-	-	805,178
Health and welfare	-	41,379	-	-	22,250	-	-	-	111,169
Education	-	-	-	351,720	-	2,124,110	6,617,344	14,385	9,107,559
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	-	41,379	-	351,720	22,250	2,124,110	6,617,344	14,385	11,342,955
Excess (deficiency) of revenues over expenditures	12,295	(7,096)	47,556	-	(15,000)	(13,991)	(24,289)	(654)	11,057
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(17,585)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(17,585)
Net change in fund balances	12,295	(7,096)	47,556	-	(15,000)	(13,991)	(24,289)	(654)	(6,528)
Fund balances - July 1, 2014	142,287	7,197	-	-	-	126,357	1,026,148	3,421	3,190,854
Fund balances - June 30, 2015	\$ 154,582	\$ 101	\$ 47,556	\$ -	\$ (15,000)	\$ 112,366	\$ 1,001,859	\$ 2,767	\$ 3,184,326

(Continued)

Borough of Naugatuck, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	
	<u>Debt Service Fund</u>	<u>Tuttle Lewis Whittemore Trust Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 8,475,419
Charges for services	-	-	2,830,693
Income from investments	129	1,051	1,524
Contributions	-	4,164	51,720
Total revenues	<u>129</u>	<u>5,215</u>	<u>11,359,356</u>
Expenditures:			
Current:			
General government	-	-	156,657
Public safety	-	-	1,162,392
Public works	-	-	805,178
Health and welfare	-	-	111,169
Education	-	-	9,107,559
Debt service	427,300	-	427,300
Total expenditures	<u>427,300</u>	<u>-</u>	<u>11,770,255</u>
Excess (deficiency) of revenues over expenditures	<u>(427,171)</u>	<u>5,215</u>	<u>(410,899)</u>
Other financing sources (uses):			
Transfers in	67,000	-	67,000
Transfers out	-	-	(17,585)
Total other financing sources (uses)	<u>67,000</u>	<u>-</u>	<u>49,415</u>
Net change in fund balances	(360,171)	5,215	(361,484)
Fund balances - July 1, 2014	<u>2,493,437</u>	<u>118,659</u>	<u>5,802,950</u>
Fund balances - June 30, 2015	<u>\$ 2,133,266</u>	<u>\$ 123,874</u>	<u>\$ 5,441,466</u>

(Concluded)

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# Internal Service Funds

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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.

## **Workers' Compensation**

To account for workers' compensation benefits for Borough and Board of Education employees.

## Borough of Naugatuck, Connecticut

**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2015**

	<u>Dental Insurance</u>		<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
	<u>General</u> <u>Government</u>	<u>Board of</u> <u>Education</u>	<u>General</u> <u>Government &amp;</u> <u>Board of</u> <u>Education</u>	
<u>Assets</u>				
Cash	\$ 199,813	\$ 440,062	\$ 1,059,605	\$ 1,699,480
Due from other funds	1,246,040	4,715,273	909,130	6,870,443
Total assets	<u>1,445,853</u>	<u>5,155,335</u>	<u>1,968,735</u>	<u>8,569,923</u>
<u>Liabilities</u>				
Accounts payable	33,460	58,856	-	92,316
Claims payable	51,183	43,000	594,025	688,208
Total liabilities	<u>84,643</u>	<u>101,856</u>	<u>594,025</u>	<u>780,524</u>
<u>Net Position</u>				
Unrestricted	<u>\$ 1,361,210</u>	<u>\$ 5,053,479</u>	<u>\$ 1,374,710</u>	<u>\$ 7,789,399</u>

## Borough of Naugatuck, Connecticut

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Year Ended June 30, 2015**

	<u>Dental Insurance</u>		<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
	<u>General</u> <u>Government</u>	<u>Board of</u> <u>Education</u>	<u>General</u> <u>Government &amp;</u> <u>Board of</u> <u>Education</u>	
Operating revenues:				
Charges for services	\$ 441,671	\$ 1,139,362	\$ 1,512,007	\$ 3,093,040
Operating expenses:				
Claims	444,097	809,044	909,420	2,162,561
Administration	-	915	602,877	603,792
Total operating expenses	444,097	809,959	1,512,297	2,766,353
Operating income (loss) before transfers in and out	(2,426)	329,403	(290)	326,687
Transfers in	-	1,225,139	1,375,000	2,600,139
Transfers out	(500,000)	(3,199,636)	-	(3,699,636)
Change in net position	(502,426)	(1,645,094)	1,374,710	(772,810)
Net position - July 1, 2014	1,863,636	6,698,573	-	8,562,209
Net position - June 30, 2015	\$ 1,361,210	\$ 5,053,479	\$ 1,374,710	\$ 7,789,399

Borough of Naugatuck, Connecticut

Internal Service Funds  
 Combining Statement of Cash Flows  
 Year Ended June 30, 2015

	Dental Insurance		Workers' Compensation	Total
	General Government	Board of Education	General Government & Board of Education	
Cash flows from operating activities:				
Cash received for charges for services	\$ 441,671	\$ 1,139,362	\$ 1,512,007	\$ 3,093,040
Cash paid for benefits and claims	(423,797)	(826,619)	(315,395)	(1,565,811)
Cash paid for administration	-	(915)	(602,877)	(603,792)
Cash receipts (payments) of interfund balances	329,070	1,812,341	(909,130)	1,232,281
Net cash provided by (used in) operating activities	346,944	2,124,169	(315,395)	2,155,718
Cash flows from noncapital and related financing activities:				
Transfers in from other funds	-	1,225,139	1,375,000	2,600,139
Transfers out to other funds	(500,000)	(3,199,636)	-	(3,699,636)
Net cash provided by (used in) noncapital and related financing activities	(500,000)	(1,974,497)	1,375,000	(1,099,497)
Net increase (decrease) in cash	(153,056)	149,672	1,059,605	1,056,221
Cash - July 1, 2014	352,869	290,390	-	643,259
Cash - June 30, 2015	\$ 199,813	\$ 440,062	\$ 1,059,605	\$ 1,699,480
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (2,426)	\$ 329,403	\$ (290)	\$ 326,687
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Due from other funds	326,330	1,753,485	(909,130)	1,170,685
Increase (decrease) in:				
Accounts payable	2,740	58,856	-	61,596
Claims payable	20,300	(17,575)	594,025	596,750
Net cash provided by (used in) operating activities	\$ 346,944	\$ 2,124,169	\$ (315,395)	\$ 2,155,718



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# Fiduciary Funds

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## **Pension Trust Funds**

### Employee's 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.

### Firemen's 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 Liability**  
**Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Assets</u>				
Cash	\$ 237,905	\$ 374,291	\$ 246,034	\$ 366,162
Investments	<u>126,875</u>	<u>110</u>	<u>123,247</u>	<u>3,738</u>
Total assets	<u>\$ 364,780</u>	<u>\$ 374,401</u>	<u>\$ 369,281</u>	<u>\$ 369,900</u>
<u>Liability</u>				
Accounts payable	<u>\$ 364,780</u>	<u>\$ 374,401</u>	<u>\$ 369,281</u>	<u>\$ 369,900</u>

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# Statistical Section

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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 Ten Years  
(Unaudited)

	Fiscal Year Ended									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	\$ 153,926,812	\$ 129,094,722	\$ 86,523,149	\$ 105,427,433	\$ 105,480,331	\$ 103,244,478	\$ 102,598,069	\$ 104,944,090	\$ 106,308,617	\$ 105,670,568
Restricted for:										
Endowments:										
Nonexpendable	677,301	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Expendable	122,874	116,659	112,349	4,415,396	3,136,757	2,475,274	2,254,568	-	80,596	77,250
Public safety	148,901	10,260	534,492	-	-	-	-	-	-	-
Public works	385,049	700,523	476,091	-	-	-	-	-	-	-
Other	45,917	53,098	50,936	6,743,232	-	479,196	718,794	3,199,978	1,633,440	2,097,951
Education	1,302,216	1,293,128	1,384,122	-	-	-	-	-	-	-
Unrestricted	<u>(84,376,104)</u>	<u>(78,863,979)</u>	<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>
Total net position	<u>\$ 72,232,966</u>	<u>\$ 52,405,411</u>	<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>\$ 119,323,988</u>	<u>\$ 111,366,288</u>	<u>\$ 108,775,280</u>

## Borough of Naugatuck, Connecticut

Changes in Net Position  
Last Ten Years  
(Unaudited)

	Fiscal Year Ended									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
General government	\$ 10,620,763	\$ 10,332,621	\$ 10,289,524	\$ 10,031,197	\$ 10,843,172	\$ 11,149,634	\$ 10,987,838	\$ 10,772,717	\$ 10,593,607	\$ 10,890,521
Public safety	22,237,894	21,418,222	20,834,858	10,733,102	10,407,092	10,185,039	9,847,840	8,644,162	9,075,518	8,411,445
Public works	13,577,208	13,058,521	12,047,531	3,586,213	4,540,163	4,324,392	3,575,825	3,917,745	4,818,654	4,063,398
Health and welfare	3,689,680	4,299,282	4,311,601	6,157,275	6,354,763	5,963,939	5,993,102	5,056,021	6,011,417	5,108,590
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
Education	82,079,593	80,266,613	76,510,448	73,981,723	72,441,941	74,047,687	71,341,598	81,525,519	60,003,960	58,442,691
Interest expense	3,132,807	2,836,697	3,834,396	4,318,636	4,475,578	5,205,871	4,849,517	5,025,985	5,120,837	2,366,146
Total expenses	<u>135,337,945</u>	<u>132,211,956</u>	<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>
Program revenues:										
Charges for services:										
General government	474,693	564,709	321,222	1,800,540	1,768,767	1,896,900	2,007,787	2,164,084	3,088,122	3,426,620
Public safety	1,199,037	1,008,389	797,018	994,820	821,034	581,738	429,472	358,306	326,579	361,182
Public works	5,131,422	5,427,704	5,465,085	3,910,811	3,757,289	3,536,655	3,663,807	3,597,390	3,393,562	3,330,854
Health and welfare	715,715	1,416,938	1,613,075	970,496	909,907	1,145,764	1,318,935	1,349,796	1,409,272	1,443,331
Culture and recreation	-	-	-	470,419	443,831	-	448,501	457,569	444,020	438,814
Education	1,483,760	1,467,188	1,675,366	1,327,349	1,300,058	1,170,750	1,494,211	1,467,650	1,484,427	1,390,336
Operating grants and contributions	44,034,455	43,420,641	42,252,414	43,257,854	40,241,149	41,242,455	41,336,830	54,161,698	35,656,661	34,867,966
Capital grants and contributions	28,869,904	17,410,487	3,421,760	1,482,843	3,150,264	277,886	1,171,599	4,273,907	1,542,133	416,532
Total program revenues	<u>81,908,986</u>	<u>70,716,056</u>	<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>
Net expenses	<u>(53,428,959)</u>	<u>(61,495,900)</u>	<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>
General revenues and other changes in net position:										
Property taxes	72,046,915	72,459,074	70,083,872	67,296,390	65,254,930	64,039,593	63,871,747	61,323,394	56,385,297	52,923,500
Grants and contributions not restricted to specific programs	981,437	1,090,223	1,366,367	1,475,176	2,134,062	1,746,170	1,866,779	2,039,519	2,408,457	2,004,454
Investment income	79,015	165,135	208,519	214,508	687,434	561,862	796,079	1,115,857	1,649,220	831,755
Gain on sale of capital assets	54,888	-	-	-	-	-	-	-	-	-
Miscellaneous	94,259	566,703	451,672	-	-	-	-	-	59,250	-
Total general revenues	<u>73,256,514</u>	<u>74,281,135</u>	<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>
Change in net position	<u>\$ 19,827,555</u>	<u>\$ 12,785,235</u>	<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>

(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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund:										
Nonspendable	\$ -	\$ -	\$ 82,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,463,043	1,617,727	935,752	894,875	1,222,243	970,000	1,263,696	1,217,636	1,091,663	455,834
Unassigned	13,729,445	13,628,371	12,675,673	11,544,524	10,229,826	9,665,816	8,895,345	8,454,584	8,689,542	8,275,919
<b>Total general fund</b>	<b>15,192,488</b>	<b>15,246,098</b>	<b>13,693,959</b>	<b>12,439,399</b>	<b>11,452,069</b>	<b>10,635,816</b>	<b>10,159,041</b>	<b>9,672,220</b>	<b>9,781,205</b>	<b>8,731,753</b>
All other governmental funds:										
Nonspendable	800,175	774,262	764,704	31,263	31,265	28,596	27,002	32,295	32,295	639,782
Restricted	2,052,513	2,174,668	2,557,990	4,415,396	3,942,441	2,475,274	2,254,568	-	80,596	77,250
Committed	7,413,179	6,817,549	7,807,506	10,402,252	9,596,186	1,756,655	8,311,584	7,729,023	8,583,962	9,174,968
Assigned	2,133,266	2,493,437	3,575,428	961,623	974,339	2,147,654	-	2,517,485	1,013,039	768,642
Unassigned	(8,860,793)	(19,742,858)	(11,468,528)	(2,453,572)	(2,166,582)	-	(382,292)	-	-	-
<b>Total all other governmental funds</b>	<b>3,538,340</b>	<b>(7,482,942)</b>	<b>3,237,100</b>	<b>13,356,962</b>	<b>12,377,649</b>	<b>6,408,179</b>	<b>10,210,862</b>	<b>10,278,803</b>	<b>9,709,892</b>	<b>10,660,642</b>
<b>Grand total</b>	<b>\$ 18,730,828</b>	<b>\$ 7,763,156</b>	<b>\$ 16,931,059</b>	<b>\$ 25,796,361</b>	<b>\$ 23,829,718</b>	<b>\$ 17,043,995</b>	<b>\$ 20,369,903</b>	<b>\$ 19,951,023</b>	<b>\$ 19,491,097</b>	<b>\$ 19,392,395</b>

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

	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Property taxes	\$ 70,618,029	\$ 71,270,654	\$ 68,075,454	\$ 66,475,472	\$ 64,486,598	\$ 63,441,375	\$ 63,038,783	\$ 60,733,633	\$ 56,471,242	\$ 52,643,474
Intergovernmental	73,834,076	61,541,987	46,694,128	45,984,042	44,718,963	42,984,713	44,612,070	60,022,573	39,875,405	37,995,395
Charges for services	9,007,165	9,885,492	9,863,725	4,224,863	3,863,841	3,680,449	4,097,559	4,184,361	4,347,716	4,550,641
Income from investments	79,015	165,135	208,519	238,788	712,620	561,862	803,469	995,654	1,626,185	1,367,967
Contributions	51,720	5,264	321,643	-	-	-	-	-	-	-
Miscellaneous	94,259	566,703	451,672	5,818,677	6,245,580	5,771,935	6,348,535	8,270,804	5,880,432	5,759,448
<b>Total revenues</b>	<b>153,684,264</b>	<b>143,435,235</b>	<b>125,615,141</b>	<b>122,741,842</b>	<b>120,027,602</b>	<b>116,440,334</b>	<b>118,900,416</b>	<b>134,207,025</b>	<b>108,200,980</b>	<b>102,316,925</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	3,011,604	3,326,984	3,097,272	2,995,463	3,121,755	3,053,276	3,636,122	3,050,098	5,732,773	5,656,496
Public safety	11,821,394	11,318,300	11,207,810	10,921,243	10,105,974	9,812,690	9,872,288	10,864,163	8,757,014	8,061,524
Public works	10,297,611	9,191,775	9,313,325	3,248,983	4,492,055	3,554,115	3,979,949	3,587,290	3,331,577	2,966,884
Health and welfare	1,680,279	2,239,141	2,273,267	5,644,897	5,807,178	5,641,572	5,402,687	5,529,388	5,946,191	5,027,964
Education	73,606,136	73,692,812	69,615,931	69,696,428	66,802,714	68,058,654	68,046,768	79,077,328	60,382,159	57,604,743
Parks and recreation	-	-	-	1,664,117	1,615,035	1,565,342	1,629,828	1,615,355	2,566,327	1,253,072
Nondepartmental	15,586,311	15,258,567	14,541,239	14,896,044	14,825,713	13,339,958	12,817,763	12,609,319	8,572,906	11,379,112
<b>Debt service:</b>										
Principal	4,497,315	2,661,449	2,661,449	4,285,815	4,219,402	4,874,818	4,829,818	5,471,817	5,426,079	4,480,221
Interest	5,574,576	5,133,772	6,573,714	4,337,191	3,233,931	5,247,615	5,191,139	4,876,618	5,205,916	2,655,812
Capital outlay	27,423,791	37,216,437	16,853,121	3,645,355	5,577,149	2,501,667	10,940,123	5,923,501	3,982,343	7,317,853
<b>Total expenditures</b>	<b>153,499,017</b>	<b>160,039,237</b>	<b>136,137,128</b>	<b>121,335,536</b>	<b>119,800,906</b>	<b>117,649,707</b>	<b>126,346,485</b>	<b>132,604,877</b>	<b>109,903,285</b>	<b>106,403,681</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>185,247</b>	<b>(16,604,002)</b>	<b>(10,521,987)</b>	<b>1,406,306</b>	<b>226,696</b>	<b>(1,209,373)</b>	<b>(7,446,069)</b>	<b>1,602,148</b>	<b>(1,702,305)</b>	<b>(4,086,756)</b>
<b>Other financing sources (uses):</b>										
Capital leases - equipment financing	969,028	78,322.00	4,313,430	-	-	240,209	5,839,926	728,443	1,512,675	1,028,594
Payment to refunding bond escrow	-	(17,019,119)	(6,392,319)	-	(2,525,000)	-	-	-	-	-
Issuance of debt	8,000,000	22,445,000	7,185,000	560,338	5,327,059	2,585,000	-	-	-	10,345,000
Bond and BAN premiums	74,400	1,927,758	156,130	-	-	-	-	-	-	-
Sale of capital assets	639,500	4,138	21,475	-	-	-	-	-	-	-
Transfers in	3,948,275	3,659,678	4,561,711	4,856,541	6,636,584	3,273,284	4,202,106	-	3,680,889	3,119,099
Transfers out	(2,848,778)	(3,659,678)	(5,496,347)	(4,856,541)	(7,821,363)	(3,273,285)	(4,202,106)	(4,961,370)	(3,351,092)	(7,633,175)
<b>Net other financing sources (uses)</b>	<b>10,782,425</b>	<b>7,436,099</b>	<b>4,349,080</b>	<b>560,338</b>	<b>1,617,280</b>	<b>2,825,208</b>	<b>5,839,926</b>	<b>(4,232,927)</b>	<b>1,842,472</b>	<b>6,859,518</b>
<b>Net change in fund balances</b>	<b>\$ 10,967,672</b>	<b>\$ (9,167,903)</b>	<b>\$ (6,172,907)</b>	<b>\$ 1,966,644</b>	<b>\$ 1,843,976</b>	<b>\$ 1,615,835</b>	<b>\$ (1,606,143)</b>	<b>\$ (2,630,779)</b>	<b>\$ 140,167</b>	<b>\$ 2,772,762</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.02%</b>	<b>6.33%</b>	<b>7.79%</b>	<b>7.13%</b>	<b>6.24%</b>	<b>8.63%</b>	<b>7.95%</b>	<b>7.82%</b>	<b>9.70%</b>	<b>6.73%</b>

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	(1)	(2)	(3)		
	Residential Net Assessed Value	Industrial and Commercial Assessed Value	Estimated Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Motor Vehicle and Personal Property Assessed Value		Total Assessed Value	Total Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate	
2015	\$ 1,088,203,120	\$ 240,145,750	\$ 1,897,641,243	\$ 174,699,090	\$ 120,090,280	\$ 294,789,370	\$ 45,892,180	\$ 421,127,671	\$ 1,577,246,060	\$ 2,253,208,657	70.00%	44.27
2014	1,086,904,390	243,311,620	1,900,308,586	171,496,829	109,859,710	281,356,539	45,335,770	401,937,913	1,566,236,779	2,237,481,113	70.00%	44.80
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

(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

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

Name	Grand List Year 2013			Grand List 2004		
	Assessed Value	Rank	Percentage Net Taxable Grand List	Assessed Value	Rank	Percentage Net Taxable Grand List
Connecticut Light & Power Company	\$ 16,266,200	1	1.03%	\$ 8,795,690	6	0.63%
Connecticut Water Company	16,228,400	2	1.03%	15,095,460	2	1.08%
Yankee Gas	15,535,710	3	0.98%			
Wal-Mart	12,106,160	4	0.77%	6,584,460	7	0.47%
Garden Homes/Horizon Homes	9,215,220	5	0.58%	6,042,580	9	0.43%
Mancinone, John/Mancinone, John Trust	7,989,310	6	0.51%	10,597,920	4	0.76%
Bridge Street Shopping Center LTD	7,393,470	7	0.47%			
Ansonia Acquisitions 1 LLC	6,563,620	8	0.42%			
Southwood Gardens LLC	5,365,990	9	0.34%			
Genesis Health Ventures of	4,641,530	10	0.29%			
GDC Naugatuck, Inc.				7,639,780	5	0.55%
Crosspointe Plaza LLC				6,245,910	8	0.45%
Hershey				17,391,070	1	1.25%
Crompton Mfg.				7,076,430	3	0.51%
Uniroyal Chemical				6,941,390	10	0.50%
	<u>\$ 101,305,610</u>		<u>6.42%</u>	<u>\$ 92,410,690</u>		<u>6.63%</u>

Based on October 1, 2013 and 2004 net taxable grand list of:

\$ 1,577,246,060

\$ 1,393,805,430

Source: Borough Assessor Department.

(1) Based on October 1, 2013 net taxable Grand List of \$1,577,246,060

(2) Based on October 1, 2004 net taxable Grand List of \$1,393,805,430

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
2015	44.27	2013	\$ 70,156,534	\$ 66,150,067	94.3%	\$ -	\$ 66,150,067	94.3%	\$ 4,006,467
2014	44.80	2012	70,459,746	66,914,810	95.0%	1,487,468	68,402,278	97.1%	2,057,468
2013	33.55	2011	68,349,828	65,379,078	95.7%	1,760,468	67,139,546	98.2%	1,210,282
2012	32.81	2010*	66,736,730	63,735,946	95.5%	2,069,010	65,804,956	98.6%	931,774
2011	32.02	2009	65,004,830	61,925,710	95.3%	2,384,892	64,310,602	98.9%	694,228
2010	31.52	2008	63,490,111	60,673,085	95.6%	2,312,790	62,985,875	99.2%	504,236
2009	31.52	2007	64,326,316	60,469,539	94.0%	3,392,328	63,861,867	99.3%	464,449
2008	41.30	2006	60,525,267	57,664,453	95.3%	2,297,544	59,961,997	99.1%	563,270
2007	38.80	2005*	55,790,777	53,087,905	95.2%	2,283,349	55,371,254	99.2%	419,523
2006	37.10	2004	52,300,193	49,592,731	94.8%	2,424,283	52,017,014	99.5%	283,179

Source: Borough Tax Collector

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

\*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	Bond Anticipation Notes	Pension Bonds	Premium	Notes Payable	Certificates of Participation	Capital Leases	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2015	\$ 21,470,000	\$ 8,000,000	\$ 38,290,000	\$ 275,035	\$ 509,362	\$ 11,070,000	\$ 12,620,228	\$ 92,234,625	4.09%	\$ 2,869
2014	22,805,000	-	39,490,000	290,315	1,096,677	12,445,000	13,920,541	90,047,533	4.02%	2,840
2013	14,115,000	-	40,535,000	-	1,383,555	16,610,000	15,903,730	88,547,285	3.05%	2,787
2012	15,405,000	-	41,525,000	-	920,004	18,075,000	12,417,175	88,342,179	3.35%	2,773
2011	16,400,000	-	42,560,000	-	1,056,034	19,485,000	13,211,611	92,712,645	3.22%	2,910
2010	14,645,000	-	43,545,000	-	1,191,651	20,845,000	4,954,859	85,181,510	2.97%	2,668
2009	16,760,000	-	44,490,000	-	1,326,865	22,150,000	12,478,734	97,205,599	3.38%	3,044
2008	19,250,000	-	45,400,000	-	1,461,683	23,410,000	7,848,564	97,370,247	4.70%	3,049
2007	21,750,000	-	46,280,000	-	1,128,503	24,785,000	7,982,631	101,926,134	5.02%	3,205
2006	24,610,000	-	47,130,000	-	1,243,724	25,915,000	7,295,348	106,194,072	5.33%	3,339

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 Bonded 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	Bond Anticipation Notes	Pension Bonds	Premium	Total		
2015	\$ 21,470,000	\$ 8,000,000	\$ 38,290,000	\$ 275,035	\$ 68,035,035	3.02%	\$ 2,116
2014	22,805,000	-	39,490,000	290,315	62,585,315	2.80%	1,974
2013	14,115,000	-	40,535,000	-	54,650,000	1.88%	1,720
2012	15,405,000	-	41,525,000	-	56,930,000	2.16%	1,787
2011	16,400,000	-	42,560,000	-	58,960,000	2.05%	1,850
2010	14,645,000	-	43,545,000	-	58,190,000	2.03%	1,822
2009	16,760,000	-	44,490,000	-	61,250,000	2.13%	1,918
2008	19,250,000	-	45,400,000	-	64,650,000	3.12%	2,025
2007	21,750,000	-	46,280,000	-	68,030,000	3.35%	2,139
2006	24,610,000	-	47,130,000	-	71,740,000	3.60%	2,256

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, 2015**  
**(Unaudited)**

Tax Base:

Total tax collections (including interest and lien fees) for current year and base for debt limitation computation \$ 70,459,058

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 158,532,881	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	317,065,761	-	-	-
3 3/4 times base	-	-	264,221,468	-	-
3 1/4 times base	-	-	-	228,991,939	-
3 times base	-	-	-	-	211,377,174
<b>Total debt limitation</b>	<b>158,532,881</b>	<b>317,065,761</b>	<b>264,221,468</b>	<b>228,991,939</b>	<b>211,377,174</b>
<b>Indebtedness:</b>					
Bonds payable	8,930,000	12,540,000	-	-	-
Taxable bonds payable	-	-	-	-	38,290,000
Notes payable	-	-	509,362	-	-
Certificates of participation	-	-	11,070,000	-	-
Bond anticipation notes	-	16,000,000	-	-	-
<b>Total indebtedness</b>	<b>8,930,000</b>	<b>28,540,000</b>	<b>11,579,362</b>	<b>-</b>	<b>38,290,000</b>
<b>Debt limitation in excess of outstanding debt</b>	<b>\$ 149,602,881</b>	<b>\$ 288,525,761</b>	<b>\$ 252,642,106</b>	<b>\$ 228,991,939</b>	<b>\$ 173,087,174</b>

The total net indebtedness above amounts to: \$ 87,339,362

In no event shall total indebtedness exceed seven time the base for debt limitation computation: \$ 493,213,406

There is no overlapping debt for the Borough of Naugatuck.

Table 11

## 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
2015	\$ 493,213,406	\$ 87,339,362	\$ 405,874,044	17.71%
2014	497,047,173	91,836,677	405,210,496	18.48%
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%

**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>
2015	32,149	\$ 62,574	\$ 29,789	39.3	22% at least 4 yrs of college	4,197	6.1%
2014	31,707 *	62,550	28,820	39.3	24% at least 4 yrs of college	4,230	7.2%
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%

(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) Naugatuck Department of Education.

(4) Connecticut Labor Department - Research and Statistics.

(5) Connecticut Economic Resource Center Town Profile.

N/A - Information not available.

\* Estimated

## Borough of Naugatuck, Connecticut

Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

Employer	Nature of Business	2015			2006		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Borough of Naugatuck	Municipality	847	1	5.57%	945	1	6.05%
ION Bank (formerly NSB)	Financial Institution	250	2	1.65%	94	9	0.60%
Wal-Mart	Department Store	210	3	1.38%	210	4	1.35%
Coca-Cola	Distribution Center	170	4	1.12%	183	6	1.17%
Custom Bottle, Inc	Bottle Manufacturer	160	5	1.05%			
Naugatuck Valley Savings & Loan	Financial Institution	136	6	0.90%			
Glendale Center	Health Rehabilitation	130	7	0.86%			
Beacon Brook Health Center	Health Rehabilitation	122	8	0.80%			
Sarracco Mechanical	HVAC Contractors	95	9	0.63%			
The YoFarm Company	Yogurt Products	90	10	0.59%			
Flabeg Technical Glass (Naugatuck Glass)	Glass Manufacturer	84	11	0.55%	117	7	0.75%
RAM Specialty	Manufacturer	75	12	0.49%			
Chemtura	Manufacturer	65	13	0.43%			
General DataComm	Telecommunications				189	5	1.21%
Peter Paul (a division of Hershey Foods)	Confectionery Products				265	2	1.70%
Uniroyal/Crompton Manufacturing	Manufacturing specialty organic chemicals and research and product development				240	3	1.54%
Meyer's Supply	Health and Beauty Supplies				76	10	0.49%
Palco Connector, Inc	Electronic Connectors				65	11	0.42%
Stop & Shop	Supermarket				100	8	0.64%
Total		<u>2,434</u>		<u>16.02%</u>	<u>2,484</u>		<u>15.92%</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	63	96	93	99	95	95	95	99	102	95
Police	55	56	54	54	57	57	58	52	57	56
Fire	37	41	41	38	36	37	37	37	37	36
Public works	17	25	28	31	31	31	32	31	31	31
Recreation and Parks	10	10	14	13	13	13	13	13	13	12
Education	665	592	614	679	682	696	696	679	657	657
<b>Total</b>	<b>847</b>	<b>820</b>	<b>844</b>	<b>914</b>	<b>914</b>	<b>929</b>	<b>931</b>	<b>911</b>	<b>897</b>	<b>887</b>

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government:</b>										
Building Permits Residential Issued	483	443	517	548	548	520	505	787	1,017	522
Value	7,500,000	5,896,000	6,925,000	6,954,000	6,006,000	6,645,000	6,234,500	18,982,162	16,133,500	17,736,776
Building Permits Commercial Issued	54	45	38	60	55	48	16	13	20	25
Value	2,634,000	2,211,000	45,368,000	8,892,000	8,564,000	3,303,000	2,028,000	4,315,000	2,079,800	1,318,123
<b>Police: (PD records kept on calendar year basis)</b>										
Cases Investigated	39,039	36,180	38,247	36,281	36,393	33,458	33,211	34,756	34,483	35,868
Arrests	908	808	1,208	1,115	1,967	1,702	1,733	1,472	1,542	1,602
Infractions	1,612	1,894	2,136	1,812	1,418	910	1,597	2,113	1,789	2,542
Summons	499	591	613	691	540	572	323	328	455	716
Verbal Warnings	2,855	3,882	3,953	3,566	3,555	2,001	1,921	1,793	2,360	3,580
Written Warnings	1,306	1,829	2,662	2,230	2,159	1,412	1,630	1,551	1,643	1,918
Parking Citations	455	364	586	210	281	628	364	347	318	234
Traffic Citations (Total of all MV)	627	6,075	9,364	8,299	6,524	4,895	5,471	5,785	6,247	8,756
Homicide	-	-	-	-	-	-	1	1	1	-
Sexual Assaults	37	16	5	38	24	32	18	27	17	21
Assaults	162	209	163	131	149	145	182	173	124	83
Breach of Peace	165	136	201	259	231	237	226	164	75	49
Robbery	14	11	11	11	11	10	12	10	5	6
Burglary	69	99	103	82	71	75	59	77	84	84
Larceny	521	506	557	487	541	524	476	521	507	524
Motor Vehicle Accidents	683	755	747	726	825	852	846	854	884	903
EMS Assists	2,873	2,697	2,584	2,560	2,433	2,298	2,422	2,576	2,447	2,252
DUI	210	172	202	177	193	204	114	115	106	99
Domestic Disputes	604	570	422	611	416	608	650	650	608	575
<b>Fire:</b>										
Fire Related Incidents (includes emergency & non-emergency responses)	1,213	1,136	1,362	1,719	1,924	1,387	1,243	1,254	1,351	1,280
Inspection	421	420	380	366	345	493	402	279	430	N/A
<b>Refuse Collection:</b>										
Refuse Collected (Tons per Day)	N/A	N/A	7,955	8,722	8,732	9,087	9,454	9,646	9,823	9,769
Recyclables Collected (Tons per Day)	N/A	N/A	1,917	1,737	1,643	1,357	1,423	1,440	1,432	1,418
<b>Other Public Works:</b>										
Street Resurfacing (Miles)		3.00	1.00	3.50	-	4.40	0.90	N/A	1.90	-
<b>Recreation and Parks:</b>										
Athletic Field Permits Issued	3,003	5,446	2,900	3,845	4,170	3,646	2,965	1,791	1,516	-
School year program registrations	1,000	640	600	570	462	1,373	1,400	1,350	1,634	1,500
Summer camp registrations	707	635	400	486	471	450	614	584	647	375
Swimming program registrations	N/A	N/A	-	200	180	195	213	167	217	119
Holiday Village visitors	7,000	7,800	8,000	10,500	10,200	10,300	9,450	9,500	11,000	11,500
Pool visitors	N/A	N/A	N/A	4,489	4,625	5,750	6,500	5,800	6,551	6,200

(Continued)

**Borough of Naugatuck, Connecticut**

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

Function / Program	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Education:										
Enrollment:										
High School Grades 9-12	1,244	1,764	1,764	1,744	1,729	1,730	1,704	1,719	1,714	1,688
Middle School Grades 7-8	679	893		871	897	896	929	930	890	896
Intermediate School Grades 5-6	660	819		878	983	861	964	948	971	913
Elementary Schools Grades Pre K-4	1,585	1,650		1,805	1,840	1,915	1,983	2,031	2,093	2,151

(Concluded)

SOURCES: Various Town Departments

Sources: Directors of each Department. N/A - Not available.  
N/A - Information not available.

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

Function / Program	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Recreation and Parks:</b>										
Fields - Municipal	9	9	9	9	9	9	7	7	7	7
Fields - Schools	10	5	5	5	5	5	5	5	5	5
Playgrounds	8	1								
Baseball fields	2	2								
Multi-purpose fields	15	10								
Soccer	2	10								
<b>Public Safety:</b>										
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	10	10	9	9	9
<b>Public Works:</b>										
Highway department:										
Sidewalks (miles)	5	5	5	5	N/A	N/A	N/A	N/A	N/A	N/A
<b>Education:</b>										
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	5	5	5	6	6	6	6	6	6	6
Preschools	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: Various Borough Departments. N/A - Not available