

TOWN OF REDDING, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2014

The Town of Redding, Connecticut

Comprehensive Annual Financial Report

For

The Fiscal Year Ended June 30, 2014

Prepared By:

Town of Redding
Finance Department

Stephen Gniadek
Finance Director

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Introductory Section

TOWN OF REDDING CT FINANCE DEPARTMENT

December 23, 2014

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, 2014. 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.

McGladrey 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, 2014, 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, 2014, 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, Federal and State mandated "Single Audit" designed to meet the special needs of Federal grant 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 Federal and 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 has a favorable location 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 9,148 at 2012.

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 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 11.9 %.

Factors Affecting Financial Condition (Continued)

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

A total of 822 Building Permits were issued in fiscal year 2014, at a value of \$ 19.2 million, compared to 860 issued at a value of \$ 10.1 million in fiscal year 2013.

The unemployment rate for the labor force in Redding was 5.4% which compares favorably with the State rate of 7.8%. Median Household Income is \$ 120,223.

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 continues to struggle financially, they have managed to maintain their 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 capital leases.

For FY 2014-15, the Town has approved a four year road reconstruction plan totaling \$ 6.8 million, with the first year approximately \$ 1.9 million. The current 5 year projection is for a total of \$ 14.4 million, with a Town portion of \$ 8.8 million and schools at \$ 5.6 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. During the current year, an updated Purchasing and Approved Expenditure Policy has been approved by the Board of Finance.

This is the Town's first year of compiling a CAFR which will be submitted to the Government Finance Officers Association ("GFOA") to determine its eligibility for 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, 2014. This report will be reviewed for compliance with both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

Acknowledgements. 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 McGladrey LLP also contributed significantly to its production.

This comprehensive annual financial report 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,

A handwritten signature in black ink, appearing to read "S. Gniadek". The signature is written in a cursive style with a large initial "S" and a distinct "G".

Stephen Gniadek
Finance Director

TOWN OF REDDING, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
As of JUNE 30, 2014

Board of Selectman
Julia Pemberton
First Selectman

Leon Karvelis

Michael Thompson

Board of Finance
William Alvarez
Chairman

Francis DeSalvo
Joseph Dolan
Susan Clark

Ward Mazzucco
Kimberly Yonkers

Finance Director
Stephen Gniadek

Building Official – Shaun Donnelly
Chief of Police – Douglas Fuchs
Highway Superintendent – Jeff Hanson
Park & Rec Director – Robert Blick
Social Services Director – Gail Schiron
Recycling and Transfer Station – Lawrence Kulowiec

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

Board of Education
Jess Gaspar
Chairman

Kimberly Ajavananda
Allyson Florkowski
Melinda Irwin

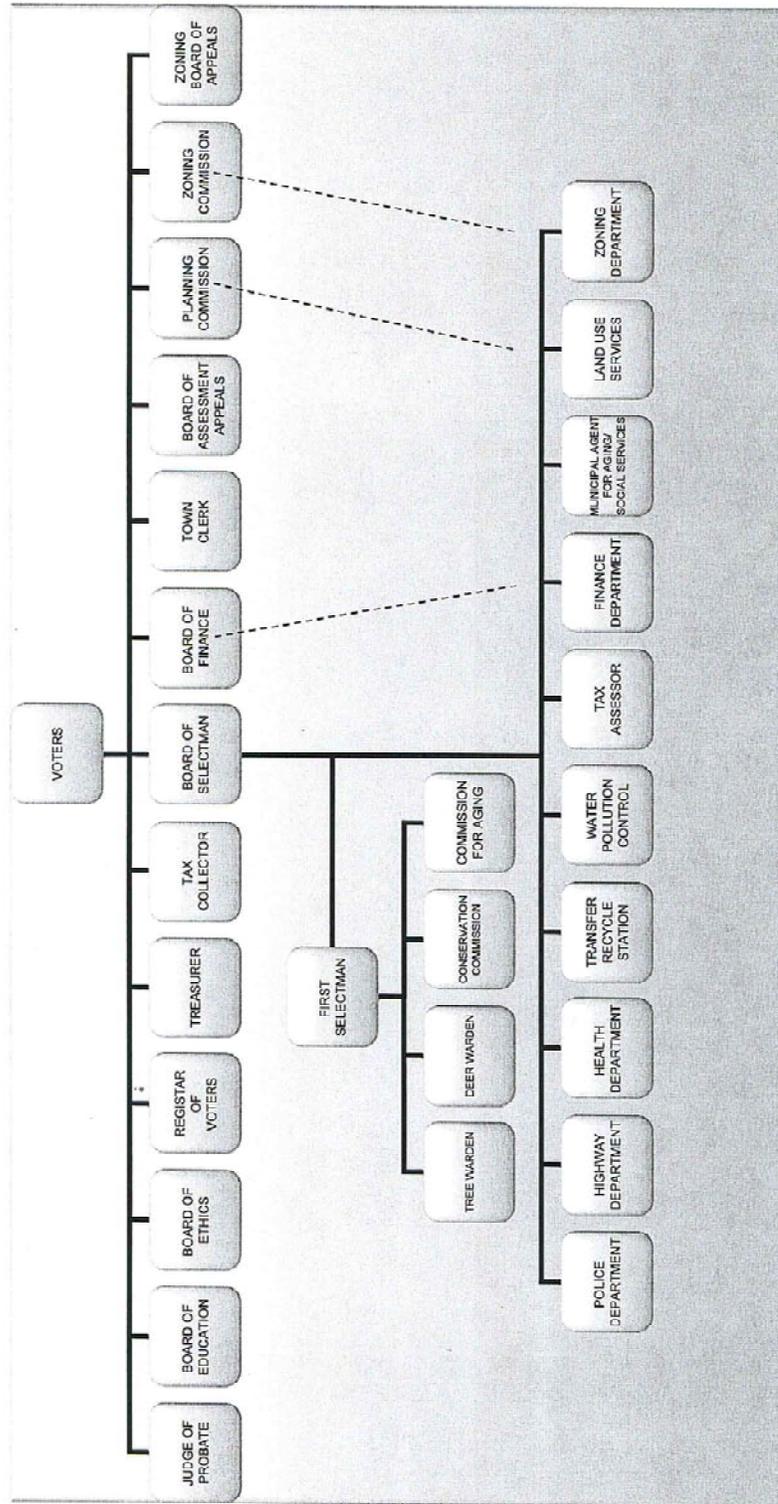
Edward Miller
Sara Sobel
Glen Eric Witt

Bernard A. Josefsberg – Superintendent of Schools

Peggy Sullivan – Business Manager

Independent Auditors
McGladrey LLP
New Haven, CT

TOWN OF REDDING, CONNECTICUT ORGANIZATIONAL CHART



Financial Section



Independent Auditor's Report

To the Board of Finance
Town of Redding, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut (the "Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Redding, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 15 to the financial statements, the beginning net position/fund balance of the Governmental Activities, the General Fund and Non-Major Governmental Funds have been restated for a correction of an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the Town of Redding, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Redding, Connecticut's internal control over financial reporting and compliance.



New Haven, Connecticut
December 23, 2014

Town of Redding, Connecticut

Management's Discussion and Analysis - unaudited For the Year Ended June 30, 2014

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, 2014.

Financial Highlights

- The assets of the Town's governmental activities exceeded its liabilities at the close of the most recent year by \$47,466,811 (net position). Of this amount, \$10,220,417 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position in the governmental activities increased by \$2,256,106 due to increased tax collections and lower expenses.
- Total General Fund fund balance at June 30, 2014 is \$ 7,160,082 which is \$ 675,662 or 10.4% higher than the prior year fund balance as restated. 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 \$ 5,629,794 and represents 11.9% of the current year budgeted expenditures. The Nonspendable Fund Balance totals \$1,230,000, and represents a receivable from sewer enterprise fund, which will be reclassified to Unassigned Fund Balance when the receivable is paid, and the Committed Fund Balance of \$ 208,822, for debt reduction, and the Assigned Fund Balance of \$91,466 for encumbrances.
- Actual expenditures came in .3% under budget due to responsible spending within Town departments.
- Additionally, actual revenues were 1.1% higher than budgeted primarily due to property tax collections and interest.
- Issued \$5,638,000 in authorized bond anticipation notes (BANS) for road repair and construction, bridge rehabilitation, and school building renovations.

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, liabilities and deferred inflows, 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. This information can be found on pages 39-46 of this report.

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. Assets exceeded liabilities by \$54,729,508 at the close of the most recent fiscal year.

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Current and Other Assets	\$ 15,758,586	\$ 16,871,516	\$ (1,203,123)	\$ (316,225)	\$ 14,555,463	\$ 16,555,291
Capital Assets	59,519,372	57,266,772	8,600,245	8,371,800	68,119,617	65,638,572
Total assets	75,277,958	74,138,288	7,397,122	8,055,575	82,675,080	82,193,863
Deferred outflows of resources	88,339	100,959	-	-	88,339	100,959
Long-Term Debt Outstanding	19,125,232	20,368,371	-	-	19,125,232	20,368,371
Other Liabilities	9,758,029	7,197,878	134,425	134,591	9,892,454	7,332,469
Total liabilities	28,883,261	27,566,249	134,425	134,591	29,017,686	27,700,840
Deferred inflows of resources	246,225	949,777	-	-	246,225	949,777
Net Position						
Net investment in capital assets	37,246,394	34,773,827	8,600,245	8,371,800	45,846,639	43,145,627
Unrestricted	10,220,417	10,949,394	(1,337,548)	(450,816)	8,882,869	10,498,578
Total net position	\$ 47,466,811	\$ 45,723,221	\$ 7,262,697	\$ 7,920,984	54,729,508	\$ 53,644,205

By far, the largest portion of the Town's net position (83.7%) 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.

Governmental Activities. Governmental activities increased the Town's net position by \$2,256,106, mainly to better expected revenues from property taxes and expenses being lower than anticipated.

Revenues. Governmental activities revenues totaled \$52,715,741 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 88% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 9% of governmental revenues.

Expenses. Governmental expenses totaled \$50,459,635 for the fiscal year. Of the expenses, \$37,271,718 or 74% is related to education. Public safety expenses amounted \$3,354,838 or 6%. General government expenses amounted to \$4,705,089 or 9% and highway and streets expenses were \$2,440,040 or 4%.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 1,436,019	\$ 1,545,461	\$ 358,717	\$ 407,068	\$ 1,794,736	\$ 1,952,529
Operating grants and contributions	4,136,754	3,496,101	-	-	4,136,754	3,496,101
Capital grants and contributions	790,408	1,522,374	-	-	790,408	1,522,374
General revenues						
Property taxes	46,215,357	45,609,619	-	-	46,215,357	45,609,619
Grants and contributions not restricted to specific purposes	43,246	414,294	-	-	43,246	414,294
Investment income	27,443	23,757	193	118	27,636	23,875
Miscellaneous	66,514	32,927	-	-	66,514	32,927
Total revenues	52,715,741	52,644,533	358,910	407,186	53,074,651	53,051,719
Program Expenses						
General government	4,705,089	4,055,095	-	-	4,705,089	4,055,095
Public safety	3,354,838	3,842,256	-	-	3,354,838	3,842,256
Highway and streets	2,440,040	3,225,294	-	-	2,440,040	3,225,294
Transfer station and recycling	413,983	633,954	-	-	413,983	633,954
Health and social services	163,226	169,588	-	-	163,226	169,588
Library	578,440	559,548	-	-	578,440	559,548
Parks and recreation	1,249,000	1,240,965	-	-	1,249,000	1,240,965
Education	37,271,718	36,781,143	-	-	37,271,718	36,781,143
Interest expense	283,301	658,446	-	-	283,301	658,446
Sewer department	-	-	1,017,197	736,410	1,017,197	736,410
Total program expenses	50,459,635	51,166,289	1,017,197	736,410	51,476,832	51,902,699
Changes in net position	2,256,106	1,478,244	(658,287)	(329,224)	1,597,819	1,149,020
Net Position, beginning as restated*	45,210,705	44,244,976	7,920,984	8,250,208	53,131,689	52,495,184
Net Position, ending	\$ 47,466,811	\$ 45,723,220	\$ 7,262,697	\$ 7,920,984	\$ 54,729,508	\$ 53,644,204

* See Note 15.

Business-Type Activities. Business-type activities decreased the Town's net position by \$658,287. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$1,017,197, which was a 38% increase from the prior year. This increase was due to failure of membranes at the sewer treatment plant and required outsourcing as a result of downtime for the membrane replacement. The plant purchased new membranes during the fiscal year as a result of this.

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 \$5,629,794:

Unassigned fund balance, July 1, 2013	\$ 6,549,618
Restatement (Note 15)	(456,259)
Actual revenue greater than budgeted	515,460
Actual expenditures less than budgeted	164,032
Change in encumbrances- assigned	89,053
Less advances to enterprise fund- nonspendable	(1,230,000)
Less prepaids- nonspendable	(42,748)
Other	<u>(2,110)</u>
Unassigned fund balance, June 30, 2014	<u><u>\$ 5,587,046</u></u>

General Fund actual expenditures came in .3% under budget due to responsible spending within Town departments. Additionally, actual revenues were 1.1% higher than budgeted primarily due to property tax collections and interest.

General Fund Budgetary Highlights

Actual revenue exceeded budget by approximately 1.1%. A reduction to state aid after the budget cycle was offset by favorable tax revenue, both in the current year and prior year collections, along with associated interest fees, despite an 18.6% reduction to the 2012 Grand List due to a town wide revaluation.

Actual expenditures were .3% favorable to budget primarily due to controlling departmental spending and the transfer of a year-end Board of education surplus. These factors helped mitigate the negative impact of severe winter weather and associated storm and snow removal costs.

Road reconstruction fund: The fund balance has decreased by approximately \$1,870,000 which is a result of expenditures related to the road improvement projects.

Capital Projects- Schools: The fund balance decreased by approximately \$357,000 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, 2014 amounts to \$68,119,617 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Construction in Progress	3,151,679	2,024,246	-	-	3,151,679	2,024,246
Buildings	14,839,160	15,192,029	-	-	14,839,160	15,192,029
Sewer Plant	-	-	7,990,489	8,073,699	7,990,489	8,073,699
Sewer Collection System	-	-	594,414	282,759	594,414	282,759
Machinery and Equipment	2,547,625	2,363,854	-	-	2,547,625	2,363,854
Infrastructure	17,211,324	15,981,516	-	-	17,211,324	15,981,516
Vehicles	2,392,182	2,422,500	-	-	2,392,182	2,422,500
Furniture and Fixtures	173,580	78,805	-	-	173,580	78,805
Total	<u><u>\$ 59,519,372</u></u>	<u><u>\$ 57,266,772</u></u>	<u><u>\$ 8,600,245</u></u>	<u><u>\$ 8,371,800</u></u>	<u><u>\$ 68,119,617</u></u>	<u><u>\$ 65,638,572</u></u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$15,354,021. The entire amount is backed by the full faith and credit of the Town.

**Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2014	2013
General obligation bonds - town improvements	\$ 10,818,462	\$ 11,725,426
General obligation bonds - school improvements	4,443,000	4,856,000
Clean Water Fund note	92,559	141,635
Total	\$ 15,354,021	\$ 16,723,061

The Town received an “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 \$330,662,263 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, 2014, which matures through 2026, amounted to \$15,665,000. The Town’s share of the debt was \$8,592,952.

Additional information on the Town’s long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year’s Budget and Rates

The unemployment rate for the Town was 5.4%, down from last year reported of 5.9%. The rate compares favorably with the state’s average rate of 7.8%.

The governor of the state has declared that there will be no reduction in state aid.

These factors, along with declining school enrollment forecasts and continued expense management were considered in the preparation of the budget for 2014-15, which resulted in a .15% reduction 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.

Basic Financial Statements

Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,569,816	\$ 26,877	\$ 11,596,693
Receivables, net (Note 4)	4,146,022	-	4,146,022
Other	42,748	-	42,748
Advance to other funds	1,230,000	(1,230,000)	-
Capital assets, not being depreciated	22,355,501	15,342	22,370,843
Capital assets being depreciated, net	37,163,871	8,584,903	45,748,774
Total assets	76,507,958	7,397,122	83,905,080
Deferred Outflows of Resources			
Deferred charge on refunding	88,339	-	88,339
Liabilities			
Accounts payable and accrued expenses	3,233,340	134,425	3,367,765
Due to other governments	1,433	-	1,433
Due to Regional School District No.9	799,323	-	799,323
Bond anticipation notes	5,638,000	-	5,638,000
Unearned revenue	85,933	-	85,933
Long-term liabilities:			
Noncurrent liabilities due within one year	2,139,198	-	2,139,198
Due in more than one year	16,986,034	-	16,986,034
Total liabilities	28,883,261	134,425	29,017,686
Deferred Inflows of Resources			
Advance property tax collections	246,225	-	246,225
Net Position			
Net Investment in Capital Assets	37,246,394	8,600,245	45,846,639
Unrestricted (Deficit)	10,220,417	(1,337,548)	8,882,869
Total Net Position	\$ 47,466,811	\$ 7,262,697	\$ 54,729,508

See Notes to Financial Statements.

**Statement of Activities
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 4,705,089	\$ 376,178	\$ 245,725	\$ -	\$ (4,083,186)	\$ -	(4,083,186)
Public Safety	3,354,838	44,227	8,160	-	(3,302,451)	-	(3,302,451)
Highway and street	2,440,040	246,619	258,328	790,408	(1,144,685)	-	(1,144,685)
Transfer station and recycling	413,983	168,716	-	-	(245,267)	-	(245,267)
Health and welfare	163,226	18,315	-	-	(144,911)	-	(144,911)
Library	578,440	-	-	-	(578,440)	-	(578,440)
Education	37,271,718	-	3,624,541	-	(33,647,177)	-	(33,647,177)
Park and recreation	1,249,000	581,964	-	-	(667,036)	-	(667,036)
Interest and fiscal charges	283,301	-	-	-	(283,301)	-	(283,301)
Total governmental activities	50,459,635	1,436,019	4,136,754	790,408	(44,096,454)	-	(44,096,454)
Business-Type Activities							
Georgetown sewer	1,017,197	358,717	-	-	-	(658,480)	717,434
Total	\$ 101,936,467	\$ 3,230,755	\$ 8,273,508	\$ 1,580,816			
General revenues:							
Property taxes					46,215,357	-	46,215,357
Grants and contributions not restricted to specific programs					43,246	-	43,246
Investment income					27,443	193	27,636
Miscellaneous					66,514	-	66,514
Total general revenues					46,352,560	193	46,352,753
Change in net position					2,256,106	(658,287)	1,597,819
Net position - beginning , as restated (Note 15)					45,210,705	7,920,984	53,131,689
Net position - ending					\$ 47,466,811	\$ 7,262,697	\$ 54,729,508

See Notes to Financial Statements.

**Balance Sheet - Governmental Funds
June 30, 2014**

	General	Road Reconstruction	Capital Projects- Schools	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 8,682,556	\$ 175,224	\$ 1,232,432	\$ 1,254,369	\$ 11,344,581
Receivables:					
Property taxes	3,229,764	-	-	-	3,229,764
Sewer assessments	-	-	-	5,506	5,506
Intergovernmental	6,481	-	-	-	6,481
Other	65,695	-	-	838,576	904,271
Due from other funds	816,247	-	107,170	479,810	1,403,227
Prepays	42,748	-	-	-	42,748
Advance to other funds	1,230,000	-	-	-	1,230,000
Total assets	\$ 14,073,491	\$ 175,224	\$ 1,339,602	\$ 2,578,261	\$ 18,166,578
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities					
Accounts payable	2,129,513	139,338	191,838	352,668	2,813,357
Due to other governments	1,433	-	-	-	1,433
Due to Regional School District No.9	799,323	-	-	-	799,323
Due to other funds	592,172	59,697	-	756,552	1,408,421
Bond anticipation notes payables	-	3,743,020	1,360,980	534,000	5,638,000
Unearned revenue	85,933	-	-	-	85,933
Total liabilities	3,608,374	3,942,055	1,552,818	1,643,220	10,746,467
Deferred Inflows of Resources					
Advance tax collections	246,225	-	-	-	246,225
Unavailable resources-other	3,058,810	-	-	775,506	3,834,316
	3,305,035	-	-	775,506	4,080,541
Fund Balances (Deficits)					
Nonspendable	1,272,748	-	-	-	1,272,748
Restricted	-	-	-	170,951	170,951
Committed	208,822	-	-	1,257,838	1,466,660
Assigned	91,466	-	-	-	91,466
Unassigned	5,587,046	(3,766,831)	(213,216)	(1,269,254)	337,745
Total fund balances (deficits)	7,160,082	(3,766,831)	(213,216)	159,535	3,339,570
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 14,073,491	\$ 175,224	\$ 1,339,602	\$ 2,578,261	\$ 18,166,578

See Notes to Financial Statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2014**

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)	\$ 3,339,570
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	73,051,192
Less accumulated depreciation	<u>(13,531,820)</u>
Net capital assets	<u>59,519,372</u>

Assets are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds:

Property tax and sewer assessment interest and lien accrual	990,606
Property tax and sewer assessment receivable - accrual basis change	2,073,710
Other	770,000

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 assets	11,427
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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	(15,354,021)
Deferred amounts on refunding	88,339
Compensated absences	(204,575)
Accrued interest payable	(200,981)
Capital leases	(1,468,215)
Net OPEB obligation	(2,066,921)
Landfill closure and post-closure care	<u>(31,500)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 47,466,811</u>
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See Notes to Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2014**

	General	Road Reconstruction Fund	Capital Projects- Schools	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 45,676,124	\$ -	\$ -	\$ -	\$ 45,676,124
Intergovernmental	3,801,388	-	-	386,185	4,187,573
Investment income	21,099	293	1,046	5,005	27,443
Charges for services	1,328,181	-	-	120,673	1,448,854
Other	33,339	-	-	33,175	66,514
Total revenues	50,860,131	293	1,046	545,038	51,406,508
Expenditures					
Current:					
General government	2,952,518	-	-	371,167	3,323,685
Public safety	2,325,517	-	-	97,231	2,422,748
Highway and street	1,494,389	-	-	2,731	1,497,120
Transfer station and recycling	293,302	-	-	-	293,302
Health and welfare	115,057	-	-	874	115,931
Library	433,000	-	-	-	433,000
Parks and recreation	900,669	-	-	19,474	920,143
Employee benefits	2,727,287	-	-	116,614	2,843,901
Education	36,823,250	-	-	-	36,823,250
Debt service	2,049,173	-	-	-	2,049,173
Capital outlay	-	1,871,157	358,313	1,212,032	3,441,502
Total expenditures	50,114,162	1,871,157	358,313	1,820,123	54,163,755
Revenues over (under) expenditures	745,969	(1,870,864)	(357,267)	(1,275,085)	(2,757,247)
Other Financing Sources (Uses)					
Capital leases proceeds	-	-	-	291,816	291,816
Bond Anticipation Note premium	34,549	-	-	-	34,549
Transfers in	-	-	-	104,856	104,856
Transfers out	(104,856)	-	-	-	(104,856)
Total other financing sources (uses)	(70,307)	-	-	396,672	326,365
Change in fund balances (deficits)	675,662	(1,870,864)	(357,267)	(878,413)	(2,430,882)
Fund Balances, beginning of year, as restated (Note 15)	6,484,420	(1,895,967)	144,051	1,037,948	5,770,452
Fund Balances, end of year	\$ 7,160,082	\$ (3,766,831)	\$ (213,216)	\$ 159,535	\$ 3,339,570

See Notes to Financial Statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

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) \$ (2,430,882)

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	3,463,692
Depreciation expense	(1,169,229)
Loss on disposal of assets	<u>(41,863)</u>
Total	<u>2,252,600</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

1,309,233

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	20,923
Deferred amounts on refunding	(12,620)
Bond principal repayments	1,400,000
Proceeds from capital leases	(291,816)
Capital lease payments	312,485
Notes payable	<u>49,076</u>
Total	<u>1,478,048</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 OPEB expense	(206,309)
Landfill post-closure care	3,500
Compensated absences	(44,720)
Accrued interest payable	43,717
Write-off of issuance costs	<u>(82,258)</u>
Total	<u>(286,070)</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.

(66,823)

Change in net position of governmental activities (Exhibit II)

\$ 2,256,106

See Notes to Financial Statements.

Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets		
Current Assets		
Cash and cash equivalents	\$ 26,877	\$ 225,235
Due from other funds	-	5,192
Total current assets	<u>26,877</u>	<u>230,427</u>
Noncurrent Assets		
Capital Assets, net:		
Land	15,342	-
Sewer plant	7,990,489	-
Sewer collection system	594,414	-
Total capital assets, net	<u>8,600,245</u>	<u>-</u>
Total assets	<u>8,627,122</u>	<u>230,427</u>
Liabilities		
Current Liabilities		
Accounts payable	134,425	-
Claims payable	-	219,000
Total current liabilities	<u>134,425</u>	<u>219,000</u>
Noncurrent Liabilities		
Advance from other funds	1,230,000	-
Total liabilities	<u>1,364,425</u>	<u>219,000</u>
Net Position		
Net Investment in Capital Assets	8,600,245	-
Unrestricted (Deficit)	(1,337,548)	11,427
Total net position	<u>\$ 7,262,697</u>	<u>\$ 11,427</u>

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2014**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Operating Revenues		
Charges for services	\$ 358,717	\$ 3,069,892
Total operating revenues	358,717	3,069,892
Operating Expenses		
Claims incurred	-	2,842,462
Administration	19,832	294,848
Contracted services	304,445	-
Outside services	7,848	-
Materials disposal	282,597	-
Materials and supplies	108,474	-
Utilities	130,446	-
Depreciation	163,555	-
Total operating expenses	1,017,197	3,137,310
Operating loss	(658,480)	(67,418)
Nonoperating Revenues		
Investment income	193	595
Change in net position	(658,287)	(66,823)
Net Position, beginning	7,920,984	78,250
Net Position, ending	\$ 7,262,697	\$ 11,427

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash Flows From Operating Activities		
Receipts from customers and others	\$ 361,693	\$ -
Payments to suppliers	(853,808)	-
Claim payments	-	(2,877,448)
Charges for services	-	3,136,305
Administrative payments	\$ -	(216,753)
Net cash (used in) provided by operating activities	(492,115)	42,104
Cash Flows From Noncapital Financing Activities		
Advances from other funds	815,000	-
Cash Flows From Financing Activities		
Purchase of property and equipment	(392,000)	-
Cash Flows From Investing Activities		
Income from investments	193	595
Net (decrease) increase in cash and cash equivalents	(68,922)	42,699
Cash and Cash Equivalents, beginning of year	95,799	182,536
Cash and cash equivalents, ending	\$ 26,877	\$ 225,235
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (658,480)	\$ (67,418)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	163,555	-
(Increase) decrease in:		
Accounts receivable	2,976	-
Due from other funds	-	66,413
Increase (decrease) in:		
Accounts and claims payable	(166)	43,109
Net cash (used in) provided by operating activities	\$ (492,115)	\$ 42,104

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Agency Funds
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 108,701
	<u>108,701</u>
Liabilities	
Due to Others	\$ 108,701
	<u>108,701</u>

See Notes to Financial Statements.

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. 65, Items Previously Reported as Assets and Liabilities, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were required to be reclassified to deferred outflows of resources. In addition, amounts previously classified as deferred revenue were reclassified as deferred inflows of resources.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.
- The *Road Reconstruction Fund* is used to account for the various road repair activities. The major source for this fund is from bond proceeds.
- The *Capital Projects- School Fund* is used to account for various school projects. The major 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 Governmental Accounting Standards Board (GASB) Statement No. 10 provided to other departments on a cost reimbursement basis.
- The Agency Fund accounts for monies held on behalf of students.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 three months or less from the date of acquisition.

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 similar to a 2a-7. 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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

<u>Assets</u>	<u>Years</u>
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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt 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.

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 advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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 several sources: property taxes, sewer assessments, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in 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 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:

Net Investments in Capital Assets: This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets and unspent bond proceeds reduces this category.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 using its highest level of decision-making authority (Town of Redding Town Meeting), in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken to remove or revise the limitation.

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. Under the Town’s adopted policy, the Finance Director has the authority to assign amounts for a specific purpose.

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.

Note 2. Stewardship, Compliance and Accountability

Deficit Fund Balance: The following funds had fund balance deficits at June 30, 2014:

Major Fund	
Road Reconstruction Fund	\$ 3,766,831
Nonmajor Governmental Funds	
Georgetown STEAP Intersection	704,863
School Bonded Projects	547,689
Police Funds	16,702
Capital Projects Schools	-

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability (Continued)

Capital Projects Authorization: The following is a summary of major Capital Projects at June 30, 2014:

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Commitment Balance June 30, 2014
Road Reconstruction Fund	\$ 3,500,000	\$ 1,871,157	\$ 3,436,726	\$ 63,274
Georgetown STEAP	1,227,953	8,610	1,142,020	85,933
Georgetown STEAP Intersection	3,641,000	435,825	3,042,640	598,360
Town Buildings	618,000	109,039	109,039	508,961
Stepney Rd Bridge	739,000	44,430	44,430	694,570

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.

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.

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 \$8,980,000 of the Town's bank balance of approximately \$10,869,00 was uninsured and uncollateralized at June 30, 2014.

Town of Redding, Connecticut

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

Cash Equivalents:

At June 30, 2014, the Town's cash equivalents amounted to \$3,553,839. 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
Cutwater Asset management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m

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:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Receivables				
Taxes	\$ 2,354,158	\$ -	\$ -	\$ 2,354,158
Interest on property taxes	990,606	-	-	990,606
Accounts	65,695	68,576	1,372,372	1,506,643
Sewer assessments	-	5,506	-	5,506
Intergovernmental	6,481	-	-	6,481
Gross receivables	<u>3,416,940</u>	<u>74,082</u>	<u>1,372,372</u>	<u>3,491,022</u>
Less Allowance for Uncollectibles	115,000	-	1,372,372	1,487,372
Net total receivables	<u>\$ 3,301,940</u>	<u>\$ 74,082</u>	<u>\$ -</u>	<u>\$ 3,376,022</u>

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/unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Property taxes collected in advance	\$ 246,225	\$ -
Grant drawdowns prior to meeting all eligibility requirements		85,933
Delinquent property taxes receivable and interest receivable	3,058,810	-
Special assessments not yet due	5,506	-
Grants	770,000	-
Total unavailable revenue/unearned revenue for governmental funds	<u>\$ 4,080,541</u>	<u>\$ 85,933</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 19,203,822	\$ -	\$ -	\$ 19,203,822
Construction in progress	2,024,246	1,127,433	-	3,151,679
Total capital assets, not being depreciated	21,228,068	1,127,433	-	22,355,501
Capital assets, being depreciated:				
Buildings	19,014,009	-	-	19,014,009
Machinery and equipment	2,813,564	294,806	-	3,108,370
Vehicles	3,425,736	223,049	(11,499)	3,637,286
Furniture and fixtures	172,334	250,659	(123,172)	299,821
Infrastructure	23,068,460	1,567,745	-	24,636,205
Total capital assets, being depreciated	48,494,103	2,336,259	(134,671)	50,695,691
Less accumulated depreciation for:				
Buildings	3,821,980	352,869	-	4,174,849
Machinery and equipment	449,710	121,385	(10,350)	560,745
Vehicles	1,003,236	324,326	(82,458)	1,245,104
Furniture and fixtures	93,529	32,712	-	126,241
Infrastructure	7,086,944	337,937	-	7,424,881
Total accumulated depreciation	12,455,399	1,169,229	(92,808)	13,531,820
Total capital assets, being depreciated, net	36,038,704	1,167,030	(41,863)	37,163,871
Governmental activities capital assets, net	\$ 57,266,772	2,294,463	(41,863)	\$ 59,519,372

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
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	714,541	392,000	-	1,106,541
Machinery and equipment	6,550	-	-	6,550
Total capital assets, being depreciated	9,966,610	392,000	-	10,358,610
Less accumulated depreciation for:				
Sewer plant	1,171,820	83,210	-	1,255,030
Sewer collection system	431,782	80,345	-	512,127
Machinery and equipment	6,550	-	-	6,550
Total accumulated depreciation	1,610,152	163,555	-	1,773,707
Total capital assets, being depreciated, net	8,356,458	228,445	-	8,584,903
Business-type activities capital assets, net	\$ 8,371,800	\$ 228,445	\$ -	\$ 8,600,245

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

Governmental Activities	
General government	\$ 391,081
Public safety	92,197
Highways and streets	479,991
Transfer station and recycling	17,826
Health and social services	3,702
Parks and recreation	4,780
Education	179,652
Total depreciation expense – governmental activities	\$ 1,169,229
Business-Type Activities	
Sewer	\$ 163,555

Town of Redding, Connecticut

Notes to Financial Statements

Note 7. Interfund Accounts

At June 30, 2014, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 816,249	\$ 592,172
Road Reconstruction	-	59,697
Capital Projects- Schools	107,170	-
Internal Service Fund	5,192	-
Nonmajor Governmental Fund	479,810	756,552
	<u>\$ 1,408,421</u>	<u>\$ 1,408,421</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	\$ 1,230,000	\$ -
Georgetown Sewer	-	1,230,000
	<u>\$ 1,230,000</u>	<u>\$ 1,230,000</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:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ -	\$ 104,856
Reserve for CNR Fund	104,856	-
Total	<u>\$ 104,856</u>	<u>\$ 104,856</u>

During the year, transfers are used to move general fund resources to provide annual subsidy to the transit fund.

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Bond Anticipation Notes and Subsequent Event

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 December 19, 2013, the Town issued \$5,638,000 in bond anticipation notes for school projects and bridge and road improvements. The notes matured on September 18, 2014 and carry an interest rate of 1.0%. Short-term obligation activity for the year ended June 30, 2014 is as follows:

Description	Balance, July 1, 2013	Additions	Deductions	Balance, June 30, 2014
Bond Anticipation Notes	\$ 4,281,000	\$ 5,638,000	\$ 4,281,000	\$ 5,638,000

The Town refinanced the \$5,638,000 of outstanding bond anticipation notes on September 18, 2014 with new notes in the amount of \$7,873,000, which mature on June 17, 2015.

Note 9. Long-Term Debt

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, 2013	Additions	Deductions	Balance Outstanding June 30, 2014	Current Portion
Bond Notes									
General Purpose:									
Improvement bond	\$ 8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 2,919,000	\$ -	\$ 417,000	\$ 2,502,000	\$ 417,000
Improvement bond	6,729,950	07/15/10	07/15/30	2.0-4.0	6,060,000	-	335,000	5,725,000	335,000
Refunding bond	2,680,000	19/12/12	08/01/20	2.0-3.0	2,680,000	-	235,000	2,445,000	360,000
Premium on refunding					167,385	-	20,923	146,462	-
Total general purpose					11,826,385	-	1,007,923	10,818,462	1,112,000
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	1,631,000	-	233,000	1,398,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	3,225,000	-	180,000	3,045,000	180,000
Total schools					4,856,000	-	413,000	4,443,000	413,000
Sewer:									
Clean water note	246,648	06/01/11	04/01/16	2	141,635	-	49,076	92,559	50,066
Total bond/notes					16,824,020	-	1,469,999	15,354,021	1,575,066
Compensated Absences					159,855	44,720	-	204,575	67,475
Capital Leases					1,488,884	291,816	312,485	1,468,215	493,157
Net OPEB obligation					1,860,612	206,309	-	2,066,921	-
Landfill Closure and Post-Closure Care					35,000	-	3,500	31,500	3,500
Total general long-term liabilities					\$ 20,368,371	\$ 542,845	\$ 1,785,984	19,125,232	\$ 2,139,198

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Debt (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	Clean Water Loan	Bonds	Clean Water Loans
2015	\$ 1,525,000	\$ 50,066	\$ 512,800	\$ 1,394
2016	1,525,000	42,493	455,906	390
2017	1,520,000	-	394,306	-
2018	1,515,000	-	334,281	-
2019	1,510,000	-	278,431	-
2020-2024	3,900,000	-	845,291	-
2025-2029	2,580,000	-	413,344	-
2030-2033	1,040,000	-	38,675	-
	<u>\$ 15,115,000</u>	<u>\$ 92,559</u>	<u>\$ 3,273,034</u>	<u>\$ 1,784</u>

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, 2014, which matures through 2026, amounted to \$15,665,000. The Town's share of the debt was \$8,596,952.

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, 2014, \$2,345,000 of the defeased debt is outstanding.

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 \$2,512,000 with accumulated depreciation as of June 30, 2014 of approximately \$377,000. 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, 2014:

Year Ending June 30,	Amount
2015	\$ 570,469
2016	458,940
2017	543,111
2018	36,034
	<u>1,608,554</u>
Less amount representing interest	<u>140,338</u>
Present value of future minimum lease payment	<u>\$ 1,468,216</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

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	\$ 106,284,299	\$ 11,748,851	\$ 94,535,448
Schools	212,568,597	13,044,538	199,524,059
Sewers	177,140,498	92,559	177,047,939
Urban renewal	153,521,765	-	153,521,765
Pension deficit	141,712,398	-	141,712,398

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$330,662,263.

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.

Authorized/Unissued Bonds: At June 30, 2014, the amount of authorized/unissued bonds is \$7,801. This amount was authorized on May 24, 2010 as part of a \$10,315,000 general obligation bond, which was issued on July 15, 2010.

Town of Redding, Connecticut

Notes to Financial Statements

Note 10. Fund Balance

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	General Fund	Road Reconstruction Fund	Capital Projects- Schools	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Advance to other funds	\$ 1,230,000	\$ -	\$ -	\$ -	\$ 1,230,000
Prepays	42,748	-	-	-	42,748
	<u>1,272,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,272,748</u>
Restricted for:					
Grants	-	-	-	170,951	170,951
Committed to:					
General government	208,822	-	-	102,658	311,480
Public safety	-	-	-	14,506	14,506
Highway and streets	-	-	-	17,862	17,862
Education	-	-	-	4	4
Health and social services	-	-	-	31,529	31,529
Parks and recreation	-	-	-	22,210	22,210
Capital projects	-	-	-	1,069,069	1,069,069
	<u>208,822</u>	<u>-</u>	<u>-</u>	<u>1,257,838</u>	<u>1,466,660</u>
Assigned to:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highway and streets	-	-	-	-	-
Education	91,466	-	-	-	91,466
Parks and recreation	-	-	-	-	-
Capital Projects	-	-	-	-	-
	<u>91,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,466</u>
Unassigned	<u>5,587,046</u>	<u>(3,766,831)</u>	<u>(213,216)</u>	<u>(1,269,254)</u>	<u>337,745</u>
Total fund balances	<u>\$ 7,160,082</u>	<u>\$ (3,766,831)</u>	<u>\$ (213,216)</u>	<u>\$ 159,535</u>	<u>\$ 3,339,570</u>

Encumbrances at June 30, 2014 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 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
2012-2013	\$ 257,590	\$ 2,606,625	\$ 2,688,324	\$ 175,891
2013-2014	175,891	2,963,666	2,842,462	297,095

Note 12. Employee Retirement Fund and Pension Plans

Municipal Employees' Retirement Fund

Plan Description: All permanent Town employees who work at least 20 hours a week, excluding teachers, participate in the Municipal Employees' Retirement Fund (MERF). MERF is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities.

Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy: Covered employees are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission.

The required and actual contribution for the years ended June 30, 2012, 2013 and 2014 were \$501,151, \$505,605 and \$563,066, respectively.

Teachers' Retirement: All teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Town withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$11,018,075 or 78% of the total Board of Education payroll of \$14,125,737.

Town of Redding, Connecticut

Notes to Financial Statements

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

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. The Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,206,516 as payments made by the State on-behalf of the Town's teachers. The Town does not have any liability for teacher pensions.

Note 13. Other Post-Employment Benefits Provided

Plan Description and Benefits Provided: In addition to the pension benefits described in Note 11, 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.
Plan of Coverage	Anthem – fully insured medical and self-funded dental plans.

Highway

Eligibility for Medical and Dental Coverage	Retirement on or after age 62 with 18 years of service.
Retiree/Spouse Cost of Medical and Dental Coverage	Retiree pays 40% of the cost of insurance for the retiree only until age 65. For ages 65 and above, the retiree pays 100% of the cost.
Plan of Coverage	Anthem – fully insured medical and self funded dental plans.

Town of Redding, Connecticut

Notes to Financial Statements

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

Board of Education: The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers' Retirement Plan (age 50 with 30 years, age 55 with 25 years, or age 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	100% of the contribution, depending on the plan selected, up to age 65.
Plan of Coverage	Self-insured medical and dental plans.

BOE Support Staff and Custodians

Eligibility for Medical and Dental Coverage	Retirement with 15 years of service
Retiree/Spouse Cost of Medical and Dental Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical and dental plans.

Membership: Membership in the plan consisted of the following at July 1, 2013:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	\$ 11
Number of active participants	<u>241</u>
Total	<u>\$ 252</u>

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, 2012
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum
Medical inflation	9.0%, decreasing .5% per year

Town of Redding, Connecticut

Notes to Financial Statements

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

	Retiree Medical Program
Annual required contribution	\$ 243,714
Interest on net OPEB obligation	83,728
Adjustment to annual required contribution	<u>(109,319)</u>
Annual pension cost	218,123
Contributions made	<u>11,814</u>
Increase in net OPEB obligation	206,309
Net OPEB obligation, July 1, 2013	<u>1,860,612</u>
Net OPEB obligation, June 30, 2014	<u><u>\$ 2,066,921</u></u>

Schedule of Employer Contributions

	Annual Required Contributions (ARC)	Actual Contribution	Percentage Contributed
6/30/12	\$ 350,209	\$ (5,729)	(2.0)%
6/30/13	357,269	21,284	6.0
6/30/14	243,714	11,814	5.0

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, 2014 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/12	\$ 333,614	\$ (5,729)	(2.0)%	\$ 1,545,890
6/30/13	336,006	21,284	6.0	1,860,612
6/30/14	218,123	11,814	5.0	2,066,921

Town of Redding, Connecticut

Notes to Financial Statements

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

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)
7/1/2012	\$ -	\$ 1,998,171	\$ 1,998,171	0%	\$ 17,089,078	11.7%

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.

Note 15. Prior Year Restatement

The Town's fund balance was restated to properly report cash, prepaid items, and due to/from amounts from the prior year. The restatement was the result of correcting an error in cash reconciliations, amounts outstanding (receivables) on the books for a long period of time and write-off of due to/from amounts that could not be repaid. The restatement is detailed as follows:

	Net Position Governmental Activities	Fund Balance General Fund	Fund Balance Debt Service Fund	Fund Balance Water Wells and Oil Tanks
As previously reported:				
Fund Balance, June 30, 2013	\$ 45,723,221	\$ 6,940,679	\$ 10,030	\$ 46,227
Cash reconciliation error	(252,005)	(252,005)	-	-
Write-off of prepaids	(111,630)	(111,630)	-	-
Write-off of uncollectible receivables	(148,981)	(148,981)	-	-
Write off of uncollectible Due to/Froms	100	56,357	(10,030)	(46,227)
As restated:				
Fund Balance, June 30, 2013	\$ 45,210,705	\$ 6,484,420	\$ -	\$ -

Town of Redding, Connecticut

Notes to Financial Statements

Note 16. 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 68, for which there will be an effect due to the net pension liability:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective on July 1, 2014. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, will be effective for the fiscal year beginning on July 1, 2014. This statement provides guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date, an amendment of GASB Statement No. 68. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The provisions of this Statement are effective for reporting periods beginning after June 15, 2014.

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Required Supplementary Information

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, 2014

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Property taxes, current and prior	\$ 44,833,981	\$ 44,661,113	\$ 45,440,943	\$ 779,830
Interest and lien fees	153,400	153,400	235,280	81,880
Total Taxes, Liens and Interest	44,987,381	44,814,513	45,676,223	861,710
Intergovernmental				
Educational Assistance Grants:				
ECS grant	682,175	682,175	508,030	(174,145)
Adult education	459	459	443	(16)
Regional School District No. 9	171,933	171,933	175,343	3,410
Total Educational Assistance	854,567	854,567	683,816	(170,751)
Town Assistance Grants				
In lieu of taxes - State property	-	172,868	172,868	-
Tax relief circuit breaker	21,740	21,740	23,510	1,770
Disability exemption	247	247	280	33
Veterans' exemption	1,039	1,039	1,273	234
Municipal video competition	28,629	28,629	10,216	(18,413)
At&T Tower	30,800	30,800	33,339	2,539
Proceeds	-	-	12,286	12,286
Telephone access line grant	12,605	12,605	24,743	12,138
Mashantucket Pequot Grant	9,678	9,678	9,433	(245)
Unclassified revenue	150,000	150,000	33,813	(116,187)
Total Town Assistance Grants	254,738	427,606	321,761	(105,845)
Total Intergovernmental	1,109,305	1,282,173	1,005,577	(276,596)
Other				
Ban Premium	-	-	34,549	34,549
Investment Income	27,000	27,000	21,099	(5,901)
Total Other	27,000	27,000	55,648	28,648
Charges for Services				
Town Clerk	275,371	275,371	239,375	(35,996)
Assessor	1,200	1,200	795	(405)
Conservation	5,000	5,000	3,822	(1,178)
Heritage Center	12,000	12,000	9,797	(2,203)
Planning Commission	1,200	1,200	-	(1,200)
Zoning Commission	37,508	37,508	49,119	11,611
Zoning Board of Appeals	700	700	800	100
Building inspection	175,821	175,821	246,619	70,798
Transfer station	176,000	176,000	166,602	(9,398)
Sanitarian	10,000	10,000	12,270	2,270
Parks and recreation	694,500	694,500	567,668	(126,832)
Fiber optics	17,193	17,193	10,523	(6,670)
Rental of Town property	7,605	7,605	7,606	1
Land use ordinance	-	-	800	800
Total Charges for Services	1,414,098	1,414,098	1,315,796	(98,302)

(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, 2014

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Total Revenues	<u>\$ 47,537,784</u>	<u>\$ 47,537,784</u>	48,053,244	<u>\$ 515,460</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			2,607,000	
Special education excess cost grant is recorded gross for GAAP			<u>234,436</u>	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			<u>\$ 50,894,680</u>	

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, 2014

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General Government					
Town meetings	\$ 1,500	\$ -	\$ 1,500	\$ 888	\$ 612
Board of selectmen	160,486	3,882	164,368	169,726	(5,358)
Probate court	3,000	-	3,000	1,968	1,032
Registrar's office	38,105	452	38,557	38,557	-
Controller's office	243,067	4,931	247,998	245,213	2,785
Independent audit	42,750	-	42,750	42,750	-
Assessor's office	154,923	3,164	158,087	154,891	3,196
Assessor's other	1,500	16,000	17,500	16,778	722
Board of assessment appeals	800	-	800	522	278
Tax collector	148,918	3,578	152,496	152,572	(76)
Town treasurer	23,138	320	23,458	23,006	452
Computer capability	50,000	-	50,000	37,362	12,638
Management services	28,453	-	28,453	15,637	12,816
Special legal	200,000	55,779	255,779	279,723	(23,944)
Town clerk	140,603	4,614	145,217	138,374	6,843
Annual town report	6,000	-	6,000	4,860	1,140
Board of ethics	425	-	425	-	425
Conservation	44,666	4,633	49,299	41,336	7,963
Heritage Center	160,027	3,055	163,082	153,785	9,297
Heritage Center senior bus	37,562	735	38,297	26,780	11,517
Town planning commission	27,800	8,280	36,080	31,535	4,545
HVCEO	11,092	-	11,092	11,092	-
Zoning commission	73,770	(2,196)	71,574	69,034	2,540
Zoning board of appeals	1,700	-	1,700	1,059	641
Council of small towns	825	-	825	825	-
Land use services	100,302	13,863	114,165	100,572	13,593
Office of tree warden	1,500	-	1,500	263	1,237
Town office building	54,500	778	55,278	46,175	9,103
Old town house	5,000	-	5,000	3,683	1,317
Town office building annex	3,000	-	3,000	3,401	(401)
Community center	197,586	5,471	203,057	202,108	949
Police headquarters/communications center	15,000	482	15,482	22,830	(7,348)
Administrative services	766,200	-	766,200	770,586	(4,386)
Memorial Day observance	350	-	350	100	250
Cemeteries	8,000	-	8,000	7,920	80
Insurance	127,500	-	127,500	126,470	1,030
Agencies serving residents	5,000	-	5,000	5,348	(348)
Provision of contingencies	150,000	(138,917)	11,083	-	11,083
Total general government	3,035,048	(11,096)	3,023,952	2,947,729	76,223

(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, 2014

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Public Safety					
Police Department - salaries and related expenses	\$ 1,391,081	\$ 38,258	\$ 1,429,339	\$ 1,419,271	\$ 10,068
Police Department - contractual services and expenses	155,350	1,295	156,645	145,585	11,060
Police Department - maintenance of vehicles	29,500	-	29,500	36,878	(7,378)
Volunteer fire companies	110,000	-	110,000	127,114	(17,114)
Building inspections	188,499	4,376	192,875	192,178	697
Communications Center	317,481	3,435	320,916	344,327	(23,411)
Dog licenses	58,452	1,711	60,163	60,163	-
Total public safety	2,250,363	49,075	2,299,438	2,325,516	26,078
Highway and Streets					
Wages-regular, overtime and seasonal	855,938	44,777	900,715	822,102	78,613
General maintenance and repair	269,500	5,050	274,550	255,301	19,249
Snow removal and ice control	173,000	-	173,000	325,919	(152,919)
Equipment maintenance and repair	88,500	-	88,500	52,403	36,097
Town garage buildings	12,000	-	12,000	28,533	(16,533)
Total highway and streets	1,398,938	49,827	1,448,765	1,484,258	35,493
Transfer Station and Recycling					
Salaries	175,830	4,952	180,782	180,128	654
General maintenance	146,000	-	146,000	108,252	37,748
Equipment maintenance	7,000	-	7,000	4,922	2,078
Total transfers station and recycling	328,830	4,952	333,782	293,302	(40,480)
Health and Social Services					
Sanitarian inspection	90,202	4,508	94,710	93,688	1,022
Social services	21,009	-	21,009	21,312	(303)
Total health and social services	111,211	4,508	115,719	115,000	(719)
Mark Twain Library					
Operations	433,000	-	433,000	433,000	-
Parks and Recreation					
Field maintenance	90,483	2,985	93,468	66,443	27,025
Administration	199,781	4,021	203,802	203,616	186
Summer camp	203,400	-	203,400	201,324	2,076
Recreation programs	168,700	2,985	171,685	160,158	11,527
Topstone park	106,668	-	106,668	100,036	6,632
Tennis courts	14,000	-	14,000	10,165	3,835
Extended day service	185,363	1,752	187,115	158,828	28,287
Total parks and recreation	968,395	11,743	980,138	900,570	(79,568)

(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, 2014

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Employee Benefits	\$ 2,779,370	\$ -	\$ 2,779,370	\$ 2,727,287	\$ 52,083
Capital Outlay					
Selectmen's general maintenance	7,000	2,980	9,980	4,844	5,136
Debt Service					
Debt retirement	1,449,076	-	1,449,076	1,449,076	-
Interest payments	601,703	-	601,703	600,097	1,606
Total debt service	2,050,779	-	2,050,779	2,049,173	1,606
Education					
Redding Board of Education:					
General instruction	10,845,289	(80,567)	10,764,722	10,550,417	214,305
Kindergarten	14,175	-	14,175	13,733	442
Humanities	79,706	(21,010)	58,696	48,937	9,759
Integrated language arts	36,189	(3,553)	32,636	28,122	4,514
Curriculum	113,241	-	113,241	56,057	57,184
Industrial technology	14,215	-	14,215	14,022	193
Science/math technology	38,990	(1,869)	37,121	31,586	5,535
Physical education/health	13,844	-	13,844	12,413	1,431
Student activity co-curricular	90,567	175	90,742	80,223	10,519
Special services	30,240	-	30,240	28,453	1,787
Special education	4,339,726	25,000	4,364,726	4,743,530	(378,804)
Guidance	2,701	156	2,857	2,772	85
Health services	214,753	255	215,008	200,583	14,425
Psychological services	17,950	300	18,250	14,999	3,251
Speech services	10,400	(300)	10,100	1,484	8,616
Educational media services	68,380	(40)	68,340	51,333	17,007
Technology plan	432,005	30,615	462,620	458,517	4,103
Board of Education	110,650	-	110,650	127,064	(16,414)
Central administration	547,164	-	547,164	547,164	-
Magnet school	80,523	-	80,523	60,994	19,529
School administration	1,329,168	1,900	1,331,068	1,327,148	3,920
Operation/maintenance physical plant	2,309,542	48,603	2,358,145	2,234,365	123,780
Student transportation	1,001,633	-	1,001,633	1,019,432	(17,799)
Food service	4,500	335	4,836	4,024	812
Total Redding Board of Education	21,745,551	-	21,745,552	21,657,372	88,180
Regional School District No. 9	12,324,443	-	12,324,443	12,324,443	-
Total Education	34,069,994	-	34,069,995	33,981,815	88,180
Total expenditures	47,432,928	111,989	47,544,918	47,262,494	164,032

(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, 2014

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Other Financing Uses					
Transfers Out:					
Reserve Fund for CNRE	\$ 104,856	\$ -	\$ 104,856	\$ 104,856	\$ -
Total expenditures and other financing uses	<u>\$ 47,537,784</u>	<u>\$ 111,989</u>	<u>\$ 47,649,774</u>	47,367,350	<u>\$ 164,032</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				2,607,000	
Special education excess cost grant is recorded gross for GAAP				234,436	
Prior year encumbrances are reported in current year for financial reporting purposes				101,698	
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 received for financial reporting purposes.				(91,466)	
Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV				<u>\$ 50,219,018</u>	

Required Supplementary Information
Note to the Required Supplementary Information- unaudited
June 30, 2014

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 was \$111,989 in 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
 Schedule of Funding Progress and Schedule of Employee Contributions - OPEB Plan
 June 30, 2014**

Schedule of Funding Progress - OPEB

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%

* 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	257,269	6%	21,284
2014	241,714	5%	11,814

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

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.

Balance Sheet
General Fund
June 30, 2014

	2014
Assets	
Cash and Cash Equivalents	\$ 8,682,556
Uncollected Property Taxes, net of allowance for uncollectible amounts	3,229,764
Due from State and Federal Governments	6,481
Accounts Receivable	65,695
Due from Other Funds	816,247
Other	42,748
Advances to other funds	1,230,000
Total assets	\$ 14,073,491
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities	
Accounts and other payables	2,129,513
Due to other governments	1,433
Due to Regional School District No. 9	799,323
Due to other funds	592,172
Unearned revenue	85,933
Total liabilities	3,608,374
Deferred Inflows of Resources	
Unavailable revenue	3,305,035
Fund Balances	
Nonspendable	1,272,748
Committed	208,822
Assigned	91,466
Unassigned	5,587,046
Total fund balance	7,160,082
Total liabilities, deferred inflows of resources and fund balance	\$ 14,073,491

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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
Parking Permits/Lot Fund	Parking Permits	Maintain RR
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
Senior Center Escrow	Private Donations	Senior Center Programs
FEMA Grant	Federal Grants	Storm reimbursement
Adopt-A-Road	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
Gazebo	Private Donations	Maintain Gazebo
Miscellaneous Grants	State grants	All other projects
Brownfield Municipal Grant	State grant	Soil Remediation

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
Capital Projects- Schools	BANS/Bonds	School Improvements
Georgetown STEAP	State grant	Streetscape Improvement
Athletic Fields	State Grant	Artificial turf
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, 2014

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Assets				
Cash	\$ 468,875	\$ 26,628	\$ 14,450	\$ 44,265
Sewer Assessments	-	-	-	-
Accounts Receivable	-	-	56	-
Due from Other Funds	-	-	-	-
Total assets	\$ 468,875	\$ 26,628	\$ 14,506	\$ 44,265
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 336,334	\$ 5,330	\$ -	\$ 5,855
Due to other funds	-	38,000	-	-
Bond anticipation notes	-	-	-	-
Total liabilities	336,334	43,330	-	5,855
Deferred Inflows of resources:				
Unavailable revenue	-	-	-	-
Fund Balances:				
Restricted	132,541	-	-	38,410
Committed	-	-	14,506	-
Unassigned	-	(16,702)	-	-
Total fund balances (deficits)	132,541	(16,702)	14,506	38,410
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 468,875	\$ 26,628	\$ 14,506	\$ 44,265

Special Revenue Funds								
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Senior Center Escrow	FEMA Grant	Adopt-A- Road	
\$ 25,230	\$ 19,620	\$ 23,676	\$ 5,592	\$ 11,449	\$ 2,339	\$ -	\$ 16,657	
-	-	5,506	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
<u>\$ 25,230</u>	<u>\$ 19,620</u>	<u>\$ 29,182</u>	<u>\$ 5,592</u>	<u>\$ 11,449</u>	<u>\$ 2,339</u>	<u>\$ -</u>	<u>\$ 16,657</u>	
\$ 416	\$ 1,758	\$ -	\$ 2,800	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
<u>416</u>	<u>1,758</u>	<u>-</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	-	5,506	-	-	-	-	-	
-	-	-	-	-	-	-	-	
24,814	17,862	23,676	2,792	11,449	2,339	-	16,657	
-	-	-	-	-	-	-	-	
<u>24,814</u>	<u>17,862</u>	<u>23,676</u>	<u>2,792</u>	<u>11,449</u>	<u>2,339</u>	<u>-</u>	<u>16,657</u>	
<u>\$ 25,230</u>	<u>\$ 19,620</u>	<u>\$ 29,182</u>	<u>\$ 5,592</u>	<u>\$ 11,449</u>	<u>\$ 2,339</u>	<u>\$ -</u>	<u>\$ 16,657</u>	

(Continued)

Town of Redding, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds					
	Parade Path	Social Services	GIS	Gazebo	Miscellaneous Grants	Total
Assets						
Cash	\$ 8,144	\$ 12,533	\$ 49,926	\$ 784	\$ 3,458	\$ 733,626
Sewer Assessments	-	-	-	-	-	5,506
Accounts Receivable	-	-	-	-	-	56
Due from Other Funds	-	-	-	-	-	-
Total assets	\$ 8,144	\$ 12,533	\$ 49,926	\$ 784	\$ 3,458	\$ 739,188
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable	\$ 175	\$ -	\$ -	\$ -	\$ -	\$ 352,668
Due to other funds	-	-	-	-	-	38,000
Bond anticipation notes	-	-	-	-	-	-
Total liabilities	175	-	-	-	-	390,668
Deferred Inflows:						
Unavailable revenue	-	-	-	-	-	5,506
Fund Balances:						
Restricted	-	-	-	-	-	170,951
Committed	7,969	12,533	49,926	784	3,458	188,765
Unassigned	-	-	-	-	-	(16,702)
Total fund balances (deficits)	7,969	12,533	49,926	784	3,458	343,014
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 8,144	\$ 12,533	\$ 49,926	\$ 784	\$ 3,458	\$ 739,188

Capital Projects Funds							Total
Georgetown STEAP	Athletic Fields	STEAP Georgetown Intersection	School Bonded Projects	Reserve Fund for CNRE	Total	Total Nonmajor Governmental Funds	
\$ -	\$ 4	\$ -	\$ -	\$ 520,739	\$ 520,743	\$ 1,254,369	
-	-	-	-	-	-	5,506	
-	-	770,000	-	68,520	838,520	838,576	
-	-	-	-	479,810	479,810	479,810	
<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 770,000</u>	<u>\$ -</u>	<u>\$ 1,069,069</u>	<u>\$ 1,839,073</u>	<u>\$ 2,578,261</u>	
\$ -	\$ -	\$ -	\$ -	-	-	352,668	
-	-	704,863	13,689	-	718,552	756,552	
-	-	-	534,000	-	534,000	534,000	
-	-	704,863	547,689	-	1,252,552	1,643,220	
-	-	770,000	-	-	770,000	775,506	
-	-	-	-	-	-	170,951	
-	4	-	-	1,069,069	1,069,073	1,257,838	
-	-	(704,863)	(547,689)	-	(1,252,552)	(1,269,254)	
-	4	(704,863)	(547,689)	1,069,069	(183,479)	159,535	
<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 770,000</u>	<u>\$ -</u>	<u>\$ 1,069,069</u>	<u>\$ 1,839,073</u>	<u>\$ 2,578,261</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, 2014

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Revenues				
Intergovernmental	\$ 268,518	\$ 8,160	\$ -	\$ 99,289
Investment income	-	50	-	-
Charges for services	-	32,250	11,977	-
Miscellaneous	-	-	-	-
Total revenues	268,518	40,460	11,977	99,289
Expenditures				
Current:				
General government	336,335	-	-	-
Public safety	-	87,334	9,897	-
Highways and streets	-	-	-	-
Health and social services	-	-	-	-
Education	-	-	-	68,250
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	336,335	87,334	9,897	68,250
Revenues over (under) expenditures	(67,817)	(46,874)	2,080	31,039
Other Financing sources				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Fund Balances (Deficits), beginning of year, as restated	200,358	30,172	12,426	7,371
Fund Balances (Deficits), end of year	\$ 132,541	\$ (16,702)	\$ 14,506	\$ 38,410

Special Revenue Funds								
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Senior Center Escrow	FEMA Grant	Adopt-A- Road	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46	207	33	3,470	-	-	-	-	-
12,725	2,114	-	(385)	14,681	2,339	-	-	-
-	-	-	-	-	-	7,673	7,577	-
12,771	2,321	33	3,085	14,681	2,339	7,673	7,577	-
22,201	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2,731	-	-	-	-	-	-	-
-	-	-	-	-	-	-	874	-
-	-	-	-	-	-	-	-	-
-	-	-	6,350	3,232	-	-	-	-
-	-	-	-	-	-	-	-	-
22,201	2,731	-	6,350	3,232	-	-	874	-
(9,430)	(410)	33	(3,265)	11,449	2,339	7,673	6,703	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
34,244	18,272	23,643	6,057	-	-	(7,673)	9,954	-
\$ 24,814	\$ 17,862	\$ 23,676	\$ 2,792	\$ 11,449	\$ 2,339	\$ -	\$ 16,657	-

(Continued)

Town of Redding, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds					
	Parade Path	Social Services	GIS	Gazebo	Miscellaneous Grants	Total
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,967
Investment income	13	-	-	-	-	3,819
Charges for services	10,469	3,706	30,247	-	550	120,673
Miscellaneous	-	-	-	-	-	15,250
Total revenues	10,482	3,706	30,247	-	550	515,709
Expenditures						
Current:						
General government	-	7,695	5,252	-	(316)	371,167
Public safety	-	-	-	-	-	97,231
Highways and streets	-	-	-	-	-	2,731
Health and social services	-	-	-	-	-	874
Education	-	-	-	-	-	68,250
Parks and recreation	9,892	-	-	-	-	19,474
Capital outlay	-	-	-	-	-	-
Total expenditures	9,892	7,695	5,252	-	(316)	559,727
Revenues over (under) expenditures	590	(3,989)	24,995	-	866	(44,018)
Other Financing sources						
Proceeds from capital leases	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Fund Balances (Deficits), beginning of year, as restated	7,379	16,522	24,931	784	2,592	387,032
Fund Balances (Deficits), end of year	\$ 7,969	\$ 12,533	\$ 49,926	\$ 784	\$ 3,458	\$ 343,014

Capital Projects Funds						Total Nonmajor Governmental Funds
Georgetown STEAP	Athletic Fields	STEAP Georgetown Intersection	School Bonded Projects	Reserve Fund for CNRE	Total	
\$ 20,408	\$ -	\$ -	\$ -	\$ (10,190)	\$ 10,218	\$ 386,185
-	-	-	-	1,186	1,186	5,005
-	-	-	-	-	-	120,673
-	-	-	17,925	-	17,925	33,175
20,408	-	-	17,925	(9,004)	29,329	545,038
-	-	-	-	-	-	371,167
-	-	-	-	-	-	97,231
-	-	-	-	-	-	2,731
-	-	-	-	-	-	874
-	-	-	-	48,364	48,364	116,614
-	-	-	-	-	-	19,474
-	-	435,824	484,392	291,816	1,212,032	1,212,032
-	-	435,824	484,392	340,180	1,260,396	1,820,123
20,408	-	(435,824)	(466,467)	(349,184)	(1,231,067)	(1,275,085)
-	-	-	-	291,816	291,816	291,816
-	-	-	-	104,856	104,856	104,856
-	-	-	-	396,672	396,672	396,672
(20,408)	4	(269,039)	(81,222)	1,021,581	650,916	1,037,948
\$ -	\$ 4	\$ (704,863)	\$ (547,689)	\$ 1,069,069	\$ (183,479)	\$ 159,535

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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.

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets				
Redding Elementary School	\$ 23,973	\$ 16,978	\$ 13,603	\$ 27,348
John Read Middle School	81,337	147,358	147,342	81,353
Total assets	\$ 105,310	\$ 164,336	\$ 160,945	\$ 108,701
Liabilities				
Redding Elementary School	\$ 23,973	\$ 16,978	\$ 13,603	27,348
John Read Middle School	81,337	147,358	147,342	81,353
Total liabilities	\$ 105,310	\$ 164,336	\$ 160,945	\$ 108,701

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Other Schedules

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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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 37,246,394	\$ 34,773,827	\$ 35,631,967	\$ 32,091,707	\$ 32,800,707	\$ 31,194,831	\$ 31,767,568	\$ 33,274,547	\$ 19,676,685	\$ 21,835,452
Restricted	-	-	2,100	2,100	2,100	2,100	2,100	2,100	3,251	55,179
Unrestricted	10,220,417	10,949,394	8,610,909	10,650,817	4,843,714	4,825,262	3,337,320	2,548,571	6,885,957	5,934,728
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	47,466,811	45,723,221	44,244,976	42,744,624	37,646,521	36,022,193	35,106,988	35,825,218	26,565,893	27,825,359
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	8,600,245	8,371,800	8,571,683	8,744,029	2,263,303	2,369,777	2,476,251	2,582,725	2,689,199	2,795,673
Unrestricted	(1,337,548)	(450,816)	(321,475)	(146,611)	8,461	126,071	181,366	96,343	64,890	33,326
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	7,262,697	7,920,984	8,250,208	8,597,418	2,271,764	2,495,848	2,657,617	2,679,068	2,754,089	2,828,999
TOTAL TOWN										
Net investment in capital assets	45,846,639	43,145,627	44,203,650	40,835,736	35,064,010	33,564,608	34,243,819	35,857,272	22,365,884	24,631,125
Restricted	-	-	2,100	2,100	2,100	2,100	2,100	2,100	3,251	55,179
Unrestricted	8,882,869	10,498,578	8,289,434	10,504,206	4,852,175	4,951,333	3,518,686	2,644,914	6,950,847	5,968,054
TOTAL TOWN NET POSITION	\$ 54,729,508	\$ 53,644,205	\$ 52,495,184	\$ 51,342,042	\$ 39,918,285	\$ 38,518,041	\$ 37,764,605	\$ 38,504,286	\$ 29,319,982	\$ 30,654,358

SOURCE: Page 5 Net Position

TABLE 2

TOWN OF REDDING, CONNECTICUT
 CHANGES IN NET POSITION
 LAST 10 YEARS
 (Unaudited)

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES:										
Governmental Activities:										
PROGRAM REVENUES:										
Charges for Services	\$ 1,436,019	\$ 1,545,461	\$ 1,575,552	\$ 1,741,838	\$ 1,615,613	\$ 1,805,534	\$ 1,752,856	\$ 1,602,278	\$ 2,090,186	\$ 1,775,818
Operating Grants and Contributions	4,136,754	3,496,101	3,962,260	3,069,533	3,003,654	3,839,318	7,758,433	2,894,041	1,962,498	1,508,003
Capital Grants and Contributions	790,408	1,522,374	433,162	2,375,220	75,746	80,203	95,682	19,091	388,801	77,080
GENERAL REVENUES:										
Property Taxes	46,215,357	45,609,619	44,457,954	44,118,692	42,120,967	40,507,798	35,736,243	33,687,097	33,138,146	31,417,043
Grants and contributions not restricted to specific purposes	43,246	414,294	411,826	283,135	286,709	252,104	346,682	270,721	194,823	182,796
Investment Income	27,443	23,757	73,560	89,793	153,349	187,656	371,688	547,942	603,103	227,376
Gain on sale of capital assets	-	-	-	420,111	-	-	343,231	-	-	-
Miscellaneous	66,514	32,927	-	-	361,632	-	-	-	-	-
TOTAL REVENUES	52,715,741	52,644,533	50,914,314	52,098,322	47,617,670	46,672,613	46,404,815	39,021,170	38,377,557	35,188,116
PROGRAM EXPENSES:										
General Government	4,705,089	4,055,095	3,235,479	3,387,764	3,355,338	3,136,079	3,003,150	4,912,092	2,773,393	2,413,890
Public Safety	3,354,838	3,842,256	3,400,036	3,083,444	3,294,031	3,393,531	2,397,305	1,827,254	2,364,044	2,032,218
Highway and Streets	2,440,040	3,225,294	2,776,797	3,024,161	3,075,738	2,886,756	2,519,697	4,708,751	5,180,336	1,944,364
Transfer Station and recycling	413,983	633,954	426,824	420,676	399,680	397,409	405,945	314,508	358,460	374,637
Health and social services	163,226	169,588	134,397	147,437	132,919	152,151	149,935	117,985	296,790	133,738
Library	578,440	559,548	520,739	513,022	471,883	451,458	426,826	306,065	271,259	254,132
Parks and recreation	1,249,000	1,240,965	1,229,759	1,262,007	1,279,394	1,098,551	1,037,852	824,191	1,301,057	907,467
Education	37,271,718	36,781,143	35,846,468	34,452,536	33,235,635	33,500,937	36,280,994	29,573,333	27,087,906	25,432,395
Interest expense	283,301	658,446	702,794	709,172	748,724	740,536	901,341	805,220	759,285	653,503
Sewer Dept	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	50,459,635	51,166,289	48,273,293	47,000,219	45,993,342	45,757,408	47,123,045	43,389,399	40,392,530	34,146,344
Change in Net Position	2,256,106	1,478,244	2,641,021	5,098,103	1,624,328	915,205	(718,230)	(4,368,229)	(2,014,973)	1,041,772
Net Position at Beginning of Year	45,210,705	44,244,976	41,603,955	37,646,521	36,022,193	35,106,988	35,825,218	34,748,744	28,580,866	26,783,587
Net Position at End of Year	\$ 47,466,811	\$ 45,723,220	\$ 44,244,976	\$ 42,744,624	\$ 37,646,521	\$ 36,022,193	\$ 35,106,988	\$ 30,380,515	\$ 26,565,893	\$ 27,825,359

TABLE 3

TOWN OF REDDING CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL FUND:										
Nonspendable:										
Inventory	\$ 1,272,748	\$ 1,720	\$ 1,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:										
Committed to:	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	91,466	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	5,970	-	-	-	-	-	-	-	-
Capital projects	-	5,280	-	-	-	-	-	-	-	-
Unassigned	5,587,046	6,549,618	6,439,022	6,132,572	3,494,069	1,942,938	398,651	1,551,971	3,894,568	4,585,686
TOTAL GENERAL FUND BALANCES	\$ 7,160,082	\$ 6,940,679	\$ 6,514,368	\$ 6,204,718	\$ 3,494,069	\$ 1,942,938	\$ 398,651	\$ 1,551,971	\$ 3,894,568	\$ 4,585,686
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable:										
Permanent funds	\$ -	\$ -	\$ -	\$ 2,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:										
Grants	170,951	237,901	89,901	196,877	-	-	-	-	-	-
Committed to:										
General Government	102,658	52,208	109,272	167,532	-	-	-	-	-	-
Public Safety	14,506	12,426	22,006	131,855	-	-	-	-	-	-
Highway and Streets	17,862	86,113	34,323	615,948	-	-	-	-	-	-
Health and Social Services	31,529	-	-	13,376	-	-	-	-	-	-
Education	4	-	10,626	2,281,049	-	-	-	-	-	-
Parks and Recreation	22,210	6,057	4,946	7,328	-	-	-	-	-	-
Capital projects	1,069,069	1,221,893	1,371,785	846,486	-	-	-	-	-	-
Assigned to:										
Unassigned	(5,249,301)	(2,274,309)	(842,021)	(31,896)	(4,600,061)	(3,334,685)	(2,750,192)	(1,491,187)	1,463,763	(389,399)
TOTAL ALL OTHER GOVT FUNDS BALANCES	\$ (3,820,512)	\$ (657,711)	\$ 800,838	\$ 4,230,655	\$ (4,600,061)	\$ (3,334,685)	\$ (2,750,192)	\$ (1,491,187)	\$ 1,463,763	\$ (389,399)
TOTAL FUND BALANCES	\$ 3,339,570	\$ 6,282,968	\$ 7,315,206	\$ 10,435,373	\$ (1,105,992)	\$ (1,391,747)	\$ (2,351,541)	\$ 60,784	\$ 5,358,331	\$ 4,196,287

TOWN OF REDDING CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES:										
Property taxes	\$ 45,676,124	45,701,489	43,547,989	43,297,765	41,615,116	40,772,789	36,129,273	33,704,103	33,122,822	31,265,875
Intergovernmental	4,187,573	5,598,773	4,906,946	6,076,308	3,930,091	4,356,719	8,411,288	3,163,103	800,776	927,064
Investment income	27,443	23,757	73,560	89,793	45,956	187,656	371,688	547,909	533,332	218,777
Charges for services	1,448,854	1,365,108	1,465,969	1,393,418	1,463,784	1,620,440	1,542,365	1,595,857	2,014,501	1,651,802
Other	66,514	47,276	9,884	-	-	-	-	20,750	-	-
TOTAL REVENUES	51,406,508	52,736,403	50,004,348	50,857,284	47,054,947	46,937,604	46,454,614	39,031,722	36,471,431	34,063,518
EXPENDITURES:										
Current:										
General government	3,323,685	2,815,720	2,400,642	2,397,733	2,337,993	2,190,435	2,153,944	2,332,981	2,021,249	1,830,724
Public Safety	2,422,748	2,277,369	2,556,360	2,136,012	2,484,792	2,575,277	1,887,524	1,794,538	1,651,583	1,486,576
Highway and Streets	1,497,120	1,370,592	1,872,501	1,588,140	1,741,321	1,417,923	1,611,116	1,402,548	1,180,966	1,160,300
Transfer Station and Recycling	293,302	309,323	330,170	321,376	313,413	314,620	326,298	307,876	285,717	268,809
Health and welfare	115,931	126,788	103,157	110,949	102,913	118,468	110,838	117,228	103,234	106,053
Library	433,000	423,000	402,250	395,000	378,000	361,312	332,800	306,065	271,259	254,132
Parks and Recreation	920,143	948,449	958,269	968,994	912,767	875,736	845,604	821,369	778,962	760,688
Employee Benefits	2,843,901	2,557,585	2,418,832	2,365,880	2,054,303	1,959,482	1,880,517	1,892,881	1,758,413	1,504,001
Education	36,823,250	36,439,462	35,470,497	33,993,948	33,237,176	32,927,334	36,154,071	29,036,565	25,810,800	24,719,521
Capital Outlay	2,049,173	3,595,008	5,747,363	4,266,470	1,225,467	1,265,889	1,828,535	4,311,686	430,544	446,543
Debt Service	3,441,502	2,265,134	2,264,829	1,906,514	1,981,047	1,971,334	2,085,619	2,005,532	1,654,989	1,574,781
TOTAL EXPENDITURES	54,163,755	53,128,430	54,524,870	50,451,016	46,769,192	45,977,810	49,216,866	44,329,269	35,947,716	34,112,128
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,757,247)	(392,027)	(4,520,522)	406,268	285,755	959,794	(2,762,252)	(5,297,547)	523,715	(48,610)
OTHER FINANCING SOURCES (USES):										
Proceeds from Capital Leases	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	104,856	104,856	547,856	226,416	-	151,175	254,800	160,000	-	-
Transfers out	(104,856)	(104,856)	(547,856)	(226,416)	-	(151,175)	(254,800)	(160,000)	(803,630)	(160,000)
NET OTHER FINANCING SOURCES (USES)	326,365	500,458	1,399,198	11,136,254	-	-	349,927	-	(803,630)	(160,000)
NET CHANGE IN FUND BALANCES	(2,430,882)	108,431	(3,121,324)	11,542,522	285,755	959,794	(2,412,325)	(5,297,547)	(279,915)	(208,610)
FUND BALANCE, as Restated -										
Beginning of year	5,770,452	6,174,537	10,436,530	(1,105,992)	(1,391,747)	(2,351,541)	60,784	5,358,331	4,174,483	4,742,400
FUND BALANCES - End of year	\$ 3,339,570	\$ 6,282,968	\$ 7,315,206	\$ 10,436,530	\$ (1,105,992)	\$ (1,391,747)	\$ (2,351,541)	\$ 60,784	\$ 3,894,568	\$ 4,533,790
Debt Service as a percentage of noncapital expenditures	7%	5%	4%	4%	4%	4%	4%	5%	5%	5%

TABLE 5

TOWN OF REDDING, CONNECTICUT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN 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		
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
2006	1,362,203,370	1,946,004,814	106,850,087	152,642,981	1,469,053,457	2,098,647,795	70.00%	22.74
2005	1,336,862,660	1,909,803,800	94,801,910	135,431,300	1,431,664,570	2,045,235,100	70.00%	22.05

Source: Town of Redding, Assessor's Office

**Town of Redding, Connecticut
2014
Principal Taxpayers**

TABLE 6

Taxpayer	2014			2005		
	(1) Assessment	Rank	% of Net Net Taxable Grand List	Assessment	Rank	% of Net Net Taxable Grand List
Redding Life Care, LLC	\$ 82,691,968	1	4.15%	\$ 43,208,993	1	4.34%
CONN Light & Power	56,132,217	2	2.82%	9,599,370	2	0.97%
Redding Country Club Inc	8,765,000	3	0.44%	5,325,740	4	0.54%
Prusak Robert & Jamie	6,052,700	4	0.30%	6,321,070	3	0.44%
Aquarion Water Company of CT	3,819,820	5	0.19%	4,928,490	6	0.00%
Georgetown Land Development	3,528,100	6	0.18%	5,032,220	5	0.00%
123 Mountain Road Associates LLC	3,425,200	7	0.17%	-		0.00%
Fine Jerrold N	3,291,260	8	0.17%	4,294,010	8	0.43%
EAN Holdings LLC	3,276,670	9	0.16%	-		0.00%
Angeloni Luciano & Debra	2,894,780	10	0.15%	-		0.00%
RP Trust The	-		0.00%	4,749,150	7	0.48%
Dudley Elisabeth C	-		0.00%	3,891,820	9	0.39%
Michael Cornish	-		0.00%	3,343,130	10	0.34%
	<u>\$ 173,877,715</u>		<u>8.74%</u>	<u>\$ 90,693,993</u>		<u>8.48%</u>

Source: Town Assessor Department

(1) The net taxable grand list as of October 1, 2012 and 2003 totaled 1,627,088,324 and 1,431,664,570 respectively.

Town of Redding, Connecticut

TABLE 7

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
2014	45,791,419	45,142,235	98.6%	374,751	45,516,986	99.4%
2013	45,072,306	44,324,390	98.3%	918,019	45,242,409	100.4%
2012	44,044,397	43,119,722	97.9%	424,354	43,544,076	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%
2006	32,824,519	32,555,387	99.2%	363,869	32,919,256	100.3%
2005	30,969,973	30,658,397	99.0%	286,777	30,945,174	99.9%

2002 Revaluation
2007 Revaluation

**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					
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
2006	10,902,500	4,347,500	-	694,134	15,944,134	3.1%	1,838
2005	6,335,250	4,799,750	-	757,381	11,892,381	2.4%	1,384

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

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	9,148	1,627,088,324	15,354,021	0.94%	1,678
2013	9,148	1,995,568,915	16,723,061	0.84%	1,828
2012	9,148	1,990,241,898	18,204,739	0.91%	1,990
2011	9,058	1,993,334,753	19,751,892	0.99%	2,181
2010	8,945	1,981,185,520	10,823,119	0.55%	1,210
2009	8,790	2,011,160,445	12,111,629	0.60%	1,378
2008	8,798	1,564,952,415	13,398,784	0.86%	1,523
2007	8,659	1,515,531,526	14,684,610	0.97%	1,696
2006	8,675	1,469,053,457	15,944,134	1.09%	1,838
2005	8,593	1,431,664,570	11,892,381	0.83%	1,384

TOWN OF REDDING, CONNECTICUT

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014
(unaudited)**

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARES OF DIRECT AND OVERLAPPING DEBT</u>
Overlapping debt:			
Regional School District #9	<u>\$ 8,596,952</u>	100%	<u>\$ 8,596,952</u>
Town direct debt	15,207,559		<u>15,207,559</u>
Total			<u><u>\$ 23,804,511</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.

Town of Redding, Connecticut

TABLE 11

Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 b
For the Year Ended June 30, 2014

Total Tax Collections (including interest and lien fees) for current year:	
Town of Redding	\$ 45,516,984
Fire District	1,696,972
Reimbursement for tax relief	<u>23,510</u>
BASE FOR DEBT LIMITATION COMPUTATION	<u>\$ 47,237,466</u>

DEBT LIMITATION:	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base:	\$ 106,284,299				
4 1/2 times base:		\$ 212,568,597			
3 3/4 times base:			\$ 177,140,498		
3 1/4 times base:				\$ 153,521,765	
3 times base:					<u>\$ 141,712,398</u>
Total Debt Limitation:	<u>\$ 106,284,299</u>	<u>\$ 212,568,597</u>	<u>\$ 177,140,498</u>	<u>\$ 153,521,765</u>	<u>\$ 141,712,398</u>
INDEBTEDNESS:					
Bonds Payable:	10,672,000	4,443,000	92,559	-	-
Fire District Bonds	50,000	-	-	-	-
Georgetown Special District	1,023,636	-	-	-	-
Bonds authorized and unissued	3,215	4,586	-	-	-
Redding's Portion of Regional School District No. 9 bonds net of school building grants	-	8,596,952	-	-	-
NET INDEBTEDNESS	<u>11,748,851</u>	<u>13,044,538</u>	<u>92,559</u>	<u>-</u>	<u>-</u>
DEBT LIMIT IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT	<u>\$ 94,535,448</u>	<u>\$ 199,524,059</u>	<u>\$ 177,047,939</u>	<u>\$ 153,521,765</u>	<u>\$ 141,712,398</u>

In no event shall total indebtedness exceed seven time the base for debt limitation computation: 330,662,262

**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
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%
2006	240,280,537	31,821,291	208,459,246	13.24%
2005	225,214,591	23,769,874	201,444,717	10.55%

TOWN OF REDDING, CONNECTICUT

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

	(1)		(2)	(1)	(1)	(3)	(1)
YEAR ENDED JUNE 30	POPULATION	PERSONAL INCOME	PER CAPITA INCOME	MEDIAN AGE	EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
2014	9,148	635,959,812	69,519	48	68% Bachelor Degree or more	1,569	5.40%
2013	9,148	635,959,812	69,519	48	68% Bachelor Degree or more	1,677	5.40%
2012	9,148	635,959,812	69,519	48	68% Bachelor Degree or more	1,712	6.00%
2011	9,058	627,203,094	69,243	47	66% Bachelor Degree or more	1,747	5.80%
2010	8,945	586,738,330	65,594	46.4	65% Bachelor Degree or more	1,776	6.00%
2009	8,790	562,225,980	63,962	43	65% Bachelor Degree or more	1,831	5.80%
2008	8,798	550,842,780	62,610	42	61% Bachelor Degree or more	1,842	3.70%
2007	8,659	530,433,022	61,258	42	61% Bachelor Degree or more	1,842	2.70%
2006	8,675	519,684,550	59,906	41	61% Bachelor Degree or more	1,826	2.80%
2005	8,593	503,154,522	58,554	40	61% Bachelor Degree or more	1,839	3.10%

- (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	2014			2005		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Redding Life Care, LLC	314	1	3.42%	241	1	2.80%
Town of Redding	258	2	2.81%	236	2	2.75%
Joel Barlow High School	148	3	1.61%	133	3	1.55%
Redding Elementary School	120	4	1.31%	111	4	1.29%
John Read Middle School	106	5	1.16%	89	5	1.04%
Redding Country Club	92	6	1.00%	90	6	1.05%

Source: Town and Board of Education Human Resource Departments

TOWN OF REDDING, CONNECTICUT

TABLE 15

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>Administrative and General Government</u>										
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	2.25	2.25	2.25	2.25
Registrar of Voters	2.25	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	2.00	2.00
<u>Finance</u>										
Finance	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	2.25	2.25
Assessor	2.25	2.25	2.25	2.25	2.00	2.00	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
<u>Public Safety</u>										
Police	17.00	17.00	17.00	17.00	16.00	16.00	16.00	16.00	16.00	15.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
Communications/Dispatch	5.50	5.50	5.50	5.00	5.00	5.00	5.00	5.00	6.00	6.00
<u>Public Works</u>										
Public Works	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.00
Building	3.00	3.00	3.00	3.00	3.00	3.00	4.25	4.25	4.25	3.25
Facilities Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
<u>Health, Social, Human Services</u>										
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	4.00	4.00	4.50	4.50	4.50	4.50	4.00	4.00	3.00	3.00
Recycling Center	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<u>Recreation</u>										
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	83.75	83.75	84.25	83.75	84.50	84.50	85.00	84.50	83.50	80.75

Source: Town Human Resource Departments

TOWN OF REDDING, CONNECTICUT

TABLE 16

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION/PROGRAM	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>TOWN</u>										
Administrative and General Government	10.50	10.50	10.50	10.50	12.50	12.50	12.25	12.25	12.25	12.25
Finance	8.00	8.00	8.00	8.00	7.75	7.75	7.75	7.75	6.75	6.75
Public Safety	25.50	25.50	23.50	23.00	22.00	22.00	22.00	22.50	23.50	22.50
Public Works	18.75	18.75	18.75	18.75	18.75	18.75	20.00	19.00	19.00	17.25
Health, Social, Human Services	9.50	9.50	10.00	10.00	10.00	10.00	9.50	9.50	8.50	8.50
Library	7.10	7.10	7.10	7.10	7.20	7.20	7.20	7.10	7.10	7.10
Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
TOTAL TOWN	92.85	92.85	91.35	90.85	91.70	91.70	92.20	91.60	90.60	87.85

Source: Town and Board of Education Human Resource Departments

TOWN OF REDDING, CONNECTICUT

TABLE 17

OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety										
Fire										
Fire and EMS responses	590	549	431	557	463	406	384	798	527	581
Police										
Criminal Incidents	721	664	792	736	588	574	619	535	581	333
Traffic violations	3029	3097	2976	2763	3202	3126	2817	2298	1925	2244
Motor Vehicle Accidents	241	256	203	282	265	239	289	367	327	362
Building Safety										
Building inspections	2892	2917	3086	2404	3073	2871	3246	4576	3255	3383
Total Building Permits	822	860	874	520	595	498	568	655	821	687
Total value all permits	\$19,219,414	\$10,095,400	\$13,791,399	\$8,273,691	\$10,086,646	\$14,477,104	\$16,655,031	\$17,150,840	\$72,693,252	\$27,675,942
Public Works										
Street Resurfacing	8	9	11	4	4	6	0	10	NA	10
Recycling Center / Transfer Station										
Permits issued	1042	1149	1112	1104	1148	1157	1176	1126	1200	1143
Refuse Collected (tons per year)	171	179	194	187	178	178	205	214	205	198
Park and Recreation										
No. of recreation programs	11	10	10	10	10	9	9	9	9	8
Library										
Circulation	130,739	128,807	125,428	122,983	124,893	122,000	110,000	108,378	97,000	94,000
Education										
School Enrollment										
High School	1050	1012	1008	974	959	957	962	970	992	985
Middle School	513	553	559	582	595	589	575	531	536	552
Elementary School	488	578	581	661	670	714	734	754	741	747

Source: Various Town Departments
NA = Not Available

TOWN OF REDDING, CONNECTICUT

TABLE 18

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	1	1	0	0	0	0	0	0	0
Dump Trucks	15	15	15	14	13	12	12	12	10	8
Other public works vehicles/heavy equipment	14	14	14	14	12	12	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