

**BOARD OF FINANCE
CALENDAR OF REGULAR MEETINGS
2017**

Draft November 28, 2016

Monday, January 23

Monday, February 27

Thursday, March 2 (Budget - Community Center)

Monday, March 6 (Budget - if needed)

Monday, March 27

Monday, April 24

Tuesday May 2 (to set Tax Rate - Community Center)

Monday, May 22

Monday, June 26

Monday, July 24

Monday, August 28

Monday, September 25

Monday, October 23

Monday, November 27

Monday, December 18 (with BOE and BOS - Community Center)

**Note: All meetings at 7:30pm at Town Hall Hearing Room unless
otherwise noted above**



Town Of Redding

DATE

DRAFT BUDGET CALENDAR for FISCAL YEAR 2017-18

Nov 17, 2016	Thursday	Department Head preliminary Budget Meeting, Expense/Revenue Worksheet, and Instructions
Nov 30 –Dec 1	Weds-Thur	Department Head Expense/Revenue review meetings with Finance Director
Dec 12	Mon (7:30 PM)	Joint Meeting of Boards of Selectmen and Finance, and Board of Education (Community Center)
Dec 15	Thursday	Completed Exp/Rev budget worksheets due to the Finance Director
Jan 6, 2017	Fri (8 AM)	Selectmen's Budget Workshop (Town Hall Meeting Room)
January 7	Sat (8 AM)	Budget Workshop SNOW DATE
January 9	Monday	Regular meeting of Board of Selectmen
January 23	Monday	BOE itemized estimate of cost of maintenance to BOF (PA 13-60)
January 23	Monday	Regular meeting of Board of Finance
February 1	Monday	2015 Grand List finalized and emailed to BOF
February 13	Monday	Regular meeting of Board of Selectmen
February 16	Thursday	Legal notice published in the Pilot for Board of Finance Public Hearing
February 16	Thursday	Board of Selectmen and Board of Education proposed budgets due for distribution to the Board of Finance and release to Press
February 27	Monday	Regular meeting of Board of Finance
March 2	Thur (7:30 PM)	Board of Finance Public Hearing on budget requests (Community Center)
March 6	Monday	Special meeting Board of Finance (if needed)
March 9	Thursday	Public Hearing SNOW DATE
March 13	Monday	Regular meeting Board of Selectmen
March 27	Monday	Regular meeting of Board of Finance
March 28	Tuesday	Release Board of Finance recommended budget & estimated revenues Copy to press
March 30	Thursday	Press Publication of Budget
April 10	Monday	Regular meeting of the Board of Selectmen
April 20	Thur (3:00PM)	Annual Budget Meeting to set Referendum Date
April 24	Monday	Regular meeting of Board of Finance
May 2	Tues (8:00PM)	Board of Finance Meeting to approve Tax (Mil) Rate or revise Budget if required (Community Center)

NOTE: BOE Budget Workshop Meetings are

I received the following email from Peg Sullivan on November 11, 2016 regarding possible Capital Items for inclusion with the Bond. If included, they would need to be approved at a Special Town Meeting prior to issuance of the Official statement (OS)

Steve

The Board will be discussing this at the December meeting, until then, please plan on the following items:

JRMS Locker Replacement	\$ 83,800
RES Fire Code Modifications	\$ 30,000
RES Boiler Replacement	\$ 90,000
RES Water treatment system	\$ 50,000

Peggy

**AGENDA
REGULAR MEETING
BOARD OF FINANCE
MONDAY November 28, 2016
7:30 PM
Town Hall Meeting Room**

AGENDA

1. To approve minutes of meeting held October 24, 2016
2. FY 2015-16 CAFR Presentation (Scott Bassett – RSM)
3. Tax Collector Report
4. Finance Director Report
5. Treasurer Report
6. Bonding Discussion
7. Discussion of BOE FY 2017-18 Budget
8. December Joint Boards Budget Meeting
9. 2017 DRAFT Calendar of Meetings
10. Reports from Individual Board members as assigned
11. Correspondence and Administrative matters

Town of Redding, CT
Office of Treasurer
July 1, 2015--June 30, 2016

CASH BALANCES ONLY General Fund	Maturity Date	Current Rate	7/25/2016	8/24/2016	9/28/2016	10/19/2016	10/31/2016	11/22/2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017
Webster-Investment Account		0.3800%	4,420,527	16,221,500	12,126,970	8,131,509	6,634,291	5,634,291							
Webster-General Fund		0.0000%	3,641,886	3,535,541	2,332,569	3,390,615	3,311,055	1,540,056							
Gateway Bank(Bank of Rison)-12 month CD	10/22/2015	0.7500%													
Banco Popular(Doral)-12 month CD	10/21/2015	0.8000%													
Frontenac Bank-12 month CD	11/22/2015	0.5900%													
Merrick Bank-12 month CD	11/26/2015	0.7800%													
Central Bank Illinois-12 month CD	11/26/2015	0.3500%													
Bank of India-12 month CD (Broker)	12/12/2015	0.6000%													
Bank of Baroda-12 month CD (Broker)	12/16/2015	0.5500%													
Everbank-12 month CD (Broker)	12/16/2015	0.5500%													
Leader Bank, NA-12 month CD	4/3/2017	0.3600%	246,069	246,069	246,069	246,069	246,069	246,069							
Tristate Capital Bank-12 month CD	4/3/2017	0.8500%	245,000	245,000	245,000	245,000	245,000	245,000							
Berkshire Bk Pittsfield Ma	12/23/2016	0.6000%	245,000	245,000	245,000	245,000	245,000	245,000							
Santander Bk Natl Assn Wilmington DE	3/16/2017	0.6000%	245,000	245,000	245,000	245,000	245,000	245,000							
Crescon Bk Charleston SC	3/24/2017	0.6500%	245,000	245,000	245,000	245,000	245,000	245,000							
BMO Harris Bk Natl Assn Chicago Il	7/17/2017	0.7500%	245,000	245,000	245,000	245,000	245,000	245,000							
BankFinancial Fnb Olympia Fields Il	9/11/2017	0.7500%	245,000	245,000	245,000	245,000	245,000	245,000							
Seasame Bank Ne	9/14/2017	0.7500%	245,000	245,000	245,000	245,000	245,000	245,000							
Aly Bk Midvale Utah	9/18/2017	0.8500%	245,000	245,000	245,000	245,000	245,000	245,000							
Wells Fargo Bk NA Sioux Falls SD	11/9/2017	0.9500%	245,000	245,000	245,000	245,000	245,000	245,000							
Goldman Sachs Bk Usa New York	3/16/2018	1.0500%	245,000	245,000	245,000	245,000	245,000	245,000							
Key Bk Natl Assn Ohio	3/16/2018	1.0000%	245,000	245,000	245,000	245,000	245,000	245,000							
Synovus Bank GA	3/19/2018	1.0000%	245,000	245,000	245,000	245,000	245,000	245,000							
Medallion Bk Salt Lake City Utah	3/28/2018	1.1000%	245,000	245,000	245,000	245,000	245,000	245,000							
Jannay Montgomery Scott sweep		0.0300%	0	0	0	0	10,417	10,417							
STF-State Treasurer's Investment Fund		0.4900%	946,000	950,583	950,931	951,299.59	951,300	951,300							
Total			12,339,483	24,138,703	18,841,539	15,904,492	14,338,132	11,567,133							
Capital and Non-Recurring Fund															
Union Savings BankWebster Bank		0.0000%	783,843	834,361	832,984	812,984.22	798,650	786,290							
STF-State Treasurer's Investment Fund		0.4900%	209,956	210,113	210,188	210,289.42	210,676	210,676							
One West Bank-12 month CD		0.8800%	0	0	0	0	0	0							
Total			993,799	1,044,474	1,043,172	1,023,254	1,009,326	996,966							
Dedicated funds approved by BOF			-203,000	-195,000	-195,000	-195,000	-195,000	-195,000							

CASH BALANCES ONLY General Fund	Prior year rate as of 6/30/2016	7/23/2015	8/20/2015	9/24/2015	10/22/2015	11/17/2015	12/14/2015	1/21/2016	2/17/2016	3/23/2016	4/25/2016	5/19/2016	6/23/2016
Webster-Investment Account	0.4000%	3,529,281	17,529,827	13,532,091	9,634,072	8,435,577	7,436,635	9,237,557	20,239,613	14,645,889	9,951,232	6,555,279	4,119,137
Webster-General Fund	0.0000%	5,391,472	2,353,950	2,706,667	1,893,141	1,908,782	1,454,658	3,114,890	1,768,192	3,042,730	2,826,027	3,323,723	2,322,122
Gateway Bank(Bank of Rison)-12 month CD	10/22/2015	0.7500%	245,000	245,000	245,000	245,000	245,000	0	0	0	0	0	0
Banco Popular(Doral)-12 month CD	10/21/2015	0.8000%	245,000	245,000	245,000	245,000	0	0	0	0	0	0	0
Frontenac Bank-12 month CD	11/22/2015	0.5900%	245,000	245,000	245,000	245,000	245,000	0	0	0	0	0	0
Merrick Bank-12 month CD	11/26/2015	0.7800%	246,617	246,617	246,617	246,617	246,617	0	0	0	0	0	0
Central Bank Illinois-12 month CD	11/26/2015	0.3500%	246,981	246,981	246,981	246,981	246,981	0	0	0	0	0	0
Bank of India-12 month CD (Broker)	12/12/2015	0.6000%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Bank of Baroda-12 month CD (Broker)	12/16/2015	0.5500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Everbank-12 month CD (Broker)	12/16/2015	0.5500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Leader Bank, NA-12 month CD	4/3/2017	0.3500%	246,069	246,069	246,069	246,069	246,069	246,069	246,069	246,069	246,069	246,069	246,069
Tristate Capital Bank-12 month CD	4/3/2017	0.8500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Berkshire Bk Pittsfield Ma	12/23/2016	0.6000%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Santander Bk Natl Assn Wilmington DE	3/16/2017	0.6000%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Crescon Bk Charleston SC	3/24/2017	0.6500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
BMO Harris Bk Natl Assn Chicago Il	7/17/2017	0.7500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
BankFinancial Fnb Olympia Fields Il	9/11/2017	0.7500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Seasame Bank Ne	9/14/2017	0.7500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Aly Bk Midvale Utah	9/18/2017	0.8500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Wells Fargo Bk NA Sioux Falls SD	11/9/2017	0.9500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Goldman Sachs Bk Usa New York	3/16/2018	1.0500%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Key Bk Natl Assn Ohio	3/16/2018	1.0000%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Synovus Bank GA	3/19/2018	1.0000%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Medallion Bk Salt Lake City Utah	3/28/2018	1.1000%	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000	245,000
Jannay Montgomery Scott sweep		0.0300%	0	0	0	0	0	0	0	0	0	0	0
STF-State Treasurer's Investment Fund		0.3000%	974,410	970,261	966,105	961,971	957,810	957,000	957,788	953,800	945,527	945,448	946,000
Total			12,349,830	23,308,765	19,659,530	14,943,851	13,266,836	11,074,362	13,801,304	23,452,675	22,125,227	17,214,433	14,255,801
Capital and Non-Recurring Fund													
Union Savings BankWebster Bank		0.0000%	547,752	547,752	547,752	547,752	547,752	547,752	547,752	547,752	547,752	547,752	547,752
STF-State Treasurer's Investment Fund		0.3100%	209,424	209,454	209,482	209,482	209,543	209,000	209,628	209,694	209,761	209,833	209,896
One West Bank-12 month CD		0.8800%	246,411	246,411	246,411	246,411	246,411	246,411	246,411	246,411	246,411	246,411	246,411
Total			1,003,587	1,003,617	1,003,645	1,003,645	1,003,606	1,003,563	1,003,790	1,003,857	1,003,924	1,003,996	1,003,997
Dedicated funds approved by BOF													

CASH BALANCES ONLY General Fund	Prior Year Rate as of 06/19/15	7/23/2014	8/21/2014	9/18/2014	10/23/2014	11/20/2014	12/11/2014	1/9/2015	2/19/2015	3/19/2015	4/23/2015	5/15/2015	6/19/2015
Union Savings-Investment Account	0.0000%	583,225	0	0	0	0	0	0	0	0	0	0	0
Webster-Investment Account	0.1600%	18,500,000	8,651,916	8,688,784	5,920,310	3,921,229	5,921,714	15,922,439	13,923,938	10,125,843	8,627,322	5,528,527	
Webster-General Fund	0.0000%	7,041,568	1,811,736	9,777,600	3,345,643	1,943,757	1,800,553	1,325,981	1,839,867	1,969,980	2,133,018	1,797,477	3,563,778
Union Savings-General Fund	0.0000%	950,000	218,729	191,172	191,415	191,415	192,860	0	0	0	0	0	0
MBA Class Plus Account	0.0100%												

TOWN OF REDDING, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2016

The Town of Redding, Connecticut

Comprehensive Annual Financial Report

For

The Fiscal Year Ended June 30, 2016

PRELIMINARY DRAFT
for Review and Discussion
--Subject to Change--
Not to be Reproduced

Prepared By:

Town of Redding
Finance Department

Stephen Gniadek
Finance Director

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Introductory Section

TOWN OF REDDING CT FINANCE DEPARTMENT

_____, 2016

To the Honorable First Selectman, Members of the Board of Selectmen, Members of the Board of Finance, and Citizens of the Town of Redding, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report ("CAFR") of the Town of Redding for the year ended June 30, 2016. The report includes the independent auditors' report as required by the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles ("GAAP") and standards set forth by the Governmental Accounting Standards Board ("GASB").

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

RSM US LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Redding, Connecticut for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Redding's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, State mandated "Single Audit" designed to meet the special needs of State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of State awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Redding

The Town of Redding was incorporated in 1767 and is located in Fairfield County in the southwest part of the State of Connecticut, bordered by the towns of Bethel, Danbury, Easton, Newtown, Ridgefield, Weston and Wilton. It is located about 65 miles northeast of New York City, and is served by Metro North Commuter Railroad. The Town has a land area of 32 square miles, of which 87% is existing watershed, and a population of 9,267 at 2014.

The Town operates under the Statutes of the State of Connecticut. The Town employs a Town Meeting form of government with the First Selectman, elected to a two-year term, acting as the Town's chief executive officer. A three-member Board of Selectmen generally supervises the administration of the Town. Fiscal matters are administered under a six-member Board of Finance and an appointed Finance Director. The Town provides a full range of services, including police and volunteer fire protection, the construction and maintenance of streets, a transfer and recycling center, recreational activities and cultural events.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

All departments are required to submit revenue estimates and requests for appropriations to the Finance Director. A budget workshop is conducted by the Board of Selectmen to review the department requests. The Town and Board of Education budgets are then presented to the Board of Finance at a public meeting. Additional Board of Finance meetings are held if deemed necessary. Upon approval of the Board of Finance, the budget is submitted to a town-wide referendum held on the first Tuesday in May.

Factors Affecting Financial Condition

Redding's presence in Fairfield County, its proximity to an excellent regional transportation network, its fine schools, public library, and wide range of recreational programs have all contributed to its continued growth and excellent financial condition. The Town is currently rated AAA by S&P with a healthy Unassigned Fund balance of 14.98%.

Factors Affecting Financial Condition (Continued)

The Town's economic base is supported primarily by its residential base, with the Georgetown and West Redding business districts supplying the majority of commercial business interests.

There were 689 Building Permits issued in fiscal year 2016, at a value of \$ 20.0 million, compared to 653 issued at a value of \$ 12.5 million in fiscal year 2015.

The unemployment rate for fiscal year 2016 in Redding was 4.2 % which compares favorably with the State rate of 5.5 %. Median Household Income is \$ 131,006

Property taxes, which account for approximately 89% of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 98.6 % of the adjusted tax levy.

Housing prices are competitive relative to Fairfield County norms. Most residents work in Fairfield County, Westchester County, New York, and New York City

Although the State of Connecticut projects future fiscal operating deficits, it has managed to maintain its support to local communities with only slight changes year over year.

Long-Term Financial Planning

The vast majority of capital spending is incurred for Highway reconstruction and school facility improvements. The Town maintains a 5 year Capital Plan which is updated quarterly. Most capital projects are financed through short term borrowing (BAN) pending long term bonding. All rolling stock is financed through 5 year municipal leases.

In FY 2014-15, the Town approved a four year road reconstruction plan totaling \$ 6.8 million. There is a balance of \$3.2 million to be spent over the remaining two years of the plan. The current 5 year capital cost projection is for a total of \$ 11.0 million, with a Town portion of \$ 5.0 million and schools at \$ 6.0 million.

The Town also maintains a Capital Non-Recurring Expense reserve, with a balance of approximately \$ 1.0 million, for use on selected capital projects as needed.

Relevant Financial Policies

The Town's financial policies have been applied consistently with no notable current year effect on the financial statements. As required, the Town has implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, issued June 2012 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68— to capture the apportioned pension liability of the Town due to its participation in the State of CT Municipal Employees Retirement System (CMERS).

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement,

the Town published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. The cooperation and advice of the accounting firm of RSM US LLP also contributed significantly to its production.

This CAFR reflects a commitment to the citizens of Redding, the Board of Finance, the Board of Selectmen, and all concerned readers of this report to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,



Stephen Gniadek
Finance Director

PRELIMINARY DRAFT
for Review and Discussion
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Redding
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

TOWN OF REDDING, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
As of JUNE 30, 2016

Board of Selectmen
Julia Pemberton
First Selectman

Leon Karvelis

Michael Thompson

Board of Finance
William Alvarez
Chairman

Margaret O'Donnell
Joseph Dolan

Ward Mazzucco
Kimberly Yonkers

Susan Clark

Finance Director
Stephen Gniadek

Building Official – Shaun Donnelly
Chief of Police – Douglas Fuchs
Public Works Director – Jeff Hanson
Social Services Director – Angelica Fontanez
Park and Rec Director – Robert Blick

Planning/Land Use – Jo-An Brooks
Tax Collector - Patricia Moio
Tax Assessor – John Ford
Town Clerk – Michele Grande
Treasurer – Janice Meehan
Zoning Official – Aimee Pardee

Board of Education
Sara Sobel
Chairman

Gwen Denny

Edward Miller

Allyson Florkowski
Melinda Irwin

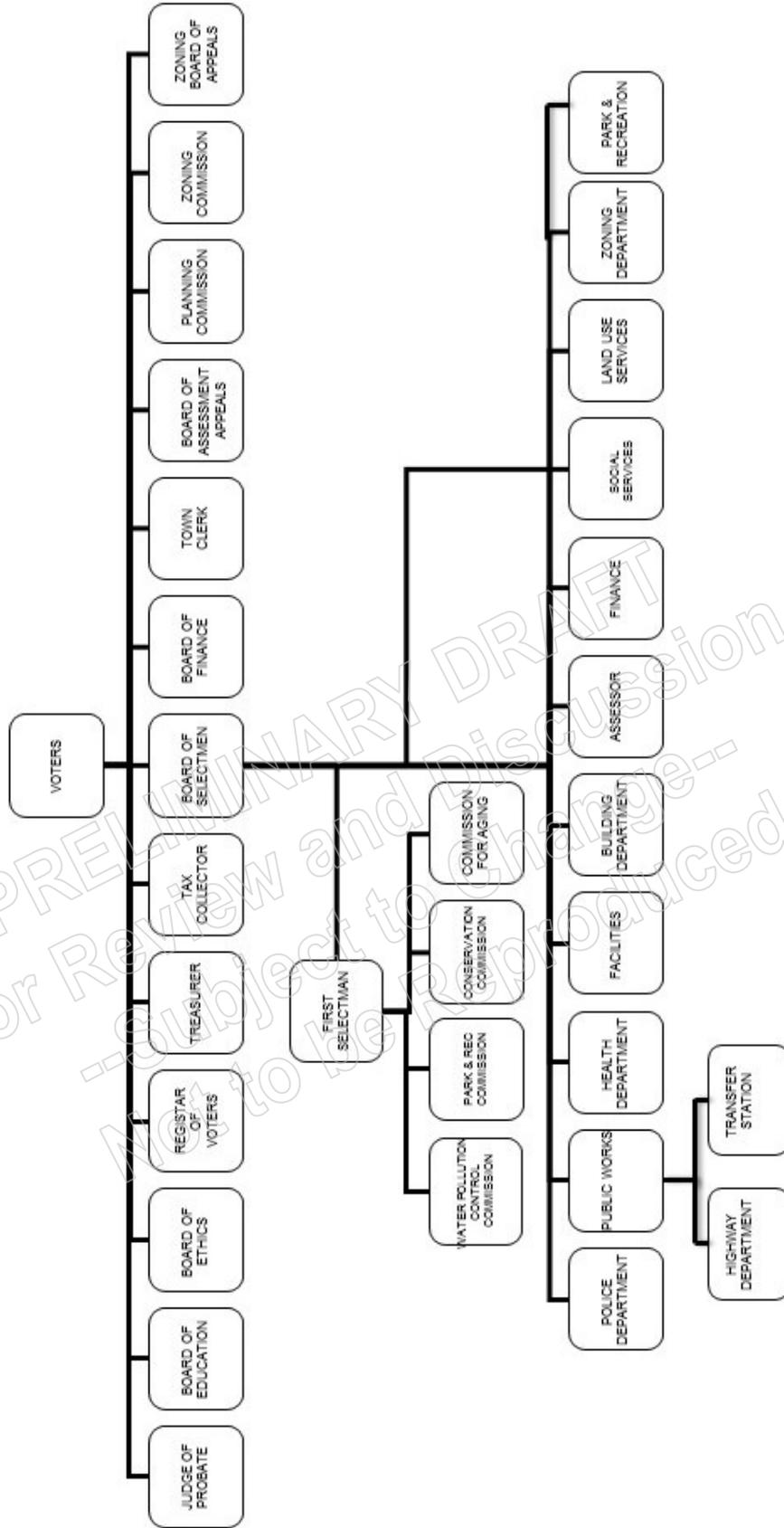
Jess Gaspar
Michael Hoffman

Dr. Thomas McMorran –
Superintendent of Schools

Peggy Sullivan – Director of
Finance and Operations

Independent Auditors
RSM US LLP
New Haven, CT

TOWN OF REDDING, CONNECTICUT ORGANIZATIONAL CHART



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Financial Section

Town of Redding, Connecticut

Management's Discussion and Analysis - unaudited For the Year Ended June 30, 2016

As management of the Town of Redding, Connecticut (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$49,918,076 (net position). Of this amount, \$5,827,357 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position for governmental activities increased by \$2,166,122 due to increased investment in road reconstruction and school facility improvement along with expense savings.
- Total General Fund fund balance at June 30, 2016 is \$9,306,152 which is \$817,430 or 9.6% higher than the prior year fund balance. The General Fund balance consists of the Unassigned Fund Balance, Nonspendable Fund Balance, the Committed Fund Balance and the Assigned Fund Balance. The Unassigned Fund Balance totals \$7,139,238 and represents 14.98% of the next year budgeted expenditures. The Nonspendable Fund Balance totals \$1,742,005 and represents a receivable from the sewer enterprise fund, which will be reclassified to Unassigned Fund Balance when the receivable is paid, as well as certain prepaids and inventories, and the Committed Fund Balance of \$ 200,000, for debt reduction, and the Assigned Fund Balance of \$224,909 for encumbrances.
- Actual expenditures came in 1.27% or \$607,702 under budget due to responsible spending within Town departments.
- Actual revenues were 100% of budget.
- The Town issued \$12,644,000 in authorized bond anticipation notes (BANS) for road repair and construction, bridge rehabilitation, and school building renovations. The coupon rate of 2.0% is reduced by the premium, resulting in a net interest cost of .5891%.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position, which presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change 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 statement of net position and statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, deferred inflows/outflows, revenues, expenses, and gains and losses of the Town. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Town include general government, public safety, highway and streets, transfer station and recycling, health and social services, library, parks and recreation and education. The Town's business-type activities are for the Georgetown Sewer Enterprise Fund operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and provide sound management of Town resources. All of the funds of the Town 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 resource as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town'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 Town'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 Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. 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 within the supplementary information section of this report.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds. The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions.

The Town uses internal service funds to account for its self-insured medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Georgetown Sewer fund (a major fund).

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide other post-employment benefits to its employees, and General Fund budget information, and pension related schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's net position is \$56,478,006 at the close of the most recent fiscal year.

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Current and Other Assets	\$ 23,944,067	\$ 23,671,607	\$ 123,391	\$ 33,492	\$ 24,067,458	\$ 23,705,099
Capital Assets	65,269,418	60,683,219	8,241,063	8,420,654	73,510,481	69,103,873
Total assets	89,213,485	84,354,826	8,364,454	8,454,146	97,577,939	92,808,972
Deferred outflows of resources	1,567,112	946,528	-	-	1,567,112	946,528
Long-Term Debt Outstanding	20,724,611	20,768,709	-	-	20,724,611	20,768,709
Other Liabilities	16,774,439	14,008,814	1,804,524	1,559,504	18,578,963	15,568,318
Total liabilities	37,499,050	34,777,523	1,804,524	1,559,504	39,303,574	36,337,027
Deferred inflows of resources	3,363,471	2,771,877	-	-	3,363,471	2,771,877
Net Position						
Net investment in capital assets	44,090,719	41,886,817	8,421,063	8,420,654	52,511,782	50,307,471
Unrestricted	5,827,357	5,865,138	(1,861,133)	(1,526,012)	3,966,224	4,339,126
Total net position	\$ 49,918,076	\$ 47,751,954	\$ 6,559,930	\$ 6,894,642	56,478,006	\$ 54,646,596

By far, the largest portion of the Town's net position (93%) reflects its investment in capital (e.g., land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture, and fixtures and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Certain amounts in the above as of June 30, 2015 were reclassified, with no effect on 2015 net position, to be consistent with the classifications adopted for the year ended June 30, 2016.

Governmental Activities. Governmental activities increased the Town's net position by \$2,166,122 mainly due to better than expected revenues from property taxes, expenses being lower than anticipated, and capital additions to infrastructure and facilities.

Revenues. Governmental activities revenues totaled \$51,933,894 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 89% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 8% of governmental revenues.

Expenses. Governmental expenses totaled \$49,767,772 for the fiscal year. Of the expenses, \$36,670,034 or 74% is related to education. Public safety expenses amounted \$3,329,417 or 7%. General government expenses amounted to \$4,689,605 or 9% and highway and streets expenses were \$2,165,108 or 4%.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 1,466,426	\$ 1,389,984	\$ 402,799	\$ 402,752	\$ 1,869,225	\$ 1,792,736
Operating grants and contributions	4,249,637	4,720,743	-	-	4,249,637	4,720,743
Capital grants and contributions	18,328	85,933	-	-	18,328	85,933
General revenues						
Property taxes	46,079,769	46,019,078	-	-	46,079,769	46,019,078
Grants and contributions not restricted to specific purposes	115,748	38,028	-	-	115,748	38,028
Investment income	54,708	28,052	-	7	54,708	28,059
Miscellaneous	53,970	134,788	-	-	53,970	134,788
Total revenues	52,038,586	52,416,606	402,799	402,759	52,441,385	52,819,365
Program Expenses						
General government	4,689,605	4,011,987	-	-	4,689,605	4,011,987
Public safety	3,329,417	3,228,429	-	-	3,329,417	3,228,429
Highway and streets	2,165,108	1,592,510	-	-	2,165,108	1,592,510
Transfer station and recycling	364,100	373,408	-	-	364,100	373,408
Health and social services	164,654	159,177	-	-	164,654	159,177
Library	628,876	613,563	-	-	628,876	613,563
Parks and recreation	1,301,883	1,212,541	-	-	1,301,883	1,212,541
Education	36,670,034	36,531,377	-	-	36,670,034	36,531,377
Interest expense	558,787	554,372	-	-	558,787	554,372
Sewer department	-	-	737,511	770,814	737,511	770,814
Total program expenses	49,872,464	48,277,364	737,511	770,814	50,609,975	49,048,178
Changes in net position	2,166,122	4,139,242	(334,712)	(368,055)	1,831,410	3,771,187
Net Position, Beginning	47,751,954	43,612,712	6,894,642	7,262,697	54,646,596	50,875,409
Net Position, Ending	\$ 49,918,076	\$ 47,751,954	\$ 6,559,930	\$ 6,894,642	\$ 56,478,006	\$ 54,646,596

Business-Type Activities. Business-type activities decreased the Town's net position by \$334,712. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$737,511, which was a 4% decrease from the prior year. This decrease was due to a one-time charge last year associated with the replacement of failed membranes.

Financial Analysis of the Town's Funds

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

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

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

General Fund:

At year end, unassigned fund balance in the General Fund was as follows:

Unassigned fund balance, July 1, 2015	\$ 6,594,466
Actual revenue greater than budgeted	733
Actual expenditures less than budgeted	607,702
Net adjustment per GAAP	<u>(63,663)</u>
Unassigned fund balance, June 30, 2016	<u>\$ 7,139,238</u>

General Fund actual expenditures came in 1.27% under budget due to responsible spending within Town departments. Additionally, actual revenues were \$733 higher than budgeted primarily due to property tax collections partially offset by reduced state aid.

General Fund Budgetary Highlights

Actual revenue was at 100% of budget. Property tax collections both current and prior, along with associated interest, all exceeded the budgeted amounts.

Actual expenditures were 1.27% favorable to budget primarily due to controlling departmental spending, favorable insurance savings, and the transfer of a year-end Board of Education surplus.

Road reconstruction fund: The fund balance has decreased by approximately \$1,850,000 which resulted from expenditures related to the road improvement projects.

Capital Projects- Schools: The fund balance decreased by approximately \$2,580,000 which is a result of expenditures relating to capital improvements for the schools.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$73,510,481 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture and fixtures and infrastructure.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Construction in Progress	2,492,638	428,949	-	-	2,492,638	428,949
Buildings	14,787,607	15,002,786	-	-	14,787,607	15,002,786
Sewer Plant	-	-	7,824,069	7,907,279	7,824,069	7,907,279
Sewer Collection System	-	-	401,652	498,033	401,652	498,033
Machinery and Equipment	2,614,742	2,613,820	-	-	2,614,742	2,613,820
Infrastructure	23,513,765	20,905,184	-	-	23,513,765	20,905,184
Vehicles	2,152,112	2,298,745	-	-	2,152,112	2,298,745
Furniture and Fixtures	504,732	229,913	-	-	504,732	229,913
	<u>\$ 65,269,418</u>	<u>\$ 60,683,219</u>	<u>\$ 8,241,063</u>	<u>\$ 8,420,654</u>	<u>\$ 73,510,481</u>	<u>\$ 69,103,873</u>

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$12,642,223. The entire amount is backed by the full faith and credit of the Town.

**Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2016	2015
General Obligation Bonds - Town Improvements	\$ 9,014,223	\$ 9,685,539
General Obligation Bonds - School Improvements	3,628,000	4,030,000
Clean Water Fund Note	-	42,493
	<u>\$ 12,642,223</u>	<u>\$ 13,758,032</u>

The Town maintained its “AAA” credit rating from Standard & Poor’s for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$329,083,720 which is significantly in excess of the Town’s outstanding general obligation debt.

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2016, which matures through 2026, amounted to \$12,290,000. The Town’s share of the debt was \$6,489,120.

Additional information on the Town’s long-term debt can be found in Note 9 of this report. The Town also has short-term debt in the form of BANS totaling \$12,644,000, the detail of which can be found in Note 8.

Economic Factors and Next Year’s Budget and Assumptions

The unemployment rate for the Town was 4.2%, down from last year reported of 4.5%. The rate compares favorably with the state’s average rate of 5.5%.

State aid to education has been reduced by \$424,000 for FY2016-17.

These factors, along with declining school enrollment forecasts and its’ corresponding budget and continued expense management were considered in the preparation of the budget for 2016-17, that resulted in a decrease of .30% over the prior year budget.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Redding, Finance Department, P.O. Box 1028, Redding, Connecticut 06875.

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Basic Financial Statements

Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,900,174	\$ 123,391	\$ 18,023,565
Receivables, net (Note 4)	4,301,888	-	4,301,888
Other	66,260	-	66,260
Advance to other funds	1,675,745	(1,675,745)	-
Capital assets, not being depreciated	21,696,460	15,342	21,711,802
Capital assets being depreciated, net	43,572,958	8,225,721	51,798,679
Total assets	89,213,485	6,688,709	95,902,194
Deferred Outflows of Resources			
Deferred pension expense	1,131,728	-	1,131,728
Deferred charge on refunding	435,384	-	435,384
Total deferred outflows of resources	1,567,112	-	1,567,112
Liabilities			
Accounts payable and accrued expenses	3,374,031	128,779	3,502,810
Due to other governments	2,419	-	2,419
Due to Regional School District No.9	733,989	-	733,989
Bond anticipation notes	12,644,000	-	12,644,000
Unearned revenue	20,000	-	20,000
Long-term liabilities:			
Noncurrent liabilities due within one year	2,354,983	-	2,354,983
Due in more than one year	18,369,628	-	18,369,628
Total liabilities	37,499,050	128,779	37,627,829
Deferred Inflows of Resources			
Deferred pension credit	792,923	-	792,923
Advance property tax collections	2,570,548	-	2,570,548
Total deferred inflows of resources	3,363,471	-	3,363,471
Net Position			
Net investment in capital assets	44,090,719	8,421,063	52,511,782
Unrestricted (deficit)	5,827,357	(1,861,133)	3,966,224
Total net position	\$ 49,918,076	\$ 6,559,930	\$ 56,478,006

See notes to financial statements.

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,689,605	\$ 466,523	\$ 154,909	\$ -	\$ (4,068,173)	\$ -	\$ (4,068,173)
Public Safety	3,329,417	23,120	8,668	-	(3,297,629)	-	(3,297,629)
Highway and street	2,165,108	217,342	269,265	-	(1,678,501)	-	(1,678,501)
Transfer station and recycling	364,100	151,867	-	-	(212,233)	-	(212,233)
Health and Welfare	164,654	23,256	-	-	(141,398)	-	(141,398)
Library	628,876	-	-	-	(628,876)	-	(628,876)
Education	36,670,034	-	3,816,795	18,328	(32,834,911)	-	(32,834,911)
Park and Recreation	1,301,883	584,318	-	-	(717,565)	-	(717,565)
Interest and fiscal charges	558,787	-	-	-	(558,787)	-	(558,787)
Total governmental activities	49,872,464	1,466,426	4,249,637	18,328	(44,138,073)	-	(44,138,073)
Business-type activities:							
Georgetown sewer	737,511	402,799	-	-	-	(334,712)	(334,712)
	\$ 50,609,975	\$ 1,869,225	\$ 4,249,637	\$ 18,328			
General revenues:							
Property taxes					46,079,769	-	46,079,769
Grants and contributions not restricted to specific programs					115,748	-	115,748
Investment income					54,708	-	54,708
Miscellaneous					53,970	-	53,970
Total general revenues					46,304,195	-	46,304,195
Change in net position					2,166,122	(334,712)	1,831,410
Net position - beginning					47,751,954	6,894,642	54,646,596
Net position - ending					\$ 49,918,076	\$ 6,559,930	\$ 56,478,006

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2016**

	General	Road Reconstruction	Capital Projects- Schools	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 12,244,513	\$ 2,705,774	\$ 835,449	\$ 1,547,523	\$ 17,333,259
Receivables:					
Property taxes	4,140,044	-	-	-	4,140,044
Sewer assessments	-	-	-	5,506	5,506
Intergovernmental	-	-	-	26,000	26,000
Other	130,338	-	-	-	130,338
Due from other funds	227,484	-	-	13,392	240,876
Prepays	63,711	-	-	-	63,711
Inventory	2,549	-	-	-	2,549
Advance to other funds	1,675,745	-	-	-	1,675,745
Total assets	\$ 18,484,384	\$ 2,705,774	\$ 835,449	\$ 1,592,421	\$ 23,618,028
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities:					
Accounts payable	\$ 1,548,499	\$ 517,868	\$ 884,578	\$ 91,333	\$ 3,042,278
Due to other governments	2,419	-	-	-	2,419
Due to Regional School District No.9	733,989	-	-	-	733,989
Due to other funds	311,781	-	-	227,482	539,263
Unearned revenue	-	-	-	20,000	20,000
Bond anticipation notes payables	-	8,672,049	3,041,651	930,300	12,644,000
Total liabilities	2,596,688	9,189,917	3,926,229	1,269,115	16,981,949
Deferred inflows of resources:					
Advance tax collections	2,570,548	-	-	-	2,570,548
Unavailable resources-other	4,010,996	-	-	29,506	4,040,502
	6,581,544	-	-	29,506	6,611,050
Fund balances (deficits):					
Nonspendable	1,742,005	-	-	-	1,742,005
Restricted	-	-	-	200,526	200,526
Committed	200,000	-	-	1,206,024	1,406,024
Assigned	224,909	-	-	-	224,909
Unassigned	7,139,238	(6,484,143)	(3,090,780)	(1,112,750)	(3,548,435)
Total fund balances (deficits)	9,306,152	(6,484,143)	(3,090,780)	293,800	25,029
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 18,484,384	\$ 2,705,774	\$ 835,449	\$ 1,592,421	\$ 23,618,028

See notes to financial statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2016**

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

Total fund balances (Exhibit III)	\$ 25,029
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	80,681,545
Less accumulated depreciation	<u>(15,412,127)</u>
Net capital assets	<u>65,269,418</u>
Assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds:	
Property tax and sewer assessment interest and lien accrual	1,585,457
Property tax and sewer assessment receivable	2,431,045
Intergovernmental	24,000
Internal service funds are used by management to charge the cost of medical insurance to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	669,138
Net deferred outflows/inflows of resources relating to pension	338,805
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(12,642,223)
Deferred amounts on refunding	435,384
Compensated absences	(235,253)
Accrued interest payable	(135,589)
Capital leases	(1,018,962)
MERS net pension liability	(4,469,285)
Net OPEB obligation	(2,335,138)
Landfill closure and post-closure care	<u>(23,750)</u>
Net position of governmental activities (Exhibit I)	<u>\$ 49,918,076</u>

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2016**

	General	Road Reconstruction Fund	Capital Projects- Schools	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 45,448,399	\$ -	\$ -	\$ -	\$ 45,448,399
Intergovernmental	3,786,491	-	13,128	1,225,176	5,024,795
Investment income	48,588	-	72	6,048	54,708
Charges for services	1,386,980	-	-	79,672	1,466,652
Other	39,298	-	-	14,672	53,970
Total revenues	50,709,756	-	13,200	1,325,568	52,048,524
Expenditures:					
Current:					
General government	2,950,741	-	-	80,525	3,031,266
Public safety	2,421,456	-	-	16,257	2,437,713
Highway and street	1,391,319	-	-	4,224	1,395,543
Transfer station and recycling	251,371	-	-	-	251,371
Health and welfare	117,480	-	-	1,031	118,511
Library	489,950	-	-	-	489,950
Parks and recreation	955,653	-	-	25,512	981,165
Employee benefits	2,716,527	-	-	-	2,716,527
Education	36,254,652	-	-	266,625	36,521,277
Debt service	2,047,177	-	-	-	2,047,177
Capital outlay	242,252	2,026,019	2,626,614	926,262	5,821,147
Total expenditures	49,838,578	2,026,019	2,626,614	1,320,436	55,811,647
Revenues over (under) expenditures	871,178	(2,026,019)	(2,613,414)	5,132	(3,763,123)
Other financing sources (uses):					
Transfer in	-	175,650	33,650	86,700	296,000
Transfer out	(296,000)	-	-	-	(296,000)
Capital leases proceeds	242,252	-	-	-	242,252
Total other financing sources (uses)	(53,748)	175,650	33,650	86,700	242,252
Change in fund balances (deficits)	817,430	(1,850,369)	(2,579,764)	91,832	(3,520,871)
Fund balances (deficits), beginning of year	8,488,722	(4,633,774)	(511,016)	201,968	3,545,900
Fund balances (deficits), end of year	\$ 9,306,152	\$ (6,484,143)	\$ (3,090,780)	\$ 293,800	\$ 25,029

See notes to financial statements.

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
Governmental Funds to the Statement of Activities (Continued)
For the Year Ended June 30, 2016**

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	<u>\$ (3,520,871)</u>
---------------------------------------------------------------------	-----------------------

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 outlay exceeded depreciation in the current period:

Capital outlay	5,806,843
Depreciation expense	(1,150,339)
Loss on disposal of assets	(70,305)
	<u>4,586,199</u>

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

	<u>(114,630)</u>
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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 has any effect on net position. Also, governmental funds report the 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:

Premium amortization	(416,684)
Deferred amounts on refunding	359,665
Bond proceeds	(6,745,000)
Bond principal repayments	8,235,000
Proceeds from capital leases	(242,251)
Capital lease payments	418,162
Notes payable	42,493
	<u>1,651,385</u>

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 MERS pension expense	(538,062)
Net OPEB expense	(177,495)
Landfill post-closure care	4,000
Compensated absences	(10,839)
Accrued interest payable	12,916
	<u>(709,480)</u>

Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments. The net expense of the activities of the Internal Service Fund is reported with governmental activities.

	<u>273,519</u>
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Change in net position of governmental activities (Exhibit II)

	<u>\$ 2,166,122</u>
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See notes to financial statements.

Statement of Net Position - Proprietary Funds
June 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets		
Current assets:		
Cash and cash equivalents	\$ 123,391	\$ 566,915
Due from other funds	-	298,387
Total current assets	123,391	865,302
Noncurrent assets:		
Capital assets, net:		
Land	15,342	-
Sewer plant	7,824,070	-
Sewer collection system	401,651	-
Total capital assets, net	8,241,063	-
Total assets	8,364,454	865,302
Liabilities		
Current liabilities:		
Accounts payable	128,779	-
Claims payable	-	196,164
Total current liabilities	128,779	196,164
Noncurrent liabilities:		
Advance from other funds	1,675,745	-
Total liabilities	1,804,524	196,164
Net Position		
Net investment in capital assets	8,241,063	-
Unrestricted (deficit)	(1,681,133)	669,138
Total net position	\$ 6,559,930	\$ 669,138

See notes to financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Operating revenues:		
Charges for services	\$ 402,799	\$ 2,951,910
Total operating revenues	402,799	2,951,910
Operating expenses:		
Claims incurred	-	2,398,481
Administration	23,439	282,706
Contracted services	336,887	-
Outside services	10,241	-
Materials disposal	11,775	-
Materials and supplies	97,187	-
Utilities	78,391	-
Depreciation	179,591	-
Total operating expenses	737,511	2,681,187
Operating (loss) Income	(334,712)	270,723
Nonoperating revenues:		
Investment income	-	2,796
Change in net position	(334,712)	273,519
Net position, beginning	6,894,642	395,619
Net position, ending	\$ 6,559,930	\$ 669,138

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and others	\$ 402,799	\$ -
Payments to suppliers	(522,900)	-
Claim payments	-	(2,371,524)
Charges for services	-	3,039,042
Administrative payments	-	(282,706)
Net cash (used in) provided by operating activities	(120,101)	384,812
Cash flows from noncapital financing activities:		
Advances from other funds	210,000	-
Cash flows from investing activities:		
Income from investments	-	2,796
Net increase in cash and cash equivalents	89,899	387,608
Cash and cash equivalents, beginning of year	33,492	179,307
Cash and cash equivalents, ending	\$ 123,391	\$ 566,915
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating loss	\$ (334,712)	\$ 270,723
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation expense	179,591	-
(Increase) decrease in:		
Due from other funds	-	87,132
Increase in:		
Accounts and claims payable	35,020	26,957
Net cash (used in) provided by operating activities	\$ (120,101)	\$ 384,812

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	<u>\$ 150,116</u>
Liabilities	
Due to others	<u>\$ 150,116</u>
See notes to financial statements.	

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Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Redding, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

Reporting entity: The Town of Redding, Connecticut is a municipal corporation and operates under the provisions of the General Statutes of the State of Connecticut. The Town is governed by an elected Board of Selectmen and an elected Board of Finance. The Town Meeting acts as the legislative body. The First Selectman is the Chief Executive Officer. The Town provides the following services: education, public safety, public works, public health and social services, and recreation.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Governmental Accounting Standards Board Codification, Section 2100, have been considered and there are no agencies or entities, which should be presented with the Town.

Accounting standards adopted in the current year:

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 3.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the Town's financial statements.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 Town. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation: The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow 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 for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, landfill post-closure monitoring, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

- The *Road Reconstruction Fund* is used to account for the various road repair activities. The major funding source for this fund is from bond proceeds.
- The *Capital Projects- School Fund* is used to account for various school projects. The major funding source for this fund is from BAN/bond proceeds.

The Town reports the following major proprietary fund:

- The Georgetown Sewer Fund accounts for the activities of the Town's sewer operations. The major source of revenue for this fund is from sewer assessments.

Additionally, the Town reports the following fund types:

- The *Internal Service Fund* accounts for risk financing activities for the medical insurance benefits as allowed by the GASB Statement No. 10 provided to other departments on a cost reimbursement basis.
- 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 to this general rule are other charges between the Town's sewer operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property 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 Georgetown Sewer enterprise fund and of the Town's internal service funds are charges to customers for sales and services. The Georgetown Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, claim expense, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, then unassigned.

Assets, liabilities and net position or equity:

Deposits and investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of 12 months or less from the date of acquisition.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

In general, State of Connecticut Statutes allow the Town 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.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 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 were invested in a pool. The investments in the pool adheres to GASB Statement No. 79, "Certain External Investment Pools and Pool Participants" which accounts for the asset investment. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost. The General Fund has \$2.45 million invested in certificates of deposit with maturities of one year or less. All CD's are fully insured by the FDIC.

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

Property taxes: Property taxes are assessed as of October 1 and levied on the following June 1st. Real estate taxes are generally due and payable in two installments on July 1 and January 1. Motor vehicle taxes are due and payable in one installment on July 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1 ½% per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are recorded July 1.

Allowance for doubtful accounts: Receivables for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$115,000 has been established as an allowance for uncollectible taxes.

Investments: The Town's investments are reported at fair value using quoted market price or the best available estimate thereof. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application*. The Town categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment income, including changes in the fair value of investments, is reported as revenue in accompanying statements of revenues, expenses and changes in net position. The Town investments in 2016 and 2015 qualified to be reported as cash equivalents.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 or business-type activities columns in the government-wide financial statements and the enterprise fund 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 assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Assets	Years
Buildings	100
Roads	40
Bridges	25
Sewer plant	30
Sewer lines	40
Vehicles	10-25
Equipment	5-40

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

Compensated absences: Town and Board of Education employees are granted vacation based upon length of employment. Unused vacation time accrued prior to voluntary termination shall be paid on a pro rata basis. For the Town, sick leave does not accrue, and cannot be carried forward. For the Board of Education, sick leave may be carried forward, but any unused balance at termination will be forfeited. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension 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. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Long-term obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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, as well as bond issuance costs, 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, and debt principal payments other than bond anticipation notes (BANs) are reported as debt service expenditures.

Fund equity and net position: In the government-wide and proprietary fund financial statements, net position is classified into the following categories:

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net investments in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position: These amounts are restricted to specific purposes when constraints placed on the use of the resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position: This category presents the net position of the Town, not included in the other two categories, which are not restricted. A deficit will require future funding.

The equity of the governmental fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable fund balance: These amounts cannot be spent either because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Restricted fund balance: These amounts are restricted to specific purposes when constraints placed on the use of the resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance: This represents amounts constrained for a specific purpose by a government as approved by the Board of Finance. Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

Assigned fund balance: Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned fund balance: This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability

Deficit fund balance: The following funds had fund balance deficits at June 30, 2016:

Major fund:	
Road Reconstruction Fund	\$ 6,484,143
Capital projects schools	3,090,780
Nonmajor governmental funds:	
Georgetown STEAP Intersection	227,482
Communication Tower	377,968
School Bonded Projects	507,300

The deficits will be eliminated in future years as additional revenues are recognized and projects are permanently financed.

Capital projects authorization: The following is a summary of major Capital Projects at June 30, 2016:

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Commitment Balance June 30, 2016
Road Reconstruction Fund	\$ 6,753,000	\$ 2,026,019	\$ 2,936,741	\$ 3,816,259
Georgetown STEAP	1,227,953	3,295	1,214,560	13,393
Georgetown STEAP Intersection	3,641,000	187,927	3,230,567	410,433
Town Buildings	426,000	-	417,109	8,891
Stepney Rd Bridge	739,000	186,910	244,196	494,804
School projects	1,950,071	1,729,075	1,945,481	4,590
Cell tower	423,000	377,168	377,968	45,032
School HVAC	5,450,000	697,500	-	5,450,000

Note 3. Cash and Cash Equivalents

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a qualified public depository as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

The cash portfolio adheres to GASB Statement No. 79, Certain Investment Pools and Pool Participants, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Deposits:

Deposit custodial credit risk: Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town has a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, approximately \$12,027,000 of the Town's bank balance of approximately \$14,872,000 was uninsured and uncollateralized at June 30, 2016.

Cash equivalents: At June 30, 2016, the Town's cash equivalents amounted to \$18,173,681, which includes \$3,436,538 of certificates of deposit. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m

Town of Redding, Connecticut

Notes to Financial Statements

Note 4. Receivables

Receivables as of year-end for the Town's individual major funds, proprietary funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor and Other Funds	Enterprise Fund	Total
Receivables:				
Taxes	\$ 2,669,587	\$ -	\$ -	\$ 2,669,587
Interest on property taxes	1,585,457	-	-	1,585,457
Accounts	130,338	-	1,987,894	2,118,232
Sewer assessments	-	5,506	-	5,506
Intergovernmental	-	26,000	-	26,000
Gross receivables	4,385,382	31,506	1,987,894	6,404,782
Less allowance for uncollectibles	115,000	-	1,987,894	2,102,894
Net total receivables	\$ 4,270,382	\$ 31,506	\$ -	\$ 4,301,888

Note 5. Deferred Inflows of Resources/Unearned Revenue

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

	Unavailable Revenues	Unearned Revenues
Property taxes collected in advance	\$ 2,570,548	\$ -
Delinquent property taxes receivable and interest receivable	4,010,996	-
Special assessments not yet due	5,506	-
Grants	24,000	20,000
	\$ 6,611,050	\$ 20,000

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 19,203,822	\$ -	\$ -	\$ 19,203,822
Construction in progress	428,949	5,207,894	(3,144,205)	2,492,638
Total capital assets, not being depreciated	<u>19,632,771</u>	<u>5,207,894</u>	<u>(3,144,205)</u>	<u>21,696,460</u>
Capital assets, being depreciated				
Buildings	19,391,118	-	-	19,391,118
Machinery and equipment	3,280,410	189,052	(90,000)	3,379,462
Vehicles	3,677,814	113,499	(144,276)	3,647,037
Furniture and fixtures	350,992	296,399	-	647,391
Infrastructure	28,775,873	3,144,204	-	31,920,077
Total capital assets, being depreciated	<u>55,476,207</u>	<u>3,743,154</u>	<u>(234,276)</u>	<u>58,985,085</u>
Less accumulated depreciation for				
Buildings	4,388,332	215,179	-	4,603,511
Machinery and equipment	666,590	141,505	(43,375)	764,720
Vehicles	1,379,069	236,452	(120,596)	1,494,925
Furniture and fixtures	121,079	21,580	-	142,659
Infrastructure	7,870,689	535,623	-	8,406,312
Total accumulated depreciation	<u>14,425,759</u>	<u>1,150,339</u>	<u>(163,971)</u>	<u>15,412,127</u>
Total capital assets, being depreciated, net	<u>41,050,448</u>	<u>2,592,815</u>	<u>(70,305)</u>	<u>43,572,958</u>
Governmental activities capital assets, net	<u>\$ 60,683,219</u>	<u>7,800,709</u>	<u>(3,214,510)</u>	<u>\$ 65,269,418</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 15,342	\$ -	\$ -	\$ 15,342
Capital assets, being depreciated:				
Sewer plant	9,245,519	-	-	9,245,519
Sewer collection system	1,106,541	-	-	1,106,541
Machinery and equipment	6,550	-	-	6,550
Total capital assets, being depreciated	10,358,610	-	-	10,358,610
Less accumulated depreciation for:				
Sewer plant	1,338,240	83,210	-	1,421,450
Sewer collection system	608,508	96,381	-	704,889
Machinery and equipment	6,550	-	-	6,550
Total accumulated depreciation	1,953,298	179,591	-	2,132,889
Total capital assets, being depreciated, net	8,405,312	(179,591)	-	8,225,721
Business-type activities capital assets, net	\$ 8,420,654	\$ (179,591)	\$ -	\$ 8,241,063

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

Governmental activities:	
General government	\$ 247,876
Public safety	103,410
Highways and streets	568,647
Transfer station and recycling	15,138
Health and social services	4,502
Parks and recreation	8,126
Education	202,640
Total depreciation expense – governmental activities	<u>\$ 1,150,339</u>
Business-type activities:	
Sewer	<u>\$ 179,591</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 7. Interfund Accounts

At June 30, 2016, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 227,484	\$ 311,781
Internal service fund	298,387	-
Nonmajor governmental fund	13,392	227,482
	<u>\$ 539,263</u>	<u>\$ 539,263</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year.

	Advances to Other Funds	Advances from Other Funds
General fund	\$ 1,675,745	\$ -
Georgetown sewer	-	1,675,745
	<u>\$ 1,675,745</u>	<u>\$ 1,675,745</u>

The advances amongst the funds relate to loans made between the Georgetown Sewer fund and the General fund. The Georgetown Sewer plans to repay funds with future revenues and collection of past accounts receivable. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers during the year ended June 30, 2016 were as follows:

	Transfer from Other Funds	Transfer to Other Funds
General fund	\$ -	\$ 296,000
Road reconstruction	175,650	-
Capital projects - schools	33,650	
School bonded projects	26,700	
Reserve fund for capital nonrecurring	60,000	-
	<u>\$ 296,000</u>	<u>\$ 296,000</u>

Transfers to other funds from the General Fund represent monies used to fund projects accounted for in the Road Reconstruction and Capital Projects- Schools funds in accordance with budget authorizations.

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. On March 16, 2016, the Town issued \$12,644,000 in bond anticipation notes for school projects and bridge and road improvements. The notes mature on March 15, 2017 and carry a coupon rate of 2.0%. The net interest cost, after the premium, is 58.9 basis points (.5891%). Short-term obligation activity for the year ended June 30, 2016 is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Balance, July 1, 2015	Additions	Deductions	Balance, June 30, 2016
Bond anticipation notes	06/17/2015	03/17/2016	1%	\$ 10,574,000	\$ -	\$ 10,574,000	\$ -
Bond anticipation notes	03/16/2016	03/15/2017	2%	-	12,644,000	-	\$ 12,644,000

Note 9. Long-Term Liabilities

Changes in long-term obligations:

Summary of changes: The following is a summary of changes in long-term obligations during the fiscal year. All long-term liabilities are generally liquidated by the General Fund.

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2015	Additions	Deductions	Balance Outstanding June 30, 2016	Current Portion
Bond notes:									
General purpose:									
Improvement bond	\$ 8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 2,085,000	\$ -	\$ 417,000	\$ 1,668,000	\$ 417,000
Improvement bond	6,729,950	07/15/10	07/15/30	2.0-4.0	5,390,000	-	4,720,000	670,000	335,000
Refunding bond	2,680,000	19/12/12	08/01/20	2.0-3.0	2,085,000	-	360,000	1,725,000	350,000
Refunding bond	4,409,000	02/17/16	07/15/30	550-4.0	-	4,409,000	-	4,409,000	33,000
Premium on refunding					125,539	447,965	31,281	542,223	-
Total general purpose					9,685,539	4,856,965	5,528,281	9,014,223	1,135,000
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	1,165,000	-	233,000	932,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	2,865,000	-	2,505,000	360,000	180,000
Refunding bond	2,336,000	02/17/16	07/15/30	550-4.0	-	2,336,000	-	2,336,000	17,000
Total schools					4,030,000	2,336,000	2,738,000	3,628,000	430,000
Sewer:									
Clean water note	246,648	06/01/11	04/01/16	2	42,493	-	42,493	-	-
Total bond/notes					13,758,032	7,192,965	8,308,774	12,642,223	1,565,000
Compensated absences					224,414	302,701	291,862	235,253	65,871
Capital leases					1,194,873	242,251	418,162	1,018,962	720,612
MERS pension liability					3,405,997	1,263,185	199,897	4,469,285	-
Net OPEB obligation					2,157,643	266,251	88,756	2,335,138	-
Landfill closure and post-closure care					27,750	-	4,000	23,750	3,500
Total general long-term liabilities					\$ 20,768,709	\$ 9,267,353	\$ 9,311,451	\$ 20,724,611	\$ 2,354,983

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Liabilities (Continued)

The following is a summary of amounts to be provided for the retirement of bond and note maturities:

Year ending June 30:	Principal	Interest
	Bonds	Bonds
2017	\$ 1,570,000	\$ 341,904
2018	1,255,000	307,200
2019	1,530,000	253,750
2020	1,525,000	197,044
2021	870,000	159,912
2022-2026	2,700,000	529,263
2027-2031	2,650,000	161,694
	\$ 12,100,000	\$ 1,950,767

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2016, which matures through 2026, amounted to \$12,290,000. The Town's share of the debt was \$6,489,120.

2016 General Obligation Refunding Bond- In-Substance Defeasance: On March 2, 2016, the Town issued \$6,745,000 of general obligation refunding bonds with an average interest rate of 4%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bond of the Town dated 2010 (the "Refunded Bonds"). Net proceeds of \$7,091,096 (after payment of expenses of \$101,810), was placed in an irrevocable trust under an Escrow Agreement dated March 2, 2016 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption prices of the Refunded Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$306,805, and a cash savings of \$318,562 between the old debt payments and the new debt payments.

At June 30, 2016, there was \$7,091,096 in escrow. The balance of the defeased bonds was approximately \$6,710,000 at June 30, 2016. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

In-substance defeasance – prior years: In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. At June 30, 2016, \$8,385,000 of the defeased debt is outstanding.

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Liabilities (Continued)

Capital leases: The Town has entered into leases for the purchase of a phone system, trucks, police vehicles and school buses.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The cost of these assets was approximately \$2,332,000 with accumulated depreciation as of June 30, 2016 of approximately \$549,000. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2016:

Year ending June 30:	
2017	\$ 733,869
2018	214,131
2019	52,926
2020	39,285
	<u>1,040,211</u>
Less amount representing interest	21,249
Present value of future minimum lease payment	<u>\$ 1,018,962</u>

Legal debt limit: The Town'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	\$ 105,776,910	\$ 26,356,384	\$ 79,420,526
Schools	211,553,820	10,117,120	201,436,700
Sewers	176,294,850	-	176,294,850
Urban renewal	152,788,870	-	152,788,870
Pension deficit	141,035,880	-	141,035,880

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$329,083,720.

The indebtedness reflected above includes bonds outstanding in addition to the Town's portion of Regional School District No.9's debt and the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Landfill closure and post-closure care costs: State and federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs for the next 10 years at \$3,500 per year are \$35,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net position, since the liability will be funded from future financial resources, not from expendable available financial resources. The balance outstanding as of June 30, 2016 is \$23,750.

Town of Redding, Connecticut

Notes to Financial Statements

Note 10. Fund Balance

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	General Fund	Road Reconstruction Fund	Capital Projects- Schools	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Advance to other funds	\$ 1,675,745	\$ -	\$ -	\$ -	\$ 1,675,745
Prepays	63,711	-	-	-	63,711
Inventory	2,549	-	-	-	2,549
	<u>1,742,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,742,005</u>
Restricted for:					
Grants	-	-	-	200,526	200,526
Committed to:					
General government	200,000	-	-	79,798	279,798
Public Safety	-	-	-	62,770	62,770
Highway and streets	-	-	-	17,950	17,950
Education	-	-	-	4	4
Health and social services	-	-	-	36,376	36,376
Parks and Recreation	-	-	-	15,252	15,252
Capital projects	-	-	-	993,874	993,874
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>1,206,024</u>	<u>1,406,024</u>
Assigned to:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Highway and streets	-	-	-	-	-
Education	224,909	-	-	-	224,909
Parks and Recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
	<u>224,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,909</u>
Unassigned	7,139,238	(6,484,143)	(3,090,780)	(1,112,750)	(3,548,435)
Total fund balances	<u>\$ 9,306,152</u>	<u>\$ (6,484,143)</u>	<u>\$ (3,090,780)</u>	<u>\$ 293,800</u>	<u>\$ 25,029</u>

Encumbrances at June 30, 2016 are contained in the above table in the assigned category of the General Fund.

Note 11. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to or destruction of assets, errors or omissions, injuries to employees or natural disasters. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Board of Education's medical benefits claims.

The Redding Board of Education, along with the Easton Board of Education and the District, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Risk Management (Continued)

The medical claims fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The Town does not have aggregate stop-loss coverage but has individual stop-loss coverage of \$150,000. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2014-2015	\$ 297,095	\$ 2,203,112	\$ 2,331,000	\$ 169,207
2015-2016	169,207	2,408,016	2,381,059	196,164

Note 12. Employee Retirement Fund and Pension Plans

Municipal Employees' Retirement Fund:

Plan description: Certain employees of the Town of Redding, Connecticut participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the State of Connecticut, Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Benefit provisions: Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full-time employees of participating departments except Police and Fire hired after age 60.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: Life annuity.

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

Service retirement allowance: Condition for Allowance - Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance: Condition for Allowance - 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality. Amount of Allowance - Calculated as a service retirement allowance based on compensation and service to the date of the disability.

Service connected disability: Condition for Allowance - Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Amount of Allowance - Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including Worker's Compensation benefits) of 50% of compensation at the time of the disability.

Vesting retirement allowance: Condition for Allowance - 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Death benefit: Condition for Benefit - Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Return of Deductions - Upon the withdrawal of a member, the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) the benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Contributions by members: For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Contributions by municipalities: Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions.

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

Valuation date	7/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

The long-term expected rate of return: the long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16%	5.8%
Developed non- U.S. equities	14%	6.6%
Emerging markets (non- U.S.)	7%	8.3%
Core fixed income	8%	1.3%
Inflation linked bond fund	5%	1.0%
Emerging market bond	8%	3.7%
High yield bonds	14%	3.9%
Real estate	7%	5.1%
Private equity	10%	7.6%
Alternative investments	8%	4.1%
Liquidity fund	3%	0.4%
	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. 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 the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's proportionate share of the net pension liability	\$ 8,134,045	\$ 4,469,285	\$ 1,379,371

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2016, the Town reported a liability of \$4,469,285 for its proportionate share of the net pension liability related to its participation in MERS. 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. The Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015, Town's proportion was 6.40%.

For the year ended June 30, 2016, the Town recognized pension expense of \$1,066,676. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 338,805
Total	<u>\$ 338,805</u>

\$1,131,728 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017.

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

Year ended June 30:	
2017	\$ 18,625
2018	18,625
2019	18,625
2020	282,930
Thereafter	-

Connecticut State Teachers' Retirement System: Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the System.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,549,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability related to the System.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal Benefit: A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

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

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 6% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$738,265 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town's is \$10,670,000.

Actuarial assumptions: 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. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 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 Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

The long-term expected rate of return on pension 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Mutual Equity	25%	7.3%
Developed Markets ISF	25%	7.5%
Emerging Markets ISF	9%	8.6%
Core Fixed Income	13%	1.7%
Emerging Market Debt	4%	48.0%
High Yield	2%	3.7%
Inflation Linked Bonds	6%	1.3%
Liquidity Fund	6%	0.7%
Real Estate	5%	5.9%
Private Investment	10%	10.9%
Total	<u>100.00%</u>	

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's share of NPL associated with the Town	\$ 38,332,419	\$ 30,396,474	\$ 23,650,862

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$30,396,474 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2016, the Town recognized \$2,435,523 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 13. Other Post-Employment Benefits Provided

Plan description and benefits provided: In addition to the pension benefits described in Note 12 certain employees retiring under the Town of Redding's Retiree Medical Program are provided post-employment benefits. The level of these benefits provided is as follows:

Police

Eligibility for Medical and Dental Coverage	Retirement on or after age 50 with 18 years of service.
Retiree/Spouse Cost of Medical and Dental Coverage	Town pays a share of cost until the retiree is eligible for Medicare. For retirees who retire after age 50 with 18 years of service, the retiree pays 50% of the cost for the retiree and spouse. For retirees who retire after the age 55 with 20 years of service, the retiree pays the same rate as active employees at the time of retirement (this amount is 11% of the premium beginning July 1, 2009 and 13% beginning July 1, 2010). For ages 65 and above, the retiree pays 100% of the cost.

Town of Redding, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits Provided (Continued)

Description of actuarial assumptions and methods: The following is a summary of certain significant actuarial assumptions and other PERS information:

	<u>Retiree Medical Program</u>
Actuarial valuation date	July 1, 2014
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum
Medical inflation	8.0%, decreasing .5% per year

	<u>Retiree Medical Program</u>
Annual required contribution	\$ 299,947
Interest on net OPEB obligation	86,306
Adjustment to annual required contribution	(120,002)
Annual pension cost	266,251
Contributions made	88,756
Increase in net OPEB obligation	177,495
Net OPEB obligation, July 1, 2015	2,157,643
Net OPEB obligation, June 30, 2016	<u>\$ 2,335,138</u>

<u>Schedule of Employer Contributions</u>			
	Annual Required Contributions (ARC)	Actual Contribution	Percentage Contributed
6/30/13	\$ 357,269	\$ 21,284	6.0%
6/30/14	243,714	11,814	4.8%
6/30/15	249,280	130,128	52.2%
6/30/16	299,947	88,756	29.6%

Town of Redding, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits Provided (Continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year June 30, 2016 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2011	\$ 331,569	\$ (10,897)	-3%	\$ 1,206,547
6/30/2012	333,614	(5,729)	-2%	1,545,890
6/30/2013	336,006	21,284	6%	1,860,612
06/30/2014	218,123	11,814	5%	2,066,921
06/30/2015	220,850	130,128	59%	2,157,643
06/30/2016	266,251	88,756	33%	2,335,138

The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2014	\$ -	\$ 2,751,153	\$ 2,751,153	0%	\$ 14,345,264	19.0%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Note 14. Contingent Liabilities

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although the Town's management believes such disallowance, if any, will be immaterial.

Town of Redding, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Town of Redding, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

Town of Redding, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

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Required Supplementary Information - unaudited

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual
 General Fund
 For the Year Ended June 30, 2016

RSI-1

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Property taxes, current and prior	\$ 44,950,865	\$ 44,950,865	\$ 45,252,748	\$ 301,883
Interest and lien fees	186,412	186,412	195,651	9,239
Total taxes, liens and interest	45,137,277	45,137,277	45,448,399	311,122
Intergovernmental:				
Educational assistance grants:				
ECS grant	515,800	515,800	449,468	(66,332)
Adult education	459	459	538	79
Regional School District No. 9	171,933	171,933	153,033	(18,900)
Total educational assistance	688,192	688,192	603,039	(85,153)
Town assistance grants:				
In lieu of taxes - State property	168,081	168,081	93,294	(74,787)
Tax relief circuit breaker	22,700	22,700	30,853	8,153
Disability exemption	246	246	292	46
Veterans' exemption	1,116	1,116	1,388	272
Telephone access line grant	25,000	25,000	28,856	3,856
Mashantucket Pequot Grant	11,103	11,103	11,645	542
Unclassified revenue	-	-	53,360	53,360
Grants	-	-	50,743	50,743
Total town assistance grants	228,246	228,246	270,431	42,185
Total intergovernmental	916,438	916,438	873,470	(42,968)
Other:				
AT&T Tower	26,568	26,568	33,103	6,535
BAN premium	-	-	6,195	6,195
Investment income	22,500	22,500	48,588	26,088
Total other	49,068	49,068	87,886	38,818
Charges for services:				
Town Clerk	266,000	266,000	315,244	49,244
Assessor	1,200	1,200	622	(578)
Conservation	5,000	5,000	5,270	270
Heritage Center	10,000	10,000	12,300	2,300
Planning Commission	1,200	1,200	10	(1,190)
Zoning Commission	70,000	70,000	56,620	(13,380)
Zoning Board of Appeals	1,000	1,000	1,100	100
Building Inspection	175,000	175,000	217,342	42,342
Transfer station	172,000	172,000	148,962	(23,038)
Sanitarian	12,000	12,000	12,445	445
Parks and Recreation	3,700	3,700	2,660	(1,040)
Fiber optics	13,864	13,864	3,025	(10,839)
Proceeds	-	-	29,678	29,678
Rental of Town property	7,605	7,605	7,606	1

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2016

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for services (continued):				
Summer Camp	210,000	210,000	212,952	2,952
Rec Program	156,000	156,000	150,291	(5,709)
Topstone Park	36,500	36,500	43,402	6,902
Tennis Courts	12,000	12,000	4,676	(7,324)
Extended Day	200,000	200,000	162,775	(37,225)
Appropriation of Fund Balance	340,150	340,150	-	(340,150)
Total charges for services	<u>1,693,219</u>	<u>1,693,219</u>	<u>1,386,980</u>	<u>(306,239)</u>
Total revenues	<u>\$ 47,796,002</u>	<u>\$ 47,796,002</u>	<u>\$ 47,796,735</u>	<u>\$ 733</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	2,497,000
Special education excess cost grant is recorded gross for GAAP	<u>416,021</u>

Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV

\$ 50,709,756

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Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual
 General Fund
 For the Year Ended June 30, 2016

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 1,300	\$ -	\$ 1,300	\$ 473	\$ 827
Board of selectmen	170,443	3,948	174,391	166,132	8,259
Probate court	2,300	-	2,300	2,472	(172)
Registrar's office	40,967	806	41,773	48,064	(6,291)
Controller's office	260,227	11,221	271,448	260,724	10,724
Independent audit	42,000	-	42,000	38,708	3,292
Assessor's office	158,512	8,365	166,877	159,298	7,579
Assessor's other	1,000	-	1,000	-	1,000
Board of assessment appeals	800	-	800	540	260
Tax collector	161,702	6,693	168,395	159,854	8,541
Town treasurer	23,828	336	24,164	30,408	(6,244)
Computer capability	49,000	-	49,000	47,004	1,996
Management services	28,508	-	28,508	22,378	6,130
Special legal	200,000	-	200,000	213,940	(13,940)
Town clerk	147,941	3,408	151,349	155,530	(4,181)
Annual town report	4,500	-	4,500	4,355	145
Board of ethics	425	-	425	-	425
Conservation	57,973	904	58,877	43,723	15,154
Heritage Center	170,443	3,209	173,652	169,813	3,839
Heritage Center senior bus	36,350	773	37,123	35,573	1,550
Town planning commission	36,570	-	36,570	17,527	19,043
HVCEO	11,092	-	11,092	11,092	-
Zoning commission	78,085	2,020	80,105	70,890	9,215
Zoning board of appeals	1,600	-	1,600	1,185	415
Council of small towns	825	-	825	850	(25)
Land use services	105,042	2,525	107,567	104,402	3,165
Office of tree warden	1,500	-	1,500	1,500	-
Town office building	46,500	481	46,981	47,650	(669)
Old town house	7,520	-	7,520	8,399	(879)
Town office building annex	3,000	-	3,000	2,647	353
Community center	208,504	7,468	215,972	213,843	2,129
Police headquarters/communications center	17,000	-	17,000	19,438	(2,438)
Administrative services	755,099	-	755,099	713,665	41,434
Cemeteries	9,000	-	9,000	9,925	(925)
Insurance	157,300	-	157,300	154,988	2,312
Agencies serving residents	10,000	-	10,000	6,120	3,880
Provision of contingencies	90,000	(89,910)	90	-	90
Total general government	3,096,856	(37,753)	3,059,103	2,943,110	115,993

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2016

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,557,428	\$ 8,719	\$ 1,566,147	\$ 1,513,762	\$ 52,385
Police Department - contractual services and expenses	156,000	-	156,000	158,916	(2,916)
Police Department - maintenance of vehicles	32,000	-	32,000	25,984	6,016
Volunteer fire companies	116,000	-	116,000	121,922	(5,922)
Building inspections	199,589	6,847	206,436	205,333	1,103
Communications Center	326,315	1,570	327,885	338,835	(10,950)
Dog Licenses	54,038	-	54,038	56,704	(2,666)
Total public safety	2,441,370	17,136	2,458,506	2,421,456	37,050
Highway and Streets:					
Wages-regular, overtime and seasonal	857,648	7,879	865,527	834,139	31,388
General maintenance and repair	237,300	-	237,300	225,551	11,749
Snow removal and ice control	219,000	-	219,000	216,630	2,370
Equipment maintenance and repair	88,000	-	88,000	93,516	(5,516)
Town garage buildings	17,000	-	17,000	21,483	(4,483)
Total highway and streets	1,418,948	7,879	1,426,827	1,391,319	35,508
Transfer Station and Recycling:					
Salaries	150,857	4,356	155,213	150,371	4,842
General maintenance	123,800	-	123,800	93,882	29,918
Equipment maintenance	8,000	-	8,000	7,117	883
Total transfers station and recycling	282,657	4,356	287,013	251,370	35,643
Health and Social Services:					
Sanitarian inspection	99,295	2,317	101,612	96,419	5,193
Social services	21,024	-	21,024	21,061	(37)
Total health and social services	120,319	2,317	122,636	117,480	5,156
Mark Twain Library:					
Operations	489,950	-	489,950	489,950	-
Parks and Recreation:					
Field maintenance	74,700	-	74,700	68,878	5,822
Administration	206,974	4,234	211,208	217,868	(6,660)
Summer camp	186,700	-	186,700	198,958	(12,258)
Recreation programs	161,700	-	161,700	178,921	(17,221)
Topstone park	124,668	-	124,668	118,103	6,565
Tennis courts	24,000	-	24,000	16,521	7,479
Extended day service	171,336	1,831	173,167	156,404	16,763
Total parks and recreation	950,078	6,065	956,143	955,653	490

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2016

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Employee Benefits	\$ 3,040,400	\$ -	\$ 3,040,400	\$ 2,718,470	\$ 321,930
Capital Outlay:					
Selectmen's general maintenance	6,000	-	6,000	5,994	6
Debt Service:					
Debt retirement	1,781,543	-	1,781,543	1,803,493	(21,950)
Interest payments	472,297	-	472,297	479,684	(7,387)
Transfers	60,000	-	60,000	60,000	-
Total debt service	2,313,840	-	2,313,840	2,343,177	(29,337)
Education:					
Redding Board of Education:					
General instruction	9,861,203	(53,354)	9,807,849	9,961,484	(153,635)
Kindergarten	11,125	(1,000)	10,125	7,838	2,287
Humanities	67,782	(760)	67,022	52,685	14,337
Integrated language arts	34,657	(358)	34,299	32,228	2,071
Curriculum	69,472	600	70,072	70,364	(292)
Industrial technology	11,057	-	11,057	11,008	49
Science/math technology	52,755	(1,338)	51,417	46,360	5,057
Physical education/health	16,970	532	17,502	16,216	1,286
Student activity co-curricular	103,559	(2,000)	101,559	87,244	14,315
Special services	30,100	-	30,100	14,989	15,111
Special education	4,858,792	28,761	4,887,553	4,908,232	(20,679)
Guidance	2,959	385	3,344	3,052	292
Health services	215,239	2,633	217,872	199,685	18,187
Psychological services	17,650	-	17,650	13,622	4,028
Speech services	10,400	-	10,400	4,627	5,773
Educational media services	61,220	(5,514)	55,706	50,315	5,391
Technology plan	476,936	10,554	487,490	528,711	(41,221)
Board of Education	117,129	-	117,129	69,783	47,346
Central administration	538,302	(307)	537,995	537,995	-
Magnet school	61,852	-	61,852	65,001	(3,149)
School administration	1,304,630	8,450	1,313,080	1,255,556	57,524
Operation/maintenance physical plant	2,285,787	43,674	2,329,461	2,236,310	93,151
Student transportation	1,084,924	(30,678)	1,054,246	1,036,167	18,079
Food service	5,500	(280)	5,220	5,265	(45)
Total Redding Board of Education	21,300,000	-	21,300,000	21,214,737	85,263
Regional School District No. 9	12,335,584	-	12,335,584	12,335,584	-
Total education	33,635,584	-	33,635,584	33,550,321	85,263
Total expenditures	47,796,002	-	47,796,002	47,188,300	607,702

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2016

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Total expenditures and other financing uses	<u>\$ 47,796,002</u>	<u>\$ -</u>	<u>\$ 47,796,002</u>	47,188,300	<u>\$ 607,702</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted				2,497,000	
Special education excess cost grant is recorded gross for GAAP				416,021	
The Town does not budget for capital leases issuances in the general fund.					
These amounts are recorded as revenue and expenditures for GAAP financial statement purposes.				242,252	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year incurred for financial reporting purposes.					
				(208,995)	
Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV					<u>\$ 50,134,578</u>

PRELIMINARY DRAFT
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Required Supplementary Information**Note to the Required Supplementary Information- unaudited**

Note 1. Budgets and Budgetary Accounting

Budgetary information: The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in May, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by a vote at the Annual Town Budget Meeting.
- The Board of Finance is authorized to transfer budgeted amounts between appropriations and can approve one additional appropriation up to \$20,000 per department per year. Subsequent appropriations and appropriations of more than \$20,000 for any one department per year must be approved by Town Meeting. During the year, there were no additional appropriations from fund balance.

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, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Budgetary accounting uses encumbrance accounting. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all budgeted governmental type funds. Encumbrances outstanding at year end are reported in the GAAP financial statements as reservations of fund balances since they do not constitute expenditures or liabilities.

**Required Supplementary Information – unaudited
Schedule of Funding Progress and Schedule of Employee Contributions - OPEB Plan
June 30, 2016**

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Under) Funded (AAL) (a-b)	Funded AAL Ratio (a/b)	Covered Payroll (c)	Over/Under Funded AAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 4,309,183	\$ 4,309,183	0%	\$ 13,985,304	31%
7/1/2010	-	3,218,377	3,218,377	0%	16,198,958	20%
7/1/2012	-	1,998,171	1,998,171	0%	17,089,078	12%
7/1/2014	-	2,751,153	2,751,153	0%	14,345,264	19%
7/1/2016	-	3,085,169	3,085,169	0%	13,950,789	22%

* Other postemployment benefits are not calculated as a percentage of pay and covered payroll was not considered pertinent by the actuary.

Schedule of Employer Contributions - OPEB

Year Ended	Annual Required Contribution	Percentage Contributed	Actual Contribution
2009	\$ 431,218	1%	\$ 5,856
2010	438,976	-1%	(5,594)
2011	343,454	-3%	(10,897)
2012	350,209	-2%	(5,729)
2013	357,269	6%	21,284
2014	243,714	5%	11,814
2015	249,280	52%	130,128

Town of Redding, Connecticut

RSI-5

**Required Supplementary Information – unaudited
Schedule of Contributions – MERS Pension Plan
For the Year Ended June 30, 2016**

Measurement Period Ended June 30,	2016	2015
Actuarially Determined Contribution	\$ 1,131,728	\$ 870,369
Contributions in Relation to the Actuarially Determined Contribution	1,131,728	870,369
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee Payroll	\$ 6,859,281	\$ 6,859,281
Contributions as a Percentage of Covered-employee Payroll	16.50%	12.69%

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Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability – MERS Pension Plan
For the Year Ended June 30, 2016

	2016	2015
Town's proportion of the net pension liability	6.40%	6.40%
Town's proportionate share of the net pension liability	\$ 4,469,285	\$ 3,405,997
Town's covered-employee payroll	6,859,281	6,859,281
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	65.16%	49.66%
Plan fiduciary net position as a percentage of the total pension liability	92.72%	90.48%

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**Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan**

	2016	2015
Town's proportion of the net pension liability	0.28%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	30,396,474	28,095,448
Town's covered-employee payroll	11,298,533	10,103,000
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

Notes to Schedule

Changes in benefit terms

None

Changes of assumptions

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method

Entry age

Amortization method

Level percent of salary, closed

Remaining amortization period

22.4 years

Asset valuation method

4-year smoothed market

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**Supplemental Combining and Individual
Fund Financial Statements and Other Schedules**

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General Fund

General Fund

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

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Balance Sheet
General Fund
June 30, 2016

Assets

Cash and cash equivalents	\$ 12,244,513
Uncollected property taxes, net of allowance for uncollectible amounts	4,140,044
Accounts receivable	130,338
Due from other funds	227,484
Other	63,711
Inventory	2,549
Advances to other funds	1,675,745
Total assets	<u><u>18,484,384</u></u>

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities:

Accounts and other payables	1,548,499
Due to other governments	2,419
Due to Regional School District No. 9	733,989
Due to other funds	311,781
Total liabilities	<u><u>2,596,688</u></u>

Deferred inflows of resources:

Unavailable revenue	<u>6,581,544</u>
---------------------	------------------

Fund balances:

Nonspendable	1,742,005
Committed	200,000
Assigned	224,909
Unassigned	7,139,238
Total fund balance	<u><u>9,306,152</u></u>

Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 18,484,384</u></u>
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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Town Aid Road	State Grant	Maintain Roads
Police Funds	State Funds	Police Projects
Dog Fund	Fees	Fees to State and program costs
Federal Education Grants	Federal grants	School related programs
Railroad Parking Permits/Lot Fund	Parking Permits	Maintain RR grounds
Recycling	Recycle Revenue	Support recycling effort
Sewer Assessments	Taxpayer	Connection to Property
Parks and Recreation Concerts	Private Donations	Concert on Green Performances
Parks and Recreation Basketball	Private Donations	Basketball
Miscellaneous Grants	Federal Grants	Road Maintenance
Parade Path	Private Donations	Maintain Parade Path
Social Services	Private Donations	Social Service Programs
GIS	Portion Zoning Permit Fees	Maintain GIS System
Miscellaneous Funds	State grants	All other projects

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

Fund	Funding Source	Function
Communication Tower	BANS/Bonds	Communication Tower Improvements
Georgetown STEAP	State grant	Streetscape Improvement
Athletic Fields	State Grant	Athletic Field Improvements
STEAP Georgetown Intersection	80% Fed 10% State 10% Town	Intersection Improvements
School Bonded Projects	BANS/Bonds	School Improvements
Reserve Fund for CNRE	Town Budget	Projects

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Town of Redding, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Assets				
Cash	\$ 127,898	\$ 54,128	\$ 9,929	\$ 57,236
Sewer Assessments	-	-	-	-
Accounts Receivable	-	-	-	2,000
Due from Other Funds	-	-	-	-
Total assets	127,898	54,128	9,929	59,236
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	-	1,036	251	-
Due to other funds	-	-	-	-
Bond anticipation notes	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	1,036	251	-
Deferred Inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balances:				
Restricted	127,898	-	-	59,236
Committed	-	53,092	9,678	-
Unassigned	-	-	-	-
Total fund balances (deficits)	127,898	53,092	9,678	59,236
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 127,898	\$ 54,128	\$ 9,929	\$ 59,236

Special Revenue Funds					
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants
\$ 12,726	\$ 18,344	\$ 6,523	\$ 4,130	\$ 820	\$ 42,149
-	-	5,506	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,726</u>	<u>18,344</u>	<u>12,029</u>	<u>4,130</u>	<u>820</u>	<u>42,149</u>
649	394	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	20,000
<u>649</u>	<u>394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
-	-	5,506	-	-	-
-	-	-	-	-	-
12,077	17,950	6,523	4,130	820	22,149
-	-	-	-	-	-
<u>12,077</u>	<u>17,950</u>	<u>6,523</u>	<u>4,130</u>	<u>820</u>	<u>22,149</u>
\$ 12,726	\$ 18,344	\$ 12,029	\$ 4,130	\$ 820	\$ 42,149

(Continued)

Town of Redding, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds				
	Parade Path	Social Services	GIS	Miscellaneous Funds	Total
Assets					
Cash	\$ 10,421	\$ 14,227	\$ 46,449	\$ 17,748	\$ 422,728
Sewer Assessments	-	-	-	-	5,506
Accounts Receivable	-	-	-	-	2,000
Due From Other Funds	-	-	-	-	-
Total assets	10,421	14,227	46,449	17,748	430,234
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	119	-	2,999	-	5,448
Due to other funds	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-
Unearned revenue	-	-	-	-	20,000
Total liabilities	119	-	2,999	-	25,448
Deferred inflows:					
Unavailable revenue	-	-	-	-	5,506
Fund balances:					
Restricted	-	-	-	-	187,134
Committed	10,302	14,227	43,450	17,748	212,146
Unassigned	-	-	-	-	-
Total fund balances (deficits)	10,302	14,227	43,450	17,748	399,280
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,421	\$ 14,227	\$ 46,449	\$ 17,748	\$ 430,234

Capital Projects Funds							Total
Georgetown STEAP	Communication Tower	Athletic Fields	STEAP Georgetown Intersection	School Bonded Projects	Reserve Fund for CNRE	Total	Nonmajor Governmental Funds
\$ -	\$ 130,917	\$ 4	\$ -	\$ -	\$ 993,874	\$ 1,124,795	\$ 1,547,523
-	-	-	-	-	-	-	5,506
-	-	-	24,000	-	-	24,000	26,000
13,392	-	-	-	-	-	13,392	13,392
<u>13,392</u>	<u>130,917</u>	<u>4</u>	<u>24,000</u>	<u>-</u>	<u>993,874</u>	<u>1,162,187</u>	<u>1,592,421</u>
-	85,885	-	-	-	-	85,885	91,333
-	-	-	227,482	-	-	227,482	227,482
-	423,000	-	-	507,300	-	930,300	930,300
-	-	-	-	-	-	-	20,000
-	508,885	-	227,482	507,300	-	1,243,667	1,269,115
-	-	-	24,000	-	-	24,000	29,506
13,392	-	-	-	-	-	13,392	200,526
-	(377,968)	4	(227,482)	(507,300)	993,874	993,878	1,206,024
13,392	(377,968)	4	(227,482)	(507,300)	993,874	(105,480)	(1,112,750)
<u>\$ 13,392</u>	<u>\$ 130,917</u>	<u>\$ 4</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 993,874</u>	<u>\$ 1,162,187</u>	<u>\$ 1,592,421</u>

Town of Redding, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2016

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Revenues:				
Intergovernmental	\$ 269,265	\$ 8,668	\$ -	\$ 276,735
Investment income	-	-	-	-
Charges for services	-	12,795	10,325	-
Miscellaneous	-	983	-	-
Total revenues	269,265	22,446	10,325	276,735
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	16,257	-
Highways and streets	-	-	-	-
Health and social services	-	-	-	-
Education	-	-	-	266,625
Parks and recreation	-	-	-	-
Capital outlay	248,750	34,773	-	-
Total expenditures	248,750	34,773	16,257	266,625
Revenues over (under) expenditures	20,515	(12,327)	(5,932)	10,110
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Fund balances (deficits), beginning of year	107,383	65,419	15,610	49,126
Fund balances (deficits), end of year	\$ 127,898	\$ 53,092	\$ 9,678	\$ 59,236

Special Revenue Funds					
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
28,820	2,905	-	6,742	820	-
-	-	-	-	-	-
28,820	2,905	-	6,742	820	-
19,972	-	6,432	-	-	-
-	-	-	-	-	-
-	4,224	-	-	-	-
-	-	-	-	-	1,031
-	-	-	5,250	13,869	-
-	-	-	-	-	-
19,972	4,224	6,432	5,250	13,869	1,031
8,848	(1,319)	(6,432)	1,492	(13,049)	(1,031)
-	-	-	-	-	-
-	-	-	-	-	-
3,229	19,269	12,955	2,638	13,869	23,180
\$ 12,077	\$ 17,950	\$ 6,523	\$ 4,130	\$ 820	\$ 22,149

(Continued)

Town of Redding, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2016

	Special Revenue Funds				Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 554,668
Investment income	-	-	-	-	-
Charges for services	6,229	10,811	-	225	79,672
Miscellaneous	-	-	-	-	983
Total revenues	6,229	10,811	-	225	635,323
Expenditures:					
Current:					
General government	-	6,292	6,899	40,930	80,525
Public safety	-	-	-	-	16,257
Highways and streets	-	-	-	-	4,224
Health and social services	-	-	-	-	1,031
Education	-	-	-	-	266,625
Parks and recreation	6,393	-	-	-	25,512
Capital outlay	-	-	-	-	283,523
Total expenditures	6,393	6,292	6,899	40,930	677,697
Revenues over (under) expenditures	(164)	4,519	(6,899)	(40,705)	(42,374)
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Fund balances (deficits), beginning of year	10,466	9,708	50,349	58,453	441,654
Fund balances (deficits), end of year	\$ 10,302	\$ 14,227	\$ 43,450	\$ 17,748	\$ 399,280

Capital Projects Funds							
Georgetown STEAP	Communication Tower	Athletic Fields	STEAP Georgetown Intersection	School Bonded Projects	Reserve Fund for CNRE	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,200	\$ 665,308	\$ -	\$ -	\$ 670,508	\$ 1,225,176
-	-	-	-	-	6,048	6,048	6,048
-	-	-	-	-	-	-	79,672
-	-	-	-	13,689	-	13,689	14,672
-	-	5,200	665,308	13,689	6,048	690,245	1,325,568
-	-	-	-	-	-	-	80,525
-	-	-	-	-	-	-	16,257
-	-	-	-	-	-	-	4,224
-	-	-	-	-	-	-	1,031
-	-	-	-	-	-	-	266,625
-	-	-	-	-	-	-	25,512
3,295	377,168	-	187,927	-	74,349	642,739	926,262
3,295	377,168	-	187,927	-	74,349	642,739	1,320,436
(3,295)	(377,168)	5,200	477,381	13,689	(68,301)	47,506	5,132
-	-	-	-	26,700	60,000	86,700	86,700
-	-	-	-	26,700	60,000	86,700	86,700
16,687	(800)	(5,196)	(704,863)	(547,689)	1,002,175	(239,686)	201,968
\$ 13,392	\$ (377,968)	\$ 4	\$ (227,482)	\$ (507,300)	\$ 993,874	\$ (105,480)	\$ 293,800

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Fiduciary Funds

Fiduciary Funds

Agency Funds:

Student activity fund: This fund is used to account for the monies generated by student activities in the Redding Public School System.

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**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets				
Redding Elementary School	\$ 34,281	\$ 90,875	\$ 61,755	\$ 63,401
John Read Middle School	95,562	129,684	138,531	86,715
Total assets	\$ 129,843	\$ 220,558	\$ 200,286	\$ 150,116
Liabilities				
Redding Elementary School	\$ 34,281	\$ 90,875	\$ 61,755	\$ 63,401
John Read Middle School	95,562	129,684	138,531	86,715
Total liabilities	\$ 129,843	\$ 220,558	\$ 200,286	\$ 150,116

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Other Schedules

Report of Tax Collector
For the Year Ended June 30, 2016

Grand List Year	Uncollected Taxes/Levy July 1, 2015	Current Year Levy	Lawful Corrections		Refunds	Transfers to Suspense	Bounced Checks	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deletions					Taxes	Liens and Interest	Total	
2014	\$ -	\$ 45,649,140	\$ 74,555	\$ 139,436	\$ 65,693	\$ -	\$ 58,469	\$ 45,708,421	\$ 45,056,402	\$ 97,355	\$ 45,153,757	\$ 652,019
2013	572,608	-	1,140	16,524	3,909	-	4,064	565,197	181,415	39,427	220,842	383,782
2012	396,553	-	-	11,144	491	49,399	-	336,501	77,078	33,057	110,135	259,423
2011	342,090	-	4,583	-	-	-	-	346,673	21,590	11,916	33,506	325,083
2010	314,127	-	-	-	-	-	-	314,127	6,413	543	6,956	307,714
2009	300,018	-	-	-	-	-	-	300,018	-	-	-	300,018
2008	281,471	-	-	-	-	-	-	281,471	-	-	-	281,471
2007	140,041	-	-	-	-	-	-	140,041	-	-	-	140,041
2006	6,102	-	-	-	-	-	-	6,102	-	-	-	6,102
2005	5,310	-	-	-	-	-	-	5,310	-	-	-	5,310
2004	5,272	-	-	-	-	-	-	5,272	-	-	-	5,272
2003	193	-	-	-	-	-	-	193	-	-	-	193
2002	-	-	-	-	-	-	-	-	-	-	-	-
2001	306	-	-	-	-	-	-	306	-	-	-	306
2000	2,852	-	-	-	-	-	-	2,852	-	-	-	2,852
Total	\$ 2,366,943	\$ 45,649,140	\$ 80,278	\$ 167,104	\$ 70,093	\$ 49,399	\$ 62,533	\$ 48,012,484	45,342,898	182,298	45,525,196	\$ 2,669,586
Suspense									15,521	15,008	30,529	
Total									\$ 45,358,419	\$ 197,306	45,555,725	
Refunds adjustment												
Property taxes receivable considered available (60-day collections):												
After June 30, 2015 (collections July and August 2015)											(91,080)	
After June 30, 2016 (collections July and August 2016)											129,049	
Total property tax revenue											\$ 45,593,694	

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Statistical Section

Statistical Section- unaudited

This part of the Town of Redding, Connecticut'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 government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

TABLE 1
Town of Redding, Connecticut
Net Position by Component
Last 10 Years
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 44,090,719	\$ 30,966,996	\$ 37,246,394	\$ 34,773,827	\$ 35,631,967	\$ 32,091,707	\$ 32,800,707	\$ 31,194,831	\$ 31,767,568	\$ 33,274,547
Restricted	-	-	-	-	2,100	2,100	2,100	2,100	2,100	2,100
Unrestricted	5,827,357	16,784,958	10,220,417	10,949,394	8,610,909	10,650,817	4,843,714	4,825,262	3,337,320	2,548,571
	<u>49,918,076</u>	<u>47,751,954</u>	<u>47,466,811</u>	<u>45,723,221</u>	<u>44,244,976</u>	<u>42,744,624</u>	<u>37,646,521</u>	<u>36,022,193</u>	<u>35,106,988</u>	<u>35,825,218</u>
Business-type activities:										
Net investment in capital assets	8,421,063	8,420,654	8,600,245	8,371,800	8,571,683	8,744,029	2,263,303	2,369,777	2,476,251	2,582,725
Unrestricted	(1,861,133)	(1,526,012)	(1,337,548)	(450,816)	(321,475)	(146,611)	8,461	126,071	181,366	96,343
	<u>6,559,930</u>	<u>6,894,642</u>	<u>7,262,697</u>	<u>7,920,984</u>	<u>8,250,208</u>	<u>8,597,418</u>	<u>2,271,764</u>	<u>2,495,848</u>	<u>2,657,617</u>	<u>2,679,068</u>
Total Town:										
Net investment in capital assets	52,511,782	39,387,650	45,846,639	43,145,627	44,203,650	40,835,736	35,064,010	33,564,608	34,243,819	35,857,272
Restricted	-	-	-	-	2,100	2,100	2,100	2,100	2,100	2,100
Unrestricted	3,966,224	15,258,946	8,882,869	10,498,578	8,289,434	10,504,206	4,852,175	4,951,333	3,518,686	2,644,914
	<u>\$ 56,478,006</u>	<u>\$ 54,646,596</u>	<u>\$ 54,729,508</u>	<u>\$ 53,644,205</u>	<u>\$ 52,495,184</u>	<u>\$ 51,342,042</u>	<u>\$ 39,918,285</u>	<u>\$ 38,518,041</u>	<u>\$ 37,764,605</u>	<u>\$ 38,504,286</u>

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Town of Redding, Connecticut
Changes in Net Position
Last 10 Years
(Unaudited)

	Fiscal Year Ended				
	2016	2015	2014	2013	2012
Program Revenues:					
Governmental Activities					
Charges for services:					
General government	\$ 466,523	\$ 358,776	\$ 376,178	\$ 604,900	\$ 265,720
Public Safety	23,120	56,852	44,227	37,774	25,278
Highway and street	217,342	172,574	246,619	3,992	259,087
Transfer station and recycling	151,867	160,617	168,716	164,580	186,202
Health and Welfare	23,256	21,620	18,315	11,573	12,525
Library	-	-	-	-	-
Education	-	-	-	183,736	189,607
Park and Recreation	584,318	619,545	581,964	538,906	637,133
	<u>1,466,426</u>	<u>1,389,984</u>	<u>1,436,019</u>	<u>1,545,461</u>	<u>1,575,552</u>
Operating grants and contributions	4,249,637	4,720,743	4,136,754	3,496,101	3,962,260
Capital grants and contributions	18,328	85,933	790,408	1,522,374	433,162
Total governmental activities revenues	<u>5,734,391</u>	<u>6,196,660</u>	<u>6,363,181</u>	<u>6,563,936</u>	<u>5,970,974</u>
Business-type activities:					
Charges for services	402,799	402,752	358,717	407,068	415,802
Total business-type activities revenues	<u>402,799</u>	<u>402,752</u>	<u>358,717</u>	<u>407,068</u>	<u>415,802</u>
Total primary government program revenue	<u>6,137,190</u>	<u>6,599,412</u>	<u>6,721,898</u>	<u>6,971,004</u>	<u>6,386,776</u>
Expenses					
Governmental activities:					
General government	4,689,605	4,011,987	4,705,089	4,055,095	3,235,479
Public safety	3,329,417	3,228,429	3,354,838	3,842,256	3,400,036
Highway and streets	2,165,108	1,592,510	2,440,040	3,225,294	2,776,797
Transfer station and recycling	364,100	373,408	413,983	633,954	426,824
Health and social services	164,654	159,177	163,226	169,588	134,397
Library	628,876	613,563	578,440	559,548	520,739
Parks and recreation	1,301,883	1,212,541	1,249,000	1,240,965	1,229,759
Education	36,670,034	36,531,377	37,271,718	36,781,143	35,846,468
Interest expense	558,787	554,372	283,301	658,446	702,794
Total governmental activities expenses	<u>49,872,464</u>	<u>48,277,364</u>	<u>50,459,635</u>	<u>51,166,289</u>	<u>48,273,293</u>
Business-type activities:					
Georgetown sewer	737,511	770,814	1,017,197	736,410	763,117
Total business-type activities expenses	<u>737,511</u>	<u>770,814</u>	<u>1,017,197</u>	<u>736,410</u>	<u>763,117</u>
Total primary government expenses	<u>50,609,975</u>	<u>49,048,178</u>	<u>51,476,832</u>	<u>51,902,699</u>	<u>49,036,410</u>

TABLE 2

Fiscal Year Ended				
2011	2010	2009	2008	2007
\$ 459,768	\$ 349,312	\$ 327,028	\$ 411,670	\$ 794,421
51,226	35,373	116,775	51,286	44,036
161,872	164,664	257,770	258,077	20,650
174,927	168,850	230,881	178,334	145,410
12,240	14,785	10,905	11,525	-
-	-	-	-	-
207,683	171,601	190,911	210,491	-
674,122	711,028	671,264	631,473	597,761
1,741,838	1,615,613	1,805,534	1,752,856	1,602,278
3,069,533	3,003,654	3,839,318	7,758,433	2,894,041
2,375,220	75,746	80,203	95,682	19,091
7,186,591	4,695,013	5,725,055	9,606,971	4,515,410
403,788	427,038	500,314	514,568	249,808
403,788	427,038	500,314	514,568	249,808
7,590,379	5,122,051	6,225,369	10,121,539	4,765,218
3,387,764	3,355,338	3,136,079	3,003,150	4,912,092
3,083,444	3,294,031	3,393,531	2,397,305	1,827,254
3,024,161	3,075,738	2,886,756	2,519,697	4,708,751
420,676	399,680	397,409	405,945	314,508
147,437	132,919	152,151	149,935	117,985
513,022	471,883	451,458	426,826	306,065
1,262,007	1,279,394	1,098,551	1,037,852	824,191
34,452,536	33,235,635	33,500,937	36,280,994	29,573,333
709,172	748,724	740,536	901,341	805,220
47,000,219	45,993,342	45,757,408	47,123,045	43,389,399
665,451	651,340	664,086	539,213	325,355
665,451	651,340	664,086	539,213	325,355
47,665,670	46,644,682	46,421,494	47,662,258	43,714,754

(Continued)

Town of Redding, Connecticut
Changes in Net Position (Continued)
Last 10 Years
(Unaudited)

	Fiscal Year Ended				
	2016	2015	2014	2013	2012
Net (expense) revenue:					
Governmental activities	(44,138,073)	(42,080,704)	(44,096,454)	(44,602,353)	(42,302,319)
Business-type activities	(334,712)	(368,062)	(658,480)	(329,342)	(347,315)
Total primary government net expense	(44,472,785)	(42,448,766)	(44,754,934)	(44,931,695)	(42,649,634)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	46,079,769	46,019,078	46,215,357	45,609,619	44,457,954
Grants and contributions not restricted to specific purposes	115,748	38,028	43,246	-	-
Investment income	54,708	28,052	27,443	23,757	73,560
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	53,970	134,788	66,514	32,927	-
Total governmental activities	46,304,195	46,219,946	46,352,560	46,080,597	44,943,340
Business-type activities:					
Unrestricted investment earnings	-	7	193	118	105
Donated capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	-	7	193	118	105
Total primary government	46,304,195	46,219,953	46,352,753	46,080,715	44,943,445
Changes in net position:					
Governmental activities	2,166,122	4,139,242	2,256,106	1,478,244	2,641,021
Business-type activities	(334,712)	(368,055)	(658,287)	(329,224)	(347,210)
Total primary government	\$ 1,831,410	\$ 3,771,187	\$ 1,597,819	\$ 1,149,020	\$ 2,293,811

TABLE 2

Fiscal Year Ended				
2011	2010	2009	2008	2007
(39,813,628)	(41,298,329)	(40,032,353)	(37,516,074)	(38,873,989)
(261,663)	(224,302)	(163,772)	(24,645)	(75,547)
(40,075,291)	(41,522,631)	(40,196,125)	(37,540,719)	(38,949,536)
44,118,692	42,120,967	40,507,798	35,736,243	33,687,097
283,135	286,709	252,104	346,682	270,721
-	-	-	-	-
89,793	153,349	187,656	371,688	547,942
420,111	-	-	343,231	-
-	361,632	-	-	-
44,911,731	42,922,657	40,947,558	36,797,844	34,505,760
117	218	2,003	3,194	526
6,587,200	-	-	-	-
-	-	-	-	-
6,587,317	218	2,003	3,194	526
51,499,048	42,922,875	40,949,561	36,801,038	34,506,286
5,098,103	1,624,328	915,205	(718,230)	(4,368,229)
6,325,654	(224,084)	(161,769)	(21,451)	(75,021)
\$ 11,423,757	\$ 1,400,244	\$ 753,436	\$ (739,681)	\$ (4,443,250)

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TABLE 3

Town of Redding, Connecticut
Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General fund:										
Nonspendable:										
Prepays and other	1,739,456	1,522,209	1,272,748							
Inventory	2,549	3,813	-	1,720	1,661	-	-	-	-	-
Restricted for	-	-	-	-	-	-	-	-	-	-
Committed to	200,000	208,822	208,822	208,822	-	-	-	-	-	-
Assigned to:										
General government	-	-	-	153,124	73,685	8,222	-	-	-	-
Public safety	-	-	-	11,095	-	30,994	-	-	-	-
Highway and streets	-	-	-	5,050	-	28,930	-	-	-	-
Health and social services	-	-	-	-	-	4,000	-	-	-	-
Education	224,909	159,412	91,466	-	-	-	-	-	-	-
Parks and recreation	-	-	-	5,970	-	-	-	-	-	-
Capital projects	-	-	-	5,280	-	-	-	-	-	-
Unassigned	7,139,238	6,594,466	5,587,046	6,549,618	6,439,022	6,132,572	3,494,069	1,942,938	398,651	1,551,971
Total general fund balances	9,306,152	8,488,722	7,160,082	6,940,679	6,514,368	6,204,718	3,494,069	1,942,938	398,651	1,551,971
All other governmental funds:										
Nonspendable										
permanent funds	-	-	63,711	-	-	2,100	-	-	-	-
Restricted for										
grants	200,526	187,936	170,951	237,901	89,901	196,877	-	-	-	-
Committed to:										
General government	79,798	124,986	102,658	52,208	109,272	167,532	-	-	-	-
Public safety	62,770	66,289	14,506	12,426	22,006	131,855	-	-	-	-
Highway and streets	17,950	19,269	17,862	86,113	34,323	615,948	-	-	-	-
Health and social services	4	-	31,529	-	-	13,376	-	-	-	-
Education	36,376	32,888	4	-	10,626	2,281,049	-	-	-	-
Parks and recreation	15,252	26,973	22,210	6,057	4,946	7,328	-	-	-	-
Capital projects	993,874	1,002,175	1,069,069	1,221,893	1,371,785	846,486	-	-	-	-
Assigned	-	-	224,909	-	-	-	-	-	-	-
Unassigned	(10,687,673)	(6,403,338)	(5,249,301)	(2,274,309)	(842,021)	(31,896)	(4,600,061)	(3,334,685)	(2,750,192)	(1,491,187)
Total all other govt funds balances	(9,281,123)	(4,942,822)	(3,531,892)	(657,711)	800,838	4,230,655	(4,600,061)	(3,334,685)	(2,750,192)	(1,491,187)
Total fund balances	\$ 25,029	\$ 3,545,900	\$ 3,628,190	\$ 6,282,968	\$ 7,315,206	\$ 10,435,373	\$ (1,105,992)	\$ (1,391,747)	\$ (2,351,541)	\$ 60,784

TABLE 4

Town of Redding, Connecticut
Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	Fiscal Year Ended									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 45,448,399	\$ 45,698,262	\$ 45,676,124	\$ 45,701,489	\$ 43,547,989	\$ 43,297,765	\$ 41,615,116	\$ 40,772,789	\$ 36,129,273	\$ 33,704,103
Intergovernmental	5,024,795	4,752,111	4,187,573	5,598,773	4,906,946	6,076,308	3,930,091	4,356,719	8,411,288	3,163,103
Investment income	54,708	28,052	27,443	23,757	73,560	89,793	45,956	187,656	371,688	547,909
Charges for services	1,466,652	1,482,577	1,448,854	1,365,108	1,465,969	1,393,418	1,463,784	1,620,440	1,542,365	1,595,857
Other	53,970	134,788	66,514	47,276	9,884	-	-	-	-	20,750
Total revenues	52,048,524	52,095,790	51,406,508	52,736,403	50,004,348	50,857,284	47,054,947	46,937,604	46,454,614	39,031,722
Expenditures:										
Current:										
General government	3,031,266	3,074,285	3,323,685	2,815,720	2,400,642	2,397,733	2,337,993	2,190,435	2,153,944	2,332,981
Public Safety	2,437,713	2,375,522	2,422,748	2,277,369	2,556,360	2,136,012	2,484,792	2,575,277	1,887,524	1,794,538
Highway and Streets	1,395,543	1,498,512	1,497,120	1,370,592	1,872,501	1,588,140	1,741,321	1,417,923	1,611,116	1,402,548
Transfer Station and Recycling	251,371	258,057	293,302	309,323	330,170	321,376	313,413	314,620	326,298	307,876
Health and welfare	118,511	112,938	115,931	126,788	103,157	110,949	102,913	118,468	110,838	117,228
Library	489,950	457,898	433,000	423,000	402,250	395,000	378,000	361,312	332,800	306,065
Parks and Recreation	981,165	904,104	920,143	948,449	958,269	968,994	912,767	875,736	845,604	821,369
Employee Benefits	2,716,527	2,745,402	2,843,901	2,557,585	2,418,832	2,365,880	2,054,303	1,959,482	1,880,517	1,892,881
Education	36,521,277	36,558,889	36,823,250	36,439,462	35,470,497	33,993,948	33,237,176	32,927,334	36,154,071	29,036,565
Capital outlay	5,821,147	2,107,563	3,441,502	3,595,008	5,747,363	4,266,470	1,225,467	1,265,889	1,828,535	4,311,686
Debt service- Principal	1,567,493	1,575,066								
Debt service- Interest	479,684	615,151	2,049,173	2,265,134	2,264,829	1,906,514	1,981,047	1,971,334	2,085,619	2,005,532
Total expenditures	55,811,647	52,283,387	54,163,755	53,128,430	54,524,870	50,451,016	46,769,192	45,977,810	49,216,866	44,329,269
Excess (deficiency) of revenues Over Expenditures	(3,763,123)	(187,597)	(2,757,247)	(392,027)	(4,520,522)	406,268	285,755	959,794	(2,762,252)	(5,297,547)
Other financing sources (uses):										
Proceeds from Capital Leases	242,252	393,927	291,816	410,948	1,393,337	269,675	-	-	-	-
BAN Premium	-	-	34,549	-	-	-	-	-	-	-
Proceeds from bond sale	-	-	-	66,426	-	10,315,000	-	-	-	-
Sale of capital assets	-	-	-	23,084	5,861	551,579	-	-	349,927	-
Transfers in	296,000	87,500	104,856	104,856	547,856	226,416	-	151,175	254,800	160,000
Transfers out	(296,000)	(87,500)	(104,856)	(104,856)	(547,856)	(226,416)	-	(151,175)	(254,800)	(160,000)
Net other financing sources (uses)	242,252	393,927	326,365	500,458	1,399,198	11,136,254	-	-	349,927	-
Net change in fund balances	(3,520,871)	206,330	(2,430,882)	108,431	(3,121,324)	11,542,522	285,755	959,794	(2,412,325)	(5,297,547)
Fund balance as restated - beginning of year	3,545,900	3,339,570	5,770,452	6,174,537	10,436,530	(1,105,992)	(1,391,747)	(2,351,541)	60,784	5,358,331
Fund balances - end of year	\$ 25,029	\$ 3,545,900	\$ 3,339,570	\$ 6,282,968	\$ 7,315,206	\$ 10,436,530	\$ (1,105,992)	\$ (1,391,747)	\$ (2,351,541)	\$ 60,784
Debt service as a percentage of noncapital expenditures	4%	5%	4%	5%	5%	4%	4%	4%	4%	5%

TABLE 5

Town of Redding, Connecticut
Assessed and Estimated Actual Value of Taxable Property
Last 10 Years
(Unaudited)

Year Ended June 30	Real Estate		Personal Property		Total		Percentage of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
	(1) Assessed Value	(2) Estimated Value	(3) Net Assessed Value	(4) Net Actual Value	Net Assessed Value	Estimated Actual Value		
2016	1,471,441,194	2,102,058,849	161,839,813	231,199,732	1,633,281,007	2,333,258,581	70.00%	29.24
2015	1,469,940,798	2,099,915,426	161,708,448	231,013,069	1,631,649,246	2,330,928,495	70.00%	28.91
2014	1,467,057,238	2,095,796,054	160,031,086	228,615,837	1,627,088,324	2,324,411,891	70.00%	28.95
2013	1,833,807,098	2,619,724,426	161,761,817	231,088,310	1,995,568,915	2,850,812,736	70.00%	23.28
2012	1,833,698,548	2,619,569,354	156,543,350	223,633,357	1,990,241,898	2,843,202,711	70.00%	22.79
2011	1,840,340,582	2,629,057,974	152,994,171	218,563,101	1,993,334,753	2,847,621,075	70.00%	22.22
2010	1,828,228,980	2,611,755,686	152,956,540	218,509,343	1,981,185,520	2,830,265,029	70.00%	21.79
2009	1,832,179,130	2,617,398,757	178,981,315	255,687,593	2,011,160,445	2,873,086,350	70.00%	21.00
2008	1,441,964,851	2,059,949,787	122,987,564	175,696,520	1,564,952,415	2,235,646,307	70.00%	22.74
2007	1,401,938,060	2,002,768,657	113,593,466	162,276,380	1,515,531,526	2,165,045,037	70.00%	22.74

Source: Town of Redding, Assessor's Office

Town of Redding, Connecticut
2016
Principal Taxpayers

TABLE 6

Taxpayer	2016			2007		
	(1) Assessment	Rank	% of Net Net Taxable Grand List	Assessment	Rank	% of Net Net Taxable Grand List
Redding Life Care, LLC	\$ 82,722,188	1	5.07%	\$ 86,313,488	1	5.70%
CONN Light & Power	56,132,217	2	3.44%	56,132,217	2	3.70%
Redding Country Club Inc	8,765,000	3	0.54%	7,737,994	4	0.51%
Prusak Robert & Jamie	6,052,700	4	0.37%	7,045,300	5	0.46%
Aquarion Water Company of CT	3,819,820	5	0.23%	5,248,090	6	0.35%
Georgetown Land Development	3,623,580	6	0.22%	11,956,930	3	0.79%
123 Mountain Road Associates LLC	3,425,200	7	0.21%	3,803,200	8	0.25%
Escape from CT, LLC	3,376,520	8	0.21%			
Fine Jerrold N	3,286,830	9	0.20%			0.00%
Angeloni Luciano & Debra	2,894,780	10	0.18%	3,509,800	10	0.23%
Dudley Elisabeth C			-	3,590,018	9	0.24%
RP Trust The	-		-	4,744,800	7	0.31%
	<u>\$ 174,098,835</u>		<u>10.67%</u>	<u>\$ 190,081,837</u>		<u>12.54%</u>

Source: Town Assessor Department

(1) The net taxable grand list as of October 1, 2014 and 2005 totaled 1,631,649,246 and 1,515,531,526 respectively.

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Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)

Year Ended June 30,	Total Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	TOTAL COLLECTIONS TO DATE	
		Net Current Tax Collections	% of Current Levy Collected		Total Collections	% of Levy Collected
2016	\$ 45,708,421	\$ 45,056,402	98.6%	\$ -	45,056,402	98.6%
2015	45,720,390	45,147,782	98.7%	698,522	45,846,304	100.3%
2014	45,791,419	45,142,235	98.6%	451,829	45,594,064	99.6%
2013	45,072,306	44,324,390	98.3%	939,609	45,263,999	100.4%
2012	44,044,397	43,119,722	97.9%	430,767	43,550,489	98.9%
2011	44,117,180	42,930,490	97.3%	248,557	43,179,047	97.9%
2010	42,068,864	41,453,864	98.5%	110,324	41,564,188	98.8%
2009	40,826,214	40,345,062	98.8%	393,411	40,738,473	99.8%
2008	35,780,495	35,548,779	99.4%	443,937	35,992,716	100.6%
2007	33,561,920	33,245,174	99.1%	190,124	33,435,298	99.6%

2002 Revaluation
2007 Revaluation
2012 Revaluation

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

Year Ended June 30,	General Bonded Debt Outstanding					% of Personal Income	Debt Per Capita
	General Obligation Bonds		Capital Leases	Clean Water Notes	Total		
	General Purpose	Schools					
2016	\$ 8,472,000	\$ 3,628,000	\$ 1,018,962	\$ -	\$ 13,118,962	2.2%	1,416
2015	9,685,539	4,030,000	1,194,873	42,493	14,952,905	2.4%	1,635
2014	10,818,462	4,443,000	1,468,215	92,559	16,822,236	2.6%	1,839
2013	11,725,426	4,856,000	1,488,884	141,635	18,211,945	2.9%	1,991
2012	12,746,200	5,268,800	1,363,428	189,739	19,568,167	3.1%	2,139
2011	13,832,950	5,682,050	211,061	236,892	19,962,953	3.2%	2,204
2010	7,856,500	2,538,500	-	428,119	10,823,119	1.8%	1,210
2009	8,624,250	2,990,750	-	496,629	12,111,629	2.2%	1,378
2008	9,392,000	3,443,000	-	563,784	13,398,784	2.4%	1,523
2007	10,159,750	3,895,250	-	629,610	14,684,610	2.8%	1,696

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Ratio of Long-Term Debt to Net Assessed Value and Long-Term Debt per Capita
Last Ten Years (Unaudited)

Grand List Year	Year Ended June 30,	Population	Net Assessed Value	General Obligation Bonded Debt/Notes	Ratio of Bonded Debt/Notes to Net Assessed Value	Debt Per Capita
2014	2016	9,267	\$ 1,633,281,007	\$ 24,744,000	1.51%	\$ 2,670
2013	2015	9,148	1,631,649,246	13,758,032	0.84%	1,504
2012	2014	9,148	1,627,088,324	15,354,021	0.94%	1,678
2011	2013	9,148	1,995,568,915	16,723,061	0.84%	1,828
2010	2012	9,148	1,990,241,898	18,204,739	0.91%	1,990
2009	2011	9,058	1,993,334,753	19,751,892	0.99%	2,181
2008	2010	8,945	1,981,185,520	10,823,119	0.55%	1,210
2007	2009	8,790	2,011,160,445	12,111,629	0.60%	1,378
2006	2008	8,798	1,564,952,415	13,398,784	0.86%	1,523
2005	2007	8,659	1,515,531,526	14,684,610	0.97%	1,696

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TABLE 10

Town of Redding, Connecticut

Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(Unaudited)

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Overlapping debt			
Regional School District #9	<u>\$ 6,489,120</u>	100%	<u>\$ 6,489,120</u>
Town direct debt	13,118,962		<u>13,118,962</u>
Total			<u><u>\$ 19,608,082</u></u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Redding, Connecticut. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 b
For the Year Ended June 30, 2016

Total Tax Collections (including interest and lien fees) for current year:

Town of Redding	\$ 45,555,724
Fire District	1,455,944
Reimbursement for tax relief	292
	<u>47,011,960</u>

Base for Debt Limitation Computation

\$ 47,011,960

Debt Limitation	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 105,776,910				
4 1/2 times base		\$ 211,553,820			
3 3/4 times base			\$ 176,294,850		
3 1/4 times base				\$ 152,788,870	
3 times base					\$ 141,035,880
Total debt limitation	<u>105,776,910</u>	<u>211,553,820</u>	<u>176,294,850</u>	<u>152,788,870</u>	<u>141,035,880</u>
Indebtedness					
Bonds payable	8,472,000	3,628,000	-	-	-
Georgetown Special District	974,539	-	-	-	-
Redding's Portion of Regional School District No. 9 bonds net of school building grants	-	6,489,120	-	-	-
Bond anticipation notes	12,644,000	-	-	-	-
Debt authorized but unissued	4,265,845	-	-	-	-
Net indebtedness	<u>26,356,384</u>	<u>10,117,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limit in excess of outstanding and Authorized debt	<u>\$ 79,420,526</u>	<u>\$ 201,436,700</u>	<u>\$ 176,294,850</u>	<u>\$ 152,788,870</u>	<u>\$ 141,035,880</u>

In no event shall total indebtedness exceed seven time the base for debt limitation computation:

\$ 329,083,720

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
2016	\$ 787,450,330	\$ 36,473,504	\$ 750,976,826	4.63%
2015	329,519,064	32,811,425	296,707,639	9.96%
2014	330,662,262	24,885,948	305,776,314	7.53%
2013	329,738,836	27,169,573	302,569,263	8.24%
2012	315,333,865	29,173,585	286,160,280	9.25%
2011	315,120,344	32,013,777	283,106,567	10.16%
2010	305,718,406	33,550,592	272,167,814	10.97%
2009	298,478,929	31,493,744	266,985,185	10.55%
2008	263,507,454	50,670,255	212,837,199	19.23%
2007	244,455,085	47,932,515	196,522,570	19.61%

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Town of Redding, Connecticut

TABLE 13

Demographic and Economic Statistics
Last 10 Years
(Unaudited)

	(1)	(2)	(1)	(1)	(3)	(1)	
Year Ended June 30	Population	Personal Income	Per Capital Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2016	9267	601,743,378	\$ 64,934	49	70% Bachelor Degree or more	1,454	4.20%
2015	9148	635,959,812	69,519	48	68% Bachelor Degree or more	1,447	4.50%
2014	9148	635,959,812	69,519	48	68% Bachelor Degree or more	1,569	5.40%
2013	9148	635,959,812	69,519	48	68% Bachelor Degree or more	1,677	5.40%
2012	9148	635,959,812	69,519	48	68% Bachelor Degree or more	1,712	6.00%
2011	9058	627,203,094	69,243	47	66% Bachelor Degree or more	1,747	5.80%
2010	8945	586,738,330	65,594	46.4	65% Bachelor Degree or more	1,776	6.00%
2009	8790	562,225,980	63,962	43	65% Bachelor Degree or more	1,831	5.80%
2008	8798	550,842,780	62,610	42	61% Bachelor Degree or more	1,842	3.70%
2007	8659	530,433,022	61,258	42	61% Bachelor Degree or more	1,842	2.70%

- (1) Connecticut Economic Resource Center
- (2) Connecticut Department of Labor, Research Office
- (3) Town of Redding, Board of Education
- (4) X = Information Unavailable

Town of Redding, Connecticut

TABLE 14

Principal Employers
Current and Nine Years Ago
(Unaudited)

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Redding Life Care, LLC	307	1	3.31%	262	1	3.03%
Town of Redding	248	2	2.68%	251	2	2.90%
Joel Barlow High School	153	3	1.65%	134	3	1.55%
Redding Elementary School	106	4	1.14%	111	4	1.28%
John Read Middle School	96	5	1.04%	93	5	1.07%
Redding Country Club	93	6	1.00%	91	6	1.05%

Source: Town and Board of Education Human Resource Departments

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Town of Redding, Connecticut

TABLE 15

Full-Time Equivalent Town Government Employees By Function/Program
Last 10 Years
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administrative and General Government:										
Board of Selectman	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Town Clerk	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25
Registrar of Voters	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Town Planning and Land Use	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Zoning and Wetlands Enforcement	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Probate Court	-	-	-	-	-	-	2.00	2.00	2.00	2.00
Finance:										
Finance	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Assessor	2.50	2.25	2.25	2.25	2.25	2.25	2.00	2.00	2.00	2.00
Tax Collector	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Public Safety:										
Police	18.00	18.00	17.00	17.00	17.00	17.00	16.00	16.00	16.00	16.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Communications/Dispatch	5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00
Public Works:										
Public Works	13.00	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75
Building	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.25	4.25
Facilities Maintenance	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Health, Social, Human Services:										
Health	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Social and Human Services	2.25	4.00	4.00	4.00	4.50	4.50	4.50	4.50	4.00	4.00
Recycling Center	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Recreation:										
Parks and Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Grand total	84.25	85.25	83.75	83.75	84.25	83.75	84.50	84.50	85.00	84.50

Source: Town Human Resource Departments

Town of Redding, Connecticut

TABLE 16

Full-Time Equivalent Employees By Function/Program
Last 10 Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Town										
Administrative and General Government	10.75	10.50	10.50	10.50	10.50	10.50	12.50	12.50	12.25	12.25
Finance	8.25	8.00	8.00	8.00	8.00	8.00	7.75	7.75	7.75	7.75
Public Safety	24.50	24.50	25.50	25.50	23.50	23.00	22.00	22.00	22.00	22.50
Public Works	19.50	19.25	18.75	18.75	18.75	18.75	18.75	18.75	20.00	19.00
Health, Social, Human Services	7.75	9.50	9.50	9.50	10.00	10.00	10.00	10.00	9.50	9.50
Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Total town	84.25	85.25	85.75	85.75	84.25	83.75	84.50	84.50	85.00	84.50

Source: Town and Board of Education Human Resource Departments

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Town of Redding, Connecticut

TABLE 17

Operating Indicators By Function / Program
Last 10 Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Fire										
Fire and EMS responses	649	458	590	549	431	557	463	406	384	798
Police										
Criminal Incidents	792	543	721	664	792	736	588	574	619	535
Traffic violations	3,534	1,515	3,029	3,097	2,976	2,763	3,202	3,126	2,817	2,298
Motor vehicle accidents	232	195	241	256	203	282	265	239	289	367
Building Safety										
Building inspections	2,841	2,444	2,892	2,917	3,086	2,404	3,073	2,871	3,246	4,576
Total building permits	689	653	822	860	874	520	595	498	568	655
Total value all permits	\$ 20,033,514	\$ 12,543,740	\$ 19,219,414	\$ 10,095,400	\$ 13,791,399	\$ 8,273,691	\$ 10,086,646	\$ 14,477,104	\$ 16,655,031	\$ 17,150,840
Public Works										
Street resurfacing	13	18	8	9	11	4	4	6	-	10
Recycling Center / Transfer Station										
Permits issued	1,190	1,195	1,042	1,149	1,112	1,104	1,148	1,157	1,176	1,126
Refuse collected (tons per year)	165	176	171	179	194	187	178	178	205	214
Park and Recreation										
No. of recreation programs	11	11	11	10	10	10	10	9	9	9
Library										
Circulation	123,664	129,254	130,739	128,807	125,428	122,983	124,893	122,000	110,000	108,378
Education										
School enrollment										
High School	997	1,050	1,050	1,012	1,008	974	959	957	962	970
Middle School	454	470	513	553	559	582	595	589	575	531
Elementary School	472	420	488	578	581	661	670	714	734	754

Source: Various Town Departments
NA = Not Available

Town of Redding, Connecticut

TABLE 18

Capital Asset Statistics By Function / Program
Last 10 Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety:										
Fire and ambulance stations	4	4	4	4	4	4	4	4	4	4
Fire Trucks	15	15	15	15	15	15	15	15	15	15
Ambulances	4	4	4	4	4	4	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	10	10	10	10	10	10	10	10	10	10
Public Works:										
Highway department										
Miles of streets										
Paved	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88
Unpaved	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19
Traffic lights	1	3	1	1	1	0	0	0	0	0
Dump trucks	13	15	15	15	15	14	13	12	12	12
Other public works vehicles/heavy equipment	13	14	14	14	14	14	12	12	12	12
Health and Welfare:										
Senior van	1	1	1	1	1	1	1	1	1	1
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Education:										
High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	1	1	1	1	1	1	1	1	1	1

Source: Town capital asset records and various Town Departments

TOWN OF REDDING

FINANCE DEPARTMENT

Memorandum

To: Town of Redding Boards of Finance and Selectmen

From: *Steve Gniadek*

Date: November 28, 2016

Re: **NOVEMBER 2016 Monthly Report**

School HVAC Funding – of the \$2,725,000 approved to Millenium Builders for funding out of the General Fund, \$2,377,000 has been disbursed. This is the amount that needs to be added to the Cash balance to get the comparable monthly amounts for August versus last year, as this amount will be reimbursed to the general Fund with the March bond.

Stepney Rd Bridge Project – we funded the capital project account out of the General Fund in the amount of \$125k. We will continue to fund from the General Fund until we receive the State Grant Bridge reimbursement of approximately \$350k.

Replacement Vehicles – have entered into lease agreements to finance purchase of Pickup truck and Rack Body truck as approved at last month's meeting. The actual annual lease cost for the two vehicles is \$ 19,910 (estimate last month of \$20,026). The used forklift was purchased by WPCC out of their Operating Fund budget at a cost of approximately \$10k.

2017-18 Budget – the budget kickoff meeting was held on November 17th with the Department Heads. I will be holding individual meetings with the Dept Heads on November 30th and December 1st. Two other key dates in the next two months are the Joint Meeting with BOS, BOE, and BOF on Monday, December 12th at the Community Center, and the BOS Workshop on Friday, January 6, 2017.

State Aid – received and forwarded to the BOF a memo from the State indicating there will likely be an announcement in February regarding adjustments to State Aid.

Miscellaneous Bond Issuance Items:

Interest Rate Hike – participated in a call on November 16th with Janney’s Chief Fixed Income Strategist (Guy LeBas) who indicated there is a 95% probability of an interest rate hike at the December 14th Fed meeting

Emergency Communications Equipment – due to estimated life of 7-10 years, the project does not qualify for Bonding. If approved, it will be funded through the annual operating budget.

CAFR Approval – once approved by BOF, the OS (Operating Statement) preparation can commence by our Financial Advisor. Estimated to take up to 30 days to complete.

Bank Qualified Debt Limit – there is a possibility that Congress will increase the cap for bank-qualified bonds from the current \$10 million to \$30 million by the end of this session. Bank qualified bonds generally have cost savings of 25 to 40 basis points, which on a \$20 million offering, would result in interest cost savings of \$525k - \$840k over the life of the bond.

Redding BAN Detail

Present BAN outstanding	1,750,000.00
Additional road money approved earlier	1,750,000.00
Poverty Hollow Bridge Rehabilitation approved on 6/27/2012 (actual spending)	247,000.00
Various School Capital Expenditures approved on 2/13/13	<u>534,000.00</u>
Ban Amount March 25 2013	<u>4,281,000.00</u>
Highway Garage addition	300,000.00
Transfer Station Dumpster Roof	192,000.00
P&R Field Equip Storage	71,000.00
P&R Permanent Storage	55,000.00
Stepney Rd Bridge	<u>739,000.00</u>
Ban Amount December 19 2013	<u>5,638,000.00</u>
Year 1 of 4 year road plan	1,935,000.00
Communications Tower	<u>300,000.00</u>
Ban Amount September 18 2014	<u>7,873,000.00</u>
Transfer Station Dumpster Roof CANCELLED	(192,000.00)
BAN principal paydown	(87,500.00)
Stepney Rd Bridge POSTPONED till next summer	(739,000.00)
Year 2 of 4 year road plan	1,646,429.00
Communication Tower	123,000.00
BOE various projects	1,950,071.00
Ban Amount June 17 2015	<u>10,574,000.00</u>
BAN principal paydown	(236,000.00)
Year 3 of 4 year road plan	1,567,000.00
Stepney Rd Bridge	739,000.00
Ban Amount March 2016	<u>12,644,000.00</u>
BOE HVAC Upgrades	5,450,000.00
Year 4 of 4 Year Road Plan	1,605,000.00
MARCH 2017 BOND	19,699,000.00
BOE PORTION	7,934,071.00
% Total	40.3%



Minutes of Board of Finance, 10/24/2016 7:30pm

AGENDA: **Board of Finance**

RECEIVED 10/31/2016 8:30am

Michele R. Grande – Redding Town Clerk

MINUTES OF BOARD OF FINANCE

October 24, 2016

Present: W. Alvarez, Chairman; S. Clark; W. Mazzucco; J. Dolan; P. O'Donnell

Absent: Kim Yonkers

Also present: J. Pemberton, First Selectman; L. Karvelis, Selectman; M. Thompson, Selectman; Finance Director Gniadek; Treasurer Meehan; Tax Collector Pat Moisio; School Superintendent Dr. McMorrان; Board of Education Chairman S. Sobel, members of the public; Redding Pilot reporter; videographers.

Chairman Alvarez called the meeting to order at 7:30 p.m.

Mr. Alvarez commended Leon Karvelis on his years of service and wished him well in his future.

1. To approve Minutes of meeting held October 5, 2016

On the motion of W. Mazzucco and the second of P. O'Donnell, the Board voted unanimously to approve the Minutes of the October 5, 2016 meeting.

2. Tax Collector Report

P. Moisio reported that tax collection is currently at 53.6% of the budget which is an increase from 53.3% at this time last year. Outstanding amounts for GLDC were discussed.

3. Finance Director Report

S. Gniadek reported that the school HVAC project has been paid in the amount of \$2,377,000 out of the General Fund to be reimbursed upon

bonding. The Stepney Road Bridge Project is slightly under budget and the State Bridge Grant approval has been received.

Mr. Gniadek reviewed his attendance at the CCM Policy Committee.

4. Treasurer Report

J. Meehan stated that the status remains liquid. She has forwarded an email regarding State of CT credit report to the Board members.

5. Mark Twain Library Audit Report

Jen Wastrom, Beth Dominianni and Betsy Higgins were present from the Mark Twain Library to make the first annual presentation on their budget and anticipated capital expenditures. J. Wastrom highlighted the new Small Business Circle Directory of small businesses in addition to newly reconfigured space to meet program needs. Mrs. Dominianni reviewed current circulation statistics and new item acquisitions in addition to recent programs for children and teens.

The audit report and operating and capital budgets were reviewed in detail. Mr. Alvarez requested that the supplemental report be included and the lines reconciled. B. Higgins responded to several questions about the Library's accounting methods.

Mr. Alvarez commented that losses on their investments during the year totaled \$71,435 or about 4.5% of their year-end balance. The audit report further noted that approximately 23% of the Library's investments were classified as "Level 2" assets. The accounting regulatory authority defines "Level 2" as assets that do not actively trade in a market. Because of the loss reported, Mr. Alvarez suggested that the Library board review their investment policy and determine if it is prudent for a not-for-profit organization, handling endowment funds, invest in Level 2 assets.

J. Dolan asked about the special events profitability and requested information comparing last year's budget to this year's actual numbers.

Capital expenses for the next three years were reviewed. Mr. Alvarez noted a 14% increase in the budget and reiterated the need to keep expenses down.

6. Long Range Capital Planning Committee Report

S. Gniadek reviewed Minutes from the Long Range Financial Planning Committee meeting held on 9/22/16. Items for both FY 2017-19 and FY18-19 were reviewed. Additionally, options for replacement of the Police Department communications system were discussed. More information will be presented regarding a leasing option. Police Chief Fuchs will present additional information at the November meeting. S. Gniadek will make a recommendation on what items may need to be bonded.

7. Replacement vehicles for Town

J. Pemberton reported that the need to replace Town vehicles will preclude returning money to the Town. M. Thompson asked if used vehicles were considered. J. Pemberton responded that all options were explored. The Board approved leasing of two new replacement vehicles, a pickup truck and a rack body truck, for use by the Facilities and Park Y Rec departments.

8. Bonding Date Options

The potential bonding date of March, 2017 will require an updated schedule for funding considerations. Discussion will be continued at the next meeting. Mr. Alvarez wants to know of all bondable items in time for the next meeting, so that we can be on track to refinance the BANS to bonds in January.

9. BOE FY 2015-16 Year-end Surplus

P. Sullivan reviewed the items contributing to the year-end surplus, in an effort to explain why, despite the \$570,000 Board of Education surplus, only about \$85,000 will be returned to the Town. Further, since the administration applied about \$300,000 of the surplus to future health insurance reserves, the magnitude of any future budget surplus would be even greater.

10. Discussion of BOE FY 2017-18 Budget

W. Mazzucco stated that the school budget for the year ending June 30, 2016, having been previously described as “destabilizing” by the administration, is in reality more than adequate. He continued that the Board of Education should consider a substantial cut due to the BAN to bond conversion and uncertainty of State aid.

Mr. Alvarez noted that the surplus leaves open the possibility of even more savings. Mr. Mazzucco noted that administration’s public comments on salaries seem to be out of sync with the feeling of thrift that the Board of Finance would expect. The Board suggested that the Board of Education begin their budgetary process \$600,000 less than the current figure.

P. Sullivan clarified that \$140,000 of the surplus will be returned in addition to additional budget reductions. Dr. McMorran noted the uncertainty of snow days and would like a few years of allocations to be considered, not just the surplus of this year.

Chairman Alvarez stated that the Board of Finance is trying something different in this budgetary process by giving guidance to the BOE early in the budget cycle. Sara Sobel reiterated that both Boards agreed to approaching the budget with a target earlier in the process.

11. Reports from Individual Board members as assigned

No items.

12. Correspondence and Administrative matters

No items.

Dana Gray, Lamppost Drive, suggested a forensic audit of the BOE budget.

On the motion of J. Dolan and the second of W. Mazzucco, the Board voted unanimously to adjourn at 9:46 p.m.

Submitted by:

Kristi C. Reilly

