

TOWN OF REDDING, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2017

The Town of Redding, Connecticut

Comprehensive Annual Financial Report

For

The Fiscal Year Ended June 30, 2017

Prepared By:

Town of Redding
Finance Department

Stephen Gniadek
Finance Director

Contents

Introductory Section - Unaudited

Letter of Transmittal	i-iv
GFOA Certificate of Achievement	v
List of Principal Officials	vi
Organization Chart	vii

Financial Section

Independent Auditor's Report	1-2
Management's Discussion and Analysis - Unaudited	3-8

Basic Financial Statements

Exhibit Government-Wide Financial Statements:

I.	Statement of net position	9
II.	Statement of activities	10
	Fund Financial Statements:	
III.	Balance sheet – governmental funds and reconciliation of the balance sheet – governmental funds to the statement of net position	11-12
IV.	Statement of revenues, expenditures and changes in fund balances (deficits) – governmental funds and reconciliation of the statement of revenues, expenditures and changes in fund balances (deficits) of governmental funds to the statement of activities	13-14
V.	Statement of net position – proprietary funds	15
VI.	Statement of revenues, expenses and changes in fund net position – proprietary funds	16
VII.	Statement of cash flows – proprietary funds	17
VIII.	Statement of fiduciary net position – fiduciary funds	18
	Notes to financial statements	19-46

Required Supplementary Information - Unaudited

Exhibit

RSI-1	Schedule of revenues and other financing sources – budget and actual – general fund	47-48
RSI-2	Schedule of expenditures and other financing uses – budget and actual – general fund	49-52
RSI-3	Note to the required supplementary information	53
RSI-4	Schedule of funding progress and schedule of employee contributions – OPEB Plan	54
RSI-5	Schedule of contributions – MERS pension plan	55
RSI-6	Schedule of the Town's proportionate share of the net pension liability – MERS pension plan	56
RSI-7	Schedule of the Town's proportionate share of the net pension liability – teachers' retirement plan	57

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

<u>Exhibit</u>	<u>General Fund</u>	
A-1	Balance sheet	59
	<u>Nonmajor Governmental Funds</u>	
B-1	Combining balance sheet	62-65
B-2	Combining statement of revenues, expenditures and changes in fund balances (deficits)	66-69
	<u>Fiduciary Funds</u>	
C-1	Combining statement of changes in assets and liabilities – agency funds	71
	<u>Other Schedules</u>	
D-1	Report of tax collector	73

Statistical Section - Unaudited

Table

1.	Net position by component	75
2.	Changes in net position	76-79
3.	Fund balances, governmental funds	80
4.	Changes in fund balances, governmental funds	81
5.	Assessed and estimated actual value of taxable property	82
6.	Principal taxpayers	83
7.	Property tax rates, levies and collections	84
8.	Ratios of outstanding debt by type	85
9.	Ratio of long-term debt to net assessed value and long-term debt per capita	86
10.	Direct and overlapping governmental activities debt	87
11.	Schedule of debt limitation – Connecticut General Statutes 7-374 b	88
12.	Legal debt margin information	89
13.	Demographic and economic statistics	90
14.	Principal employers	91
15.	Full-time equivalent town government employees by function/program	92
16.	Full-time equivalent employees by function/program	93
17.	Operating indicators by function/program	94
18.	Capital asset statistics by function/program	95

Introductory Section

TOWN OF REDDING CT FINANCE DEPARTMENT

December 21, 2017

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 "Town").

The Finance Department is pleased to present the Comprehensive Annual Financial Report ("CAFR") of the Town of Redding, Connecticut for the year ended June 30, 2017. The report includes the independent auditors' report as required by the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles ("GAAP") and standards set forth by the Governmental Accounting Standards Board ("GASB").

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

RSM US LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Redding, Connecticut for the fiscal year ended June 30, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Town of Redding

The Town of Redding was incorporated in 1767 and is located in Fairfield County in the southwest part of the State of Connecticut, bordered by the towns of Bethel, Danbury, Easton, Newtown, Ridgefield, Weston and Wilton. It is located about 65 miles northeast of New York City, and is served by Metro North Commuter Railroad. The Town has a land area of 32 square miles, of which 87% is existing watershed, and a population of 9,216 at 2015.

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 public education K -12, police and volunteer fire protection, the construction and maintenance of streets, a transfer and recycling center, recreational activities and cultural events.

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

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

Factors Affecting Financial Condition

Redding's presence in Fairfield County, its proximity to an excellent regional transportation network, its fine schools, public library, and wide range of recreational programs have all contributed to its continued growth and excellent financial condition. The Town is currently rated AAA by S&P with a healthy Unassigned Fund balance of 16.5%.

Factors Affecting Financial Condition (Continued)

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

There were 659 Building Permits issued in fiscal year 2017, at a value of \$16.9 million, compared to 689 issued at a value of \$20.0 million in fiscal year 2016.

The unemployment rate for fiscal year 2017 in Redding was 4.3% which compares favorably with the State rate of 4.8%. Median Household Income is \$121,270.

Property taxes, which accounted 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 98.7% 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.

The State has continued to reduce financial aid to the Town. The budgeted amount for 2017-18 has been reduced by \$170,000 in the final state budget approved in November 2017. The reduction should not impact the Town's ability to meet its overall budget goals.

Long-Term Financial Planning

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

In FY 2014-15, the Town approved a four year road reconstruction plan totaling \$6.8 million. There is a balance of \$2.9 million to be spent over the remaining year of the plan. The current 5 year capital cost projection is for a total of \$6.7 million.

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

Relevant Financial Policies

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the third consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the

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

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

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

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

Respectfully submitted,

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 stylized "Gniadek".

Stephen Gniadek
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Redding
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

TOWN OF REDDING, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
As of JUNE 30, 2017

**Board of Selectmen
Julia Pemberton
First Selectman**

Margaret O'Donnell

Michael Thompson

**Board of Finance
William Alvarez
Chairman**

**Mark Lewis
Joseph Dolan**

**Ward Mazzucco
Kimberly Yonkers**

Susan Clark

**Finance Director
Stephen Gniadek**

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

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

**Board of Education
Melinda Irwin
Chairman**

Gwen Denny

Edward Miller

**Allyson Florkowski
Heather Whaley**

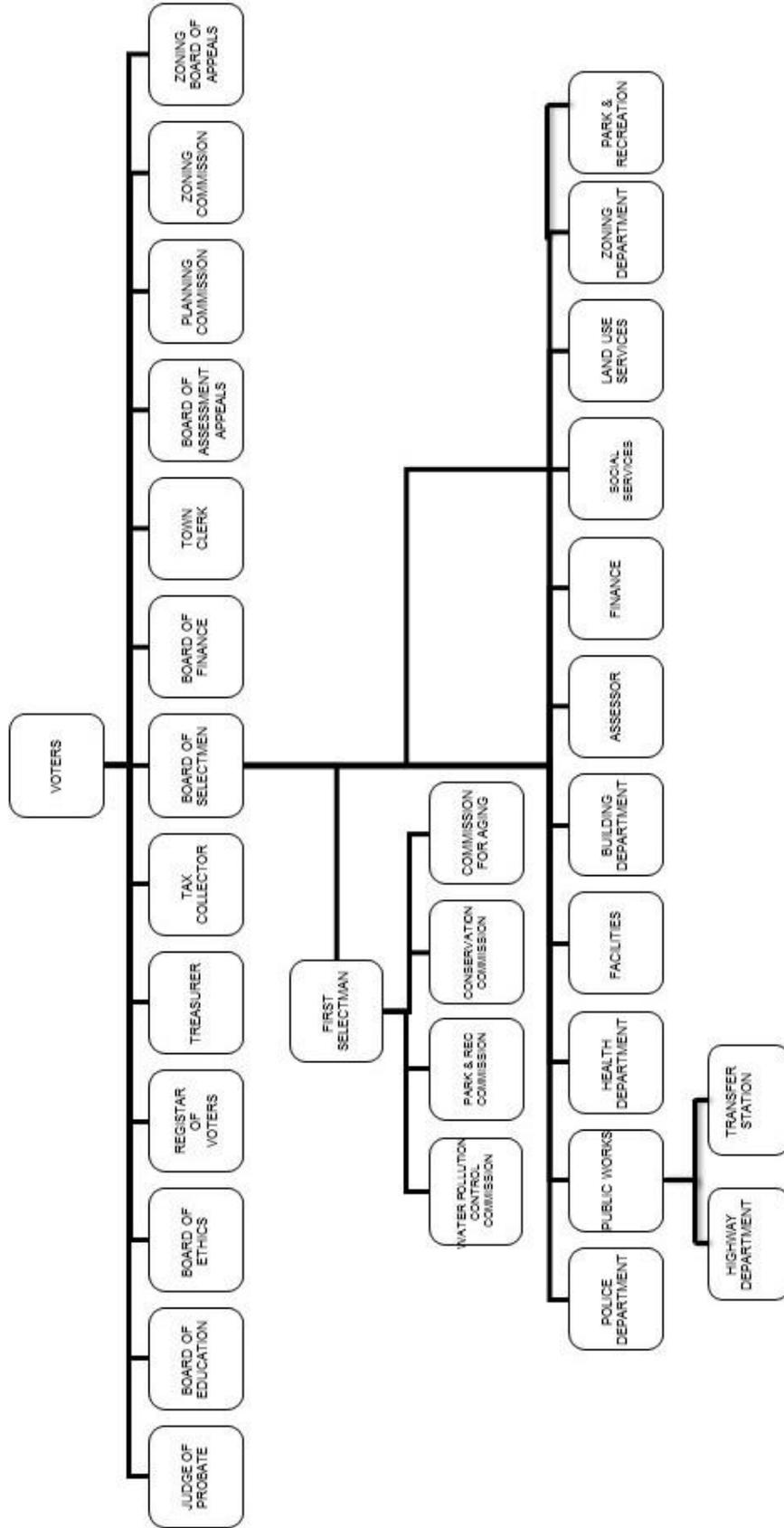
**Jess Gaspar
Michael Hoffman**

**Dr. Thomas McMorran –
Superintendent of Schools**

**Scott Reiss – Director of
Finance and Operations**

**Independent Auditors
RSM US LLP
New Haven, CT**

TOWN OF REDDING, CONNECTICUT ORGANIZATIONAL CHART



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Financial Section



Independent Auditor's Report

RSM US LLP

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, 2017, 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, 2017 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.

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 – OPEB, the pension related schedules, 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 fund 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 21, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Redding, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 21, 2017

Town of Redding, Connecticut

Management's Discussion and Analysis - unaudited For the Year Ended June 30, 2017

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, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$54,500,666 (net position). Of this amount, \$9,954,708 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position for governmental activities increased by \$4,725,590 due to increased investment in road reconstruction and school facility improvement, along with expense savings.
- Total General Fund fund balance at June 30, 2017 is \$10,142,713 which is \$836,561 or 9.0% higher than the prior year fund balance. The General Fund balance consists of the Unassigned Fund Balance, Nonspendable Fund Balance and the Committed Fund Balance. The Unassigned Fund Balance totals \$7,956,552 and represents 16.5% of the next year budgeted expenditures. The Nonspendable Fund Balance totals \$1,986,161 and represents a receivable from the sewer enterprise fund, which will be reclassified to Unassigned Fund Balance when the receivable is paid, as well as certain prepaids and inventories. The Committed Fund Balance of \$200,000 may be used for debt reduction.
- Actual expenditures came in 1.4% or \$678,114 under budget due to responsible spending within Town departments and the school administration, the latter of which led to the transfer of Board of Education surplus.
- Actual revenues were 100.7% of budget due primarily to higher than budgeted property tax collections. This increase amounted to \$335,006.
- The Town issued \$19,695,000 in a bond for road repair and construction, bridge rehabilitation, and school building renovations. The 20-year bond was sold at an interest rate of 2.92%. In addition, the premium of \$935,893 was used to set up a debt service fund.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The statement of net position and statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, deferred inflows/outflows, revenues, expenses, and gains and losses of the Town. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and provide sound management of Town resources. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resource as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road Construction Fund and the Capital Projects – Schools Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements within the supplementary information section of this report.

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's net position is \$60,661,352 at the close of the most recent fiscal year.

	Summary Statement of Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current and Other Assets	\$ 28,993,479	\$ 23,944,067	\$ 132,555	\$ 123,391	\$ 29,126,034	\$ 24,067,458
Capital Assets	69,567,400	65,269,418	8,110,693	8,241,063	77,678,093	73,510,481
Total assets	98,560,879	89,213,485	8,243,248	8,364,454	106,804,127	97,577,939
Deferred outflows of resources	3,313,432	774,189	-	-	3,313,432	774,189
Long-Term Liabilities	40,937,794	20,867,611	-	-	40,937,794	20,867,611
Other Current Liabilities	3,221,744	16,774,439	2,082,562	1,804,524	5,304,306	18,578,963
Total liabilities	44,159,538	37,642,050	2,082,562	1,804,524	46,242,100	39,446,574
Deferred inflows of resources	3,214,107	2,570,548	-	-	3,214,107	2,570,548
Net Position						
Net investment in capital assets	44,545,958	44,090,719	8,110,693	8,421,063	52,656,651	52,511,782
Unrestricted	9,954,708	5,684,357	(1,950,007)	(1,861,133)	8,004,701	3,823,224
Total net position	\$ 54,500,666	\$ 49,775,076	\$ 6,160,686	\$ 6,559,930	60,661,352	\$ 56,335,006

By far, the largest portion of the Town's net position (87%) 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. This amount more than doubled from the prior year.

Governmental Activities. Governmental activities increased the Town's net position by \$4,725,590 mainly due to better than expected revenues from property taxes, expenses being lower than anticipated, and capital additions to infrastructure and facilities.

Revenues. Governmental activities revenues totaled \$54,136,608 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 86% 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 \$49,411,018 for the fiscal year. Of the expenses, \$37,068,091 or 75% is related to education. Public safety expenses amounted \$3,093,208 or 6%. General government expenses amounted to \$4,194,610 or 8% and highway and streets expenses were \$2,153,408 or 4%.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 1,318,262	\$ 1,466,426	\$ 363,392	\$ 402,799	\$ 1,681,654	\$ 1,869,225
Operating grants and contributions	4,871,857	4,249,637	-	-	4,871,857	4,249,637
Capital grants and contributions	957,169	18,328	-	-	957,169	18,328
General revenues						
Property taxes	46,697,212	46,079,769	-	-	46,697,212	46,079,769
Grants and contributions not restricted to specific purposes	119,516	115,748	-	-	119,516	115,748
Investment income	76,004	54,708	330	-	76,334	54,708
Miscellaneous	96,588	53,970	-	-	96,588	53,970
Total revenues	54,136,608	52,038,586	363,722	402,799	54,500,330	52,441,385
Program Expenses						
General government	4,194,610	4,828,531	-	-	4,194,610	4,828,531
Public safety	3,093,208	3,329,417	-	-	3,093,208	3,329,417
Highway and streets	2,153,408	2,165,108	-	-	2,153,408	2,165,108
Transfer station and recycling	300,523	364,100	-	-	300,523	364,100
Health and social services	169,249	164,654	-	-	169,249	164,654
Library	513,958	489,950	-	-	513,958	489,950
Parks and recreation	1,199,143	1,301,883	-	-	1,199,143	1,301,883
Education	37,068,091	36,813,034	-	-	37,068,091	36,813,034
Interest expense	718,828	558,787	-	-	718,828	558,787
Sewer department	-	-	762,966	737,511	762,966	737,511
Total program expenses	49,411,018	50,015,464	762,966	737,511	50,173,984	50,752,975
Changes in net position	4,725,590	2,023,122	(399,244)	(334,712)	4,326,346	1,688,410
Net Position, Beginning	49,775,076	47,751,954	6,559,930	6,894,642	56,335,006	54,646,596
Net Position, Ending	<u>\$ 54,500,666</u>	<u>\$ 49,775,076</u>	<u>\$ 6,160,686</u>	<u>\$ 6,559,930</u>	<u>\$ 60,661,352</u>	<u>\$ 56,335,006</u>

Business-Type Activities. Business-type activities decreased the Town's net position by \$399,244. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$762,966, which was a 3% increase from the prior year.

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, unassigned fund balance may serve as a useful measure of a Town’s net resources available for spending at the end of the fiscal year.

General Fund:

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

Unassigned fund balance, July 1, 2016	\$ 7,139,238
Actual revenue greater than budgeted	335,006
Actual expenditures less than budgeted	678,114
Encumbrances and other fund balance category changes	<u>(195,806)</u>
Unassigned fund balance, June 30, 2017	<u><u>\$ 7,956,552</u></u>

General Fund actual expenditures came in 1.4% under budget due to responsible spending within Town departments and transfer of Board of Education surplus. Additionally, actual revenues were .7% higher than budgeted primarily due to property tax collections partially offset by reduced state aid.

General Fund Budgetary Highlights

Actual revenue was at 100.7% of budget. Property tax collections both current and prior, along with associated interest, all exceeded the budgeted amounts.

Actual expenditures were 1.4% favorable to budget primarily due to controlling departmental spending, favorable insurance savings, and the transfer of a year-end Board of Education surplus.

Road reconstruction fund: The fund balance has increased by approximately \$9,166,000 which resulted from issuing long-term bonds.

Capital Projects- Schools: The fund balance increased by approximately \$5,750,000 which is a result of issuing long-term bonds.

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, 2017 amounts to \$77,678,093 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ 19,908,742	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,924,084	\$ 19,219,164
Construction in Progress	4,008,657	2,492,638	-	-	4,008,657	2,492,638
Buildings	14,572,428	14,787,607	-	-	14,572,428	14,787,607
Sewer Plant	-	-	7,740,859	7,824,069	7,740,859	7,824,069
Sewer Collection System	-	-	351,200	401,652	351,200	401,652
Machinery and Equipment	2,955,594	2,614,742	3,292	-	2,958,886	2,614,742
Infrastructure	25,602,558	23,513,765	-	-	25,602,558	23,513,765
Vehicles	2,032,056	2,152,112	-	-	2,032,056	2,152,112
Furniture and Fixtures	487,365	504,732	-	-	487,365	504,732
	<u>\$ 69,567,400</u>	<u>\$ 65,269,418</u>	<u>\$ 8,110,693</u>	<u>\$ 8,241,063</u>	<u>\$ 77,678,093</u>	<u>\$ 73,510,481</u>

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

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$31,604,326. The entire amount is backed by the full faith and credit of the Town.

**Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2017	2016
General Obligation Bonds - Town Improvements	\$ 20,498,955	\$ 9,014,223
General Obligation Bonds - School Improvements	11,105,371	3,628,000
	<u>\$ 31,604,326</u>	<u>\$ 12,642,223</u>

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

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$333,617,849 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, 2017, which matures through 2026, amounted to \$15,445,000. The Town’s share of the debt was \$8,156,500.

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 Assumptions

The unemployment rate for the Town was 4.3%, up slightly from last year reported of 4.2%. The rate compares favorably with the state’s average rate of 4.8%.

State aid has been reduced by \$170,000 more than was budgeted for FY 2017-18.

The 2017-18 budget increased 1.21% over prior year, primarily due to an increase in debt service due to March 2017 bond.

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, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 22,189,596	\$ 132,555	\$ 22,322,151
Receivables, net	4,817,721	-	4,817,721
Other	57,967	-	57,967
Internal balances	1,928,195	(1,928,195)	-
Capital assets, not being depreciated	23,917,399	15,342	23,932,741
Capital assets being depreciated, net	45,650,001	8,095,351	53,745,352
Total assets	98,560,879	6,315,053	104,875,932
Deferred Outflows of Resources			
Deferred pension items	2,917,102	-	2,917,102
Deferred charge on refunding	396,330	-	396,330
Total deferred outflows of resources	3,313,432	-	3,313,432
Liabilities			
Accounts payable and accrued expenses	2,564,037	154,367	2,718,404
Due to other governments	2,699	-	2,699
Due to Regional School District No.9	635,008	-	635,008
Unearned revenue	20,000	-	20,000
Long-term liabilities:			
Noncurrent liabilities due within one year	2,334,000	-	2,334,000
Due in more than one year	38,603,794	-	38,603,794
Total liabilities	44,159,538	154,367	44,313,905
Deferred Inflows of Resources			
Advance property tax collections	2,941,397	-	2,941,397
Deferred pension credit	272,710	-	272,710
Total deferred inflows of resources	3,214,107	-	3,214,107
Net Position			
Net investment in capital assets	44,545,958	8,110,693	52,656,651
Unrestricted (deficit)	9,954,708	(1,950,007)	8,004,701
Total net position	\$ 54,500,666	\$ 6,160,686	\$ 60,661,352

See notes to financial statements.

Town of Redding, Connecticut

Exhibit II

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,194,610	\$ 390,035	\$ 252,293	\$ 619,000	\$ (2,933,282)	\$ -	\$ (2,933,282)
Public Safety	3,093,208	31,258	3,065	-	(3,058,885)	-	(3,058,885)
Highway and street	2,153,408	192,207	269,261	9,537	(1,682,403)	-	(1,682,403)
Transfer station and recycling	300,523	158,964	-	-	(141,559)	-	(141,559)
Health and Welfare	169,249	30,185	-	-	(139,064)	-	(139,064)
Library	513,958	-	-	-	(513,958)	-	(513,958)
Education	37,068,091	-	4,347,238	328,632	(32,392,221)	-	(32,392,221)
Park and Recreation	1,199,143	515,613	-	-	(683,530)	-	(683,530)
Interest and fiscal charges	718,828	-	-	-	(718,828)	-	(718,828)
Total governmental activities	49,411,018	1,318,262	4,871,857	957,169	(42,263,730)	-	(42,263,730)
Business-type activities:							
Georgetown sewer	762,966	363,392	-	-	-	(399,574)	(399,574)
	\$ 50,173,984	\$ 1,681,654	\$ 4,871,857	\$ 957,169			
General revenues:							
Property taxes, interest and liens					46,697,212	-	46,697,212
Grants and contributions not restricted to specific programs					119,516	-	119,516
Investment income					76,004	330	76,334
Miscellaneous					96,588	-	96,588
Total general revenues					46,989,320	330	46,989,650
Change in net position					4,725,590	(399,244)	4,326,346
Net position - beginning					49,775,076	6,559,930	56,335,006
Net position - ending					\$ 54,500,666	\$ 6,160,686	\$ 60,661,352

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2017**

	General	Road Reconstruction	Capital Projects- Schools	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	12,952,735	\$ 2,969,797	\$ 3,307,821	2,832,202	\$ 22,062,555
Receivables:					
Property taxes	4,753,123	-	-	-	4,753,123
Sewer assessments	-	-	-	5,506	5,506
Other	59,092	-	-	-	59,092
Due from other funds	1,301,832	-	-	13,392	1,315,224
Prepays	55,331	-	-	-	55,331
Inventory	2,635	-	-	-	2,635
Advance to other funds	1,928,195	-	-	-	1,928,195
Total assets	\$ 21,052,943	\$ 2,969,797	\$ 3,307,821	\$ 2,851,100	\$ 30,181,661
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities:					
Accounts payable	\$ 1,694,508	\$ 288,139	\$ -	\$ 16,299	\$ 1,998,946
Due to other governments	2,699	-	-	-	2,699
Due to Regional School District No. 9	635,008	-	-	-	635,008
Due to other funds	1,061,584	-	648,190	5,450	1,715,224
Unearned revenue	-	-	-	20,000	20,000
Total liabilities	3,393,799	288,139	648,190	41,749	4,371,877
Deferred inflows of resources:					
Advance tax collections	2,941,397	-	-	-	2,941,397
Unavailable resources-other	4,575,034	-	-	5,506	4,580,540
	7,516,431	-	-	5,506	7,521,937
Fund balances (deficits):					
Nonspendable	1,986,161	-	-	-	1,986,161
Restricted	-	2,681,658	2,659,631	1,420,902	6,762,191
Committed	200,000	-	-	1,388,393	1,588,393
Unassigned	7,956,552	-	-	(5,450)	7,951,102
Total fund balances (deficits)	10,142,713	2,681,658	2,659,631	2,803,845	18,287,847
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 21,052,943	\$ 2,969,797	\$ 3,307,821	\$ 2,851,100	\$ 30,181,661

See notes to financial statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2017**

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)	\$ 18,287,847
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	86,103,353
Less accumulated depreciation	<u>(16,535,953)</u>
Net capital assets	<u>69,567,400</u>
Assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds:	
Property tax and sewer assessment interest and lien receivable	4,560,540
Intergovernmental	20,000
Internal service funds are used by management to charge the cost of medical insurance to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	282,951
Net deferred outflows/inflows of resources relating to pension	2,644,392
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	(31,604,326)
Deferred amounts on refunding	396,330
Compensated absences	(250,374)
Accrued interest payable	(321,000)
Capital leases	(691,346)
MERS net pension liability	(5,860,625)
Net OPEB obligation	(2,511,123)
Landfill closure and post-closure care	<u>(20,000)</u>
Net position of governmental activities (Exhibit I)	<u>\$ 54,500,666</u>

See notes to financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2017

	General	Road Reconstruction Fund	Capital Projects- Schools	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 46,133,174	\$ -	\$ -	\$ -	\$ 46,133,174
Intergovernmental	4,499,008	-	328,632	545,281	5,372,921
Investment income	63,219	3,830	4,267	4,688	76,004
Charges for services	1,207,131	-	-	91,753	1,298,884
Other	39,521	-	-	57,067	96,588
Total revenues	51,942,053	3,830	332,899	698,789	52,977,571
Expenditures:					
Current:					
General government	2,908,540	-	-	123,417	3,031,957
Public safety	2,473,002	-	-	23,698	2,496,700
Highway and street	1,466,182	-	-	3,631	1,469,813
Transfer station and recycling	239,387	-	-	-	239,387
Health and welfare	117,781	-	-	2,500	120,281
Library	513,958	-	-	-	513,958
Parks and recreation	954,972	-	-	14,517	969,489
Employee benefits	2,766,777	-	-	-	2,766,777
Education	37,053,767	-	-	275,459	37,329,226
Debt service	1,986,181	-	-	-	1,986,181
Capital outlay	171,271	1,111,078	3,074,139	236,660	4,593,148
Total expenditures	50,651,818	1,111,078	3,074,139	679,882	55,516,917
Revenues over (under) expenditures	1,290,235	(1,107,248)	(2,741,240)	18,907	(2,539,346)
Other financing sources (uses):					
Bond proceeds	-	10,273,049	8,491,651	930,300	19,695,000
Bond premium	-	-	-	935,893	935,893
Transfer in	-	-	-	624,945	624,945
Transfer out	(624,945)	-	-	-	(624,945)
Issuance of capital lease	171,271	-	-	-	171,271
Total other financing sources (uses)	(453,674)	10,273,049	8,491,651	2,491,138	20,802,164
Change in fund balances (deficits)	836,561	9,165,801	5,750,411	2,510,045	18,262,818
Fund balances (deficits), beginning of year	9,306,152	(6,484,143)	(3,090,780)	293,800	25,029
Fund balances, end of year	\$ 10,142,713	\$ 2,681,658	\$ 2,659,631	\$ 2,803,845	\$ 18,287,847

See notes to financial statements.

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
Governmental Funds to the Statement of Activities (Continued)
For the Year Ended June 30, 2017**

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

Net change in fund balances - total governmental funds (Exhibit IV)	<u>\$ 18,262,818</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital outlay	5,577,859
Depreciation expense	(1,236,110)
Loss on disposal of assets	(43,767)
	<u>4,297,982</u>

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

<u>540,038</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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	98,790
Deferred amounts on refunding	(39,054)
Premiums	(935,893)
Bond proceeds	(19,695,000)
Bond principal repayments	1,570,000
Issuance of capital leases	(171,271)
Capital lease payments	498,887
	<u>(18,673,541)</u>

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

Net MERS pension expense	914,158
Net OPEB expense	(175,985)
Claims and judgments	143,000
Landfill post-closure care	3,750
Compensated absences	(15,121)
Accrued interest payable	(185,322)
	<u>684,480</u>

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

<u>(386,187)</u>

Change in net position of governmental activities (Exhibit II)

<u>\$ 4,725,590</u>

See notes to financial statements.

Statement of Net Position - Proprietary Funds
June 30, 2017

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 132,555	\$ 127,041
Due from other funds	-	400,000
Total current assets	<u>132,555</u>	<u>527,041</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	-
Sewer plant	7,740,860	-
Sewer collection system	354,491	-
Total capital assets, net	<u>8,110,693</u>	<u>-</u>
Total assets	<u>8,243,248</u>	<u>527,041</u>
Liabilities		
Current liabilities:		
Accounts payable	154,367	-
Claims payable	-	244,090
Total current liabilities	<u>154,367</u>	<u>244,090</u>
Noncurrent liabilities:		
Advance from other funds	1,928,195	-
Total liabilities	<u>2,082,562</u>	<u>244,090</u>
Net Position		
Investment in capital assets	8,110,693	-
Unrestricted (deficit)	(1,950,007)	282,951
Total net position	<u>\$ 6,160,686</u>	<u>\$ 282,951</u>

See notes to financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type	
	Activities Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Operating revenues:		
Charges for services	\$ 363,392	\$ 2,940,148
Total operating revenues	363,392	2,940,148
Operating expenses:		
Claims incurred	-	3,086,496
Administration	29,697	241,941
Contracted services	331,580	-
Outside services	7,998	-
Materials disposal	8,577	-
Materials and supplies	165,637	-
Utilities	85,607	-
Depreciation	133,870	-
Total operating expenses	762,966	3,328,437
Operating loss	(399,574)	(388,289)
Nonoperating revenues:		
Investment income	330	2,102
Change in net position	(399,244)	(386,187)
Net position, beginning	6,559,930	669,138
Net position, ending	\$ 6,160,686	\$ 282,951

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2017**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and others	\$ 363,392	\$ 2,838,535
Payments to suppliers	(603,509)	(3,280,511)
Net cash used in operating activities	(240,117)	(441,976)
Cash flows from noncapital financing activities:		
Advances from other funds	252,451	-
Cash flows from financing activities:		
Purchase of property and equipment	(3,500)	-
Cash flows from investing activities:		
Income from investments	330	2,102
Net increase (decrease) in cash and cash equivalents	9,164	(439,874)
Cash and cash equivalents, beginning of year	123,391	566,915
Cash and cash equivalents, ending	\$ 132,555	\$ 127,041
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (399,574)	\$ (388,289)
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation expense	133,870	-
Increase in:		
Due from other funds	-	(101,613)
Increase in:		
Accounts and claims payable	25,587	47,926
Net cash used in operating activities	\$ (240,117)	\$ (441,976)

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2017

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	<u>\$ 156,988</u>
Liabilities	
Due to others	<u>\$ 156,988</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.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting and financial statement presentation: The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

- The *Internal Service Fund* accounts for risk financing activities for the medical insurance benefits as allowed by the GASB Statement No. 10 provided to other departments on a cost reimbursement basis.
- The *Agency Fund* accounts for monies held on behalf of students.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's sewer operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 24 months or less from the date of acquisition.

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

The balance of the pooled fixed income investments were invested in a pool. The investments in the pool adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* which accounts for the asset investment. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost. The General Fund has \$3.68 million invested in certificates of deposit with maturities ranging from one to two years. All certificate of deposit's are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are recorded at amortized cost.

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 1½% per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are recorded July 1.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Investments: Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application*. The Town categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment income, including changes in the fair value of investments, is reported as revenue in accompanying statements of revenues, expenses and changes in net position. All of the Town's investments in 2017 qualified to be reported as cash equivalents and are reported at amortized cost.

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 \$20,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the 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:

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

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

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

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. For the Town, sick leave does not accrue, and cannot be carried forward. For the Board of Education, sick leave may be carried forward. 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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner. 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 property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Long-term obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments other than bond anticipation notes (BANs) are reported as debt service expenditures.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Assigned fund balance: Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by either the Board of Finance or Board of Selectman or the Finance Director who has been delegated authority to assign amounts.

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

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Town of Redding, Connecticut

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability

Deficit fund balance: The following funds had fund balance deficits at June 30, 2017:

Nonmajor governmental funds:	
Communication Tower	\$5,450

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

Capital projects authorization: The following is a summary of major capital projects at June 30, 2017:

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Commitment Balance June 30, 2017
Road Reconstruction Fund	\$ 6,753,000	\$ 846,462	\$ 3,783,203	\$ 2,969,797
Georgetown STEAP	1,227,953	-	1,214,560	13,393
Town Buildings	426,000	-	417,109	8,891
Stepney Rd Bridge	739,000	436,008	680,204	58,796
School projects	1,950,071	-	1,941,501	8,570
School HVAC	5,450,000	1,612,000	2,309,500	3,140,500

Note 3. Cash and Cash Equivalents

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. For the capital and nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Town of Redding, Connecticut

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

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

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

Deposits:

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

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, approximately \$900,000 of the Town's bank balance of approximately \$21,144,000 was uninsured and uncollateralized at June 30, 2017.

Cash equivalents: At June 30, 2017, the Town's cash equivalents amounted to \$1,178,000, which is recorded at amortized cost. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 4. Receivables

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

	General	Nonmajor and Other Funds	Enterprise Fund	Total
Receivables:				
Taxes	\$ 2,911,989	\$ -	\$ -	\$ 2,911,989
Interest on property taxes	1,956,134	-	-	1,956,134
Accounts	59,092	-	2,303,698	2,362,790
Sewer assessments	-	5,506	-	5,506
Gross receivables	4,927,215	5,506	2,303,698	7,236,419
Less allowance for uncollectible	115,000	-	2,303,698	2,418,698
Net total receivables	\$ 4,812,215	\$ 5,506	\$ -	\$ 4,817,721

Note 5. Deferred Inflows of Resources/Unearned Revenue

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

	Unavailable Revenues	Unearned Revenues
Property taxes collected in advance	\$ 2,941,397	\$ -
Delinquent property taxes receivable and interest receivable	4,575,034	-
Special assessments not yet due	5,506	-
Grants	-	20,000
	\$ 7,521,937	\$ 20,000

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 19,203,822	\$ 704,920	\$ -	\$ 19,908,742
Construction in progress	2,492,638	4,715,170	(3,199,151)	4,008,657
Total capital assets, not being depreciated	<u>21,696,460</u>	<u>5,420,090</u>	<u>(3,199,151)</u>	<u>23,917,399</u>
Capital assets, being depreciated				
Buildings	19,391,118	-	-	19,391,118
Machinery and equipment	3,379,462	493,705	-	3,873,167
Vehicles	3,647,037	157,537	(156,051)	3,648,523
Furniture and fixtures	647,391	7,780	-	655,171
Infrastructure	31,920,077	2,697,898	-	34,617,975
Total capital assets, being depreciated	<u>58,985,085</u>	<u>3,356,920</u>	<u>(156,051)</u>	<u>62,185,954</u>
Less accumulated depreciation for				
Buildings	4,603,511	215,179	-	4,818,690
Machinery and equipment	764,720	152,853	-	917,573
Vehicles	1,494,925	233,826	(112,284)	1,616,467
Furniture and fixtures	142,659	25,147	-	167,806
Infrastructure	8,406,312	609,105	-	9,015,417
Total accumulated depreciation	<u>15,412,127</u>	<u>1,236,110</u>	<u>(112,284)</u>	<u>16,535,953</u>
Total capital assets, being depreciated, net	<u>43,572,958</u>	<u>2,120,810</u>	<u>(43,767)</u>	<u>45,650,001</u>
Governmental activities capital assets, net	<u>\$ 65,269,418</u>	<u>\$ 7,540,900</u>	<u>\$ (3,242,918)</u>	<u>\$ 69,567,400</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 15,342	\$ -	\$ -	\$ 15,342
Capital assets, being depreciated:				
Sewer plant	9,245,519	-	-	9,245,519
Sewer collection system	1,106,541	-	-	1,106,541
Machinery and equipment	6,550	3,500	-	10,050
Total capital assets, being depreciated	10,358,610	3,500	-	10,362,110
Less accumulated depreciation for:				
Sewer plant	1,421,450	83,210	-	1,504,660
Sewer collection system	704,889	50,452	-	755,341
Machinery and equipment	6,550	208	-	6,758
Total accumulated depreciation	2,132,889	133,870	-	2,266,759
Total capital assets, being depreciated, net	8,225,721	(130,370)	-	8,095,351
Business-type activities capital assets, net	\$ 8,241,063	\$ (130,370)	\$ -	\$ 8,110,693

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

Governmental activities:	
General government	\$ 242,788
Public safety	112,009
Highways and streets	620,289
Transfer station and recycling	6,687
Health and social services	15,138
Parks and recreation	6,852
Education	232,347
Total depreciation expense – governmental activities	<u>\$ 1,236,110</u>
Business-type activities:	
Sewer	<u>\$ 133,870</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 7. Interfund Accounts

At June 30, 2017, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 1,301,832	\$ 1,061,584
Internal service fund	400,000	-
Capital projects	-	648,190
Nonmajor governmental fund	13,392	5,450
	<u>\$ 1,715,224</u>	<u>\$ 1,715,224</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	\$ 1,928,195	\$ -
Georgetown sewer	-	1,928,195
	<u>\$ 1,928,195</u>	<u>\$ 1,928,195</u>

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

Interfund transfers during the year ended June 30, 2017 were as follows:

	Transfer from Other Funds	Transfer to Other Funds
General fund	\$ -	\$ 624,945
Debt service fund	407,000	-
Georgetown intersection	217,945	-
	<u>\$ 624,945</u>	<u>\$ 624,945</u>

Transfers to other funds from the General Fund represent monies used to fund projects accounted for in the Debt Service and Georgetown Intersection funds in accordance with budget authorizations.

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. On March 16, 2016, the Town issued \$12,644,000 in bond anticipation notes for school projects and bridge and road improvements. The notes matured on March 15, 2017 and were repaid with the issuance of general obligation bonds. Short-term obligation activity for the year ended June 30, 2017 is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Balance, July 1, 2016	Additions	Deductions	Balance, June 30, 2017
Bond anticipation notes	3/16/2016	3/15/2017	2%	12,644,000	-	12,644,000	-

Note 9. Long-Term Liabilities

Changes in long-term obligations:

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2016	Additions	Deductions	Balance Outstanding June 30, 2017	Current Portion
Bond notes:									
General purpose:									
Improvement bond	\$ 8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 1,668,000	\$ -	\$ 417,000	\$ 1,251,000	\$ 417,000
Improvement bond	6,729,950	07/15/10	07/15/30	2.0-4.0	670,000	-	335,000	335,000	-
Refunding bond	2,680,000	19/12/12	08/01/20	2.0-3.0	1,725,000	-	355,000	1,370,000	350,000
Refunding bond	4,409,000	02/17/16	07/15/30	5.5-4.0	4,409,000	-	33,000	4,376,000	166,000
Improvement bond	11,787,629	03/15/17	06/15/37	5.0-3.0	-	11,787,629	-	11,787,629	411,629
Premium on refunding					542,223	935,893	98,790	1,379,326	-
Total general purpose					9,014,223	12,723,522	1,238,790	20,498,955	1,344,629
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	932,000	-	233,000	699,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	360,000	-	180,000	180,000	-
Refunding bond	2,336,000	02/17/16	07/15/30	550-4.0	2,336,000	-	17,000	2,319,000	89,000
Improvement bond	7,907,371	03/15/17	06/15/37	5.0-3.0	-	7,907,371	-	7,907,371	288,371
Total schools					3,628,000	7,907,371	430,000	11,105,371	610,371
Total bonds					12,642,223	20,630,893	1,668,790	31,604,326	1,955,000
Claims and judgments					143,000	-	143,000	-	-
Compensated absences					235,253	314,522	299,401	250,374	75,000
Capital leases					1,018,962	171,271	498,887	691,346	300,000
MERS pension liability					4,469,285	1,391,340	-	5,860,625	-
Net OPEB obligation					2,335,138	175,985	-	2,511,123	-
Landfill closure and post-closure care					23,750	-	3,750	20,000	4,000
Total general long-term liabilities					\$ 20,867,611	\$ 22,684,011	\$ 2,613,828	\$ 40,937,794	\$ 2,334,000

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Liabilities (Continued)

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

	Principal Bonds	Interest Bonds
Year ending June 30:		
2018	\$ 1,955,000	\$ 1,037,163
2019	2,230,000	962,713
2020	2,300,000	878,006
2021	1,920,000	802,125
2022	1,585,000	731,650
2023-2027	7,855,000	2,636,475
2028-2032	7,255,000	1,399,769
2033-2037	5,125,000	504,812
	<u>\$ 30,225,000</u>	<u>\$ 8,952,713</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, 2017, which matures through 2026, amounted to \$15,445,000. The Town's share of the debt was \$8,156,500.

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, 2017, approximately \$7,000,000 of the defeased debt is outstanding.

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Liabilities (Continued)

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

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The cost of these assets was approximately \$2,580,000 with accumulated depreciation as of June 30, 2017 of approximately \$760,000. 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, 2017:

Year ending June 30:		
2018		\$ 380,225
2019		271,555
2020		57,324
2021		10,271
		<u>719,375</u>
Less amount representing interest		28,029
Present value of future minimum lease payment		<u><u>\$ 691,346</u></u>

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 107,281,932	\$ 20,224,671	\$ 87,057,261
Schools	214,563,863	19,261,876	195,301,987
Sewers	178,803,219	-	178,803,219
Urban renewal	154,962,790	-	154,962,790
Pension deficit	143,042,576	-	143,042,576

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$333,617,849.

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 5 years at \$4,000 per year are \$20,000. 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.

Claims and judgments: Various litigation is pending against the Town. For certain cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonable estimated, a loss contingency would be accrued for in the government-wide statement of net position. Management believes ultimate resolution of these various litigation matters will not have a material adverse effect on the financial statements of the Town.

Town of Redding, Connecticut

Notes to Financial Statements

Note 10. Fund Balance

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	General Fund	Road Reconstruction Fund	Capital Projects- Schools	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Advance to other funds	\$ 1,928,195	\$ -	\$ -	\$ -	\$ 1,928,195
Prepays	55,331	-	-	-	55,331
Inventory	2,635	-	-	-	2,635
	<u>1,986,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,986,161</u>
Restricted for:					
Capital projects	-	2,681,658	2,659,631	-	5,341,289
Grants	-	-	-	1,420,902	1,420,902
	<u>-</u>	<u>2,681,658</u>	<u>2,659,631</u>	<u>1,420,902</u>	<u>6,762,191</u>
Committed to:					
General government	200,000	-	-	103,320	303,320
Debt Service	-	-	-	1,285,073	1,285,073
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>1,388,393</u>	<u>1,588,393</u>
Unassigned	7,956,552	-	-	(5,450)	7,951,102
Total fund balances (deficits)	<u>\$ 10,142,713</u>	<u>\$ 2,681,658</u>	<u>\$ 2,659,631</u>	<u>\$ 2,803,845</u>	<u>\$ 18,287,847</u>

Note 11. Risk Management

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

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Risk Management (Continued)

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

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2015-2016	\$ 169,207	\$ 2,408,016	\$ 2,381,059	\$ 196,164
2016-2017	196,164	3,090,406	3,042,480	244,090

Note 12. Employee Retirement Fund and Pension Plans

Municipal Employees' Retirement Fund:

Plan description: Certain employees, except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit provisions: The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

Normal Retirement: For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement: Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Town of Redding, Connecticut

Notes to Financial Statements

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

Disability Retirement - Service Connected: For employees who are totally and permanently disabled and such disability has arisen out of an in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement - Non-Service Connected: For employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit: For employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

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

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

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

Valuation date	7/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return	8.0%, net of investment related expense
Projected salary increases	4.25-11.00%, including inflation

Town of Redding, Connecticut

Notes to Financial Statements

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

Mortality The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females).

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16.0%	5.8%
Developed non- U.S. equities	14.0%	6.6%
Emerging markets (non- U.S.)	7.0%	8.3%
Core Fixed Income	8.0%	1.3%
Inflation Linked Bonds	5.0%	1.0%
Emerging Market Bonds	8.0%	3.7%
High Yield Bonds	14.0%	3.9%
Real Estate	7.0%	5.1%
Private Equity	10.0%	7.6%
Alternative Investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
	100.00%	

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

Town of Redding, Connecticut

Notes to Financial Statements

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

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's proportionate share of the net pension liability	\$ 9,292,109	\$ 5,860,625	\$ 2,966,717

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2017, the Town reported a liability of \$5,860,625 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2016. The Town's proportion of the net pension liability was based on its share of contributions to the MERS relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016, Town's proportion was 6.40%.

For the year ended June 30, 2017, the Town recognized pension expense of \$1,354,035. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 235,227	\$ -
Cumulative investment earnings	1,656,416	272,710
Change in proportional share	-	-
Contributions subsequent to the measurement date	1,025,459	-
Total	<u>\$ 2,917,102</u>	<u>\$ 272,710</u>

\$1,025,459 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018.

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

Year ended June 30:	
2018	\$ 349,371
2019	349,371
2020	586,513
2021	333,678
Thereafter	-

Town of Redding, Connecticut

Notes to Financial Statements

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

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

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

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

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,701,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability related to the System.

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

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

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

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

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

Town of Redding, Connecticut

Notes to Financial Statements

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

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016, using the following key actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases, including inflation	3.25-6.50 percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 percent, net of investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to year 2020 using BB improvement scales.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging Markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation Linked Bonds	3.0%	1.0%
Emerging markets bond	5.0%	3.7%
High Yield bonds	5.0%	3.9%
Real Estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	100.0%	

Town of Redding, Connecticut

Notes to Financial Statements

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

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State’s proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
State’s share of NPL associated with the Town	\$ 42,298,794	\$ 33,937,982	\$ 27,232,747

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$33,937,982 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

Economic assumptions:

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

Demographic assumptions:

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and prorable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

Town of Redding, Connecticut

Notes to Financial Statements

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

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2017, the Town recognized \$3,701,000 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 13. Other Post-Employment Benefits Provided

Plan description and benefits provided: In addition to the pension benefits described in Note 12 certain employees retiring under the Town of Redding's Retiree Medical Program provide other post-employment benefits (OPEB). 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 (BOE) 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, 2016:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	11
Number of active participants	<u>200</u>
	<u><u>211</u></u>

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

	<u>Retiree Medical Program</u>
Actuarial valuation date	July 1, 2016
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	3.5% per annum
Medical inflation	8.0%, 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	\$ 305,703
Interest on net OPEB obligation	93,406
Adjustment to annual required contribution	<u>(129,874)</u>
Annual pension cost	269,235
Contributions made	<u>93,250</u>
Increase in net OPEB obligation	175,985
Net OPEB obligation, July 1, 2016	<u>2,335,138</u>
Net OPEB obligation, June 30, 2017	<u><u>\$ 2,511,123</u></u>

Schedule of Employer Contributions

	Annual Required Contributions (ARC)	Actual Contribution	Percentage Contributed
6/30/15	\$ 249,280	\$ 130,128	52.2%
6/30/16	299,947	88,756	29.6%
6/30/17	305,703	93,250	30.5%

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2015	\$ 220,850	\$ 130,128	59%	\$ 2,157,643
6/30/2016	266,251	88,756	33%	2,335,138
6/30/2017	269,235	93,250	35%	2,511,123

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.

Town of Redding, Connecticut

Notes to Financial Statements

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

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 (AAL) (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2016	\$ -	\$ 3,085,169	\$ (3,085,169)	0%	\$ 13,950,789	22.0%

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

Note 14. Contingent Liabilities

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

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

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

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

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2019.

Town of Redding, Connecticut

Notes to Financial Statements

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2017.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2017.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2020.

Required Supplementary Information - unaudited

Town of Redding, Connecticut
Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended June 30, 2017

RSI-1

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Property taxes, current and prior	\$ 45,222,954	\$ 45,222,954	\$ 45,898,430	\$ 675,476
Interest and lien fees	218,295	218,295	234,744	16,449
Total taxes, liens and interest	45,441,249	45,441,249	46,133,174	691,925
Intergovernmental:				
Educational assistance grants:				
ECS grant	197,876	197,876	67,551	(130,325)
Adult education	511	511	562	51
Regional School District No. 9	65,959	65,959	48,440	(17,519)
Total educational assistance	264,346	264,346	116,553	(147,793)
Town assistance grants:				
Tax relief circuit breaker	30,853	30,853	31,843	990
Disability exemption	-	-	275	275
Municipal Revenue Sharing	189,781	189,781	189,781	-
Veterans' exemption	1,329	1,329	1,488	159
Telephone access line grant	28,725	28,725	28,905	180
Mashantucket Pequot Grant	10,912	10,912	10,912	-
Unclassified revenue	94,856	94,856	94,856	-
Grants	-	-	12,191	12,191
Total town assistance grants	356,456	356,456	370,251	13,795
Total intergovernmental	620,802	620,802	486,804	(133,998)
Other:				
AT&T Tower	37,206	37,206	39,521	2,315
BAN premium	-	-	-	-
Investment income	40,000	40,000	63,219	23,219
Total other	77,206	77,206	102,740	25,534
Charges for services:				
Town Clerk	266,000	266,000	260,595	(5,405)
Assessor	900	900	1,242	342
Conservation	5,000	5,000	4,327	(673)
Heritage Center	10,000	10,000	13,398	3,398
Senior Bus Grants	-	-	17,824	17,824
Zoning Commission	50,000	50,000	45,882	(4,118)
Zoning Board of Appeals	1,000	1,000	1,100	100
Building Inspection	175,000	175,000	192,207	17,207
Transfer station	162,000	162,000	156,313	(5,687)
Sanitarian	10,000	10,000	12,275	2,275
Parks and Recreation	3,800	3,800	1,772	(2,028)
Fiber optics	6,380	6,380	3,091	(3,289)
Proceeds on sales of fixed assets	-	-	11,404	11,404
Rental of Town property	7,605	7,605	7,606	1
Rebates	-	-	40,219	40,219
Subtotal charges for services	697,685	697,685	769,255	71,570

(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, 2017

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for services (continued):				
Summer Camp	\$ 226,000	\$ 226,000	\$ 162,674	\$ (63,326)
Rec Program	158,000	158,000	148,801	(9,199)
Topstone Park	37,500	37,500	41,434	3,934
Tennis Courts	6,000	6,000	4,257	(1,743)
Extended Day	182,000	182,000	140,309	(41,691)
Appropriation of fund balance	208,000	208,000	-	(208,000)
Total charges for services	<u>1,515,185</u>	<u>1,515,185</u>	<u>1,266,730</u>	<u>(248,455)</u>
Total revenues	<u>\$ 47,654,442</u>	<u>\$ 47,654,442</u>	<u>47,989,448</u>	<u>\$ 335,006</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

3,701,059

Special education excess cost grant is recorded gross for GAAP

251,546

The Town does not budget for capital leases issuances in the general fund.

These amounts are recorded as revenue and expenditures for GAAP financial statement purposes.

171,271

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

\$ 52,113,324

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, 2017

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 1,050	\$ -	\$ 1,050	\$ 133	\$ 917
Board of selectmen	170,026	4,043	174,069	173,718	351
Probate court	2,300	-	2,300	1,930	370
Registrar's office	67,600	766	68,366	51,514	16,852
Controller's office	271,148	7,413	278,561	268,714	9,847
Independent audit	44,000	-	44,000	42,855	1,145
Assessor's office	171,970	3,677	175,647	172,474	3,173
Assessor's other	1,000	-	1,000	-	1,000
Board of assessment appeals	800	-	800	464	336
Tax collector	168,395	5,185	173,580	153,476	20,104
Town treasurer	74,164	336	74,500	74,115	385
Computer capability	49,000	-	49,000	45,721	3,279
Management services	28,508	-	28,508	21,492	7,016
Special legal	200,000	-	200,000	153,763	46,237
Town clerk	151,331	10,800	162,131	161,284	847
Annual town report	4,500	-	4,500	-	4,500
Board of ethics	425	-	425	-	425
Conservation	61,127	927	62,054	49,497	12,557
Heritage Center	184,282	2,572	186,854	161,200	25,654
Heritage Center senior bus	37,123	2,792	39,915	38,134	1,781
Town planning commission	33,120	-	33,120	21,205	11,915
HVCEO	11,314	-	11,314	11,092	222
Zoning commission	78,405	2,072	80,477	71,331	9,146
Zoning board of appeals	1,600	-	1,600	1,947	(347)
Council of small towns	825	-	825	825	-
Land use services	107,555	3,587	111,142	108,703	2,439
Office of tree warden	1,500	-	1,500	-	1,500
Town office building	53,500	493	53,993	44,720	9,273
Old town house	7,500	-	7,500	2,110	5,390
Town office building annex	3,000	-	3,000	4,126	(1,126)
Community center	218,530	5,446	223,976	222,746	1,230
Police headquarters/communications center	17,000	-	17,000	26,047	(9,047)
Administrative services	689,224	(275,776)	413,448	367,102	46,346
Cemeteries	16,500	-	16,500	12,271	4,229
Insurance	154,400	-	154,400	152,413	1,987
Agencies serving residents	10,000	-	10,000	7,231	2,769
Provision of contingencies	90,000	(88,891)	1,109	-	1,109
Total general government	3,182,722	(314,558)	2,868,164	2,624,353	243,811

(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, 2017

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,590,314	\$ 8,992	\$ 1,599,306	\$ 1,581,431	\$ 17,875
Police Department - contractual services and expenses	151,000	-	151,000	127,254	23,746
Police Department - maintenance of vehicles	30,000	-	30,000	31,477	(1,477)
Volunteer fire companies	119,000	-	119,000	105,230	13,770
Building inspections	206,136	5,268	211,404	211,347	57
Communications Center	356,512	1,609	358,121	373,145	(15,024)
Animal Control	55,308	-	55,308	55,701	(393)
Total public safety	2,508,270	15,869	2,524,139	2,485,585	38,554
Highway and Streets:					
Wages-regular, overtime and seasonal	883,274	3,591	886,865	842,085	44,780
General maintenance and repair	237,300	-	237,300	213,606	23,694
Snow removal and ice control	239,000	-	239,000	268,086	(29,086)
Equipment maintenance and repair	113,000	-	113,000	119,665	(6,665)
Town garage buildings	17,000	-	17,000	22,740	(5,740)
Total highway and streets	1,489,574	3,591	1,493,165	1,466,182	26,983
Transfer Station and Recycling:					
Salaries	145,367	4,254	149,621	139,064	10,557
General maintenance	107,250	-	107,250	99,081	8,169
Equipment maintenance	7,000	-	7,000	7,396	(396)
Total transfers station and recycling	259,617	4,254	263,871	245,541	18,330
Health and Social Services:					
Sanitarian inspection	101,413	2,350	103,763	96,274	7,489
Social services	21,024	-	21,024	21,507	(483)
Total health and social services	122,437	2,350	124,787	117,781	7,006
Mark Twain Library:					
Operations	513,958	-	513,958	513,958	-
Parks and Recreation:					
Field maintenance	75,400	-	75,400	58,898	16,502
Administration	212,438	8,316	220,754	218,814	1,940
Summer camp	197,800	-	197,800	197,163	637
Recreation programs	177,000	-	177,000	202,172	(25,172)
Topstone park	121,450	-	121,450	115,517	5,933
Tennis courts	7,100	-	7,100	3,011	4,089
Extended day service	169,056	4,402	173,458	159,562	13,896
Total parks and recreation	960,244	12,718	972,962	955,137	17,825

(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, 2017

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,850,306	\$ -	\$ 2,850,306	\$ 2,767,438	\$ 82,868
Capital Outlay:					
Selectmen's general maintenance	6,000	-	6,000	5,898	102
Debt Service:					
Debt retirement	1,917,100	261,748	2,178,848	2,178,848	-
Interest payments	416,904	14,028	430,932	430,208	724
Transfers	60,000	-	60,000	277,945	(217,945)
Total debt service	2,394,004	275,776	2,669,780	2,887,001	(217,221)
Education:					
Redding Board of Education:					
General instruction	9,713,708	9,945	9,723,653	9,837,210	(113,557)
Kindergarten	4,750	-	4,750	3,942	808
Humanities	54,466	(10,917)	43,549	35,342	8,207
Integrated language arts	29,082	-	29,082	22,651	6,431
Curriculum	94,192	-	94,192	75,784	18,408
Industrial technology	10,625	445	11,070	10,808	262
Science/math technology	43,085	-	43,085	31,526	11,559
Physical education/health	16,694	976	17,670	13,048	4,622
Student activity co-curricular	81,447	(1,850)	79,597	71,674	7,923
Special services	26,076	-	26,076	11,359	14,717
Special education	5,007,334	(2,200)	5,005,134	4,974,485	30,649
Guidance	3,129	-	3,129	2,836	293
Health services	199,756	4,260	204,016	189,463	14,553
Psychological services	18,790	-	18,790	11,741	7,049
Speech services	8,880	2,200	11,080	8,416	2,664
Educational media services	53,870	-	53,870	41,289	12,581
Technology plan	446,699	(9,198)	437,501	410,602	26,899
Board of Education	114,960	(5,000)	109,960	60,221	49,739
Central administration	537,995	-	537,995	537,995	-
Magnet school	68,988	10,800	79,788	70,824	8,964
School administration	1,243,832	(2,314)	1,241,518	1,216,700	24,818
Operation/maintenance physical plant	2,099,087	20,853	2,119,940	1,979,428	140,512
Student transportation	1,192,055	(18,000)	1,174,055	997,423	176,632
Food service	5,500	-	5,500	377	5,123
Total Redding Board of Education	21,075,000	-	21,075,000	20,615,144	459,856
Regional School District No. 9	12,292,310	-	12,292,310	12,292,310	-
Total education	33,367,310	-	33,367,310	32,907,454	459,856
Total expenditures	47,654,442	-	47,654,442	46,976,328	678,114

(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, 2017

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Total expenditures and other financing uses	<u>\$ 47,654,442</u>	<u>\$ -</u>	<u>\$ 47,654,442</u>	\$ 46,976,328	<u>\$ 678,114</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				3,701,059	
Special education excess cost grant is recorded gross for GAAP				251,546	
The Town does not budget for capital leases issuances in the general fund.					
These amounts are recorded as revenue and expenditures for GAAP financial statement purposes.				171,271	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year incurred for financial reporting purposes.					
				<u>176,559</u>	
Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV				<u>\$ 51,276,763</u>	

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

Note 1. Budgets and Budgetary Accounting

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

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

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

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

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

**Required Supplementary Information – unaudited
Schedule of Funding Progress and Schedule of Employee Contributions - OPEB Plan
Last Nine Fiscal Years**

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

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

<i>Schedule of Employer Contributions - OPEB</i>			
Year Ended	Annual Required Contribution	Percentage Contributed	Actual Contribution
2009	\$ 431,218	1%	\$ 5,856
2010	438,976	-1%	(5,594)
2011	343,454	-3%	(10,897)
2012	350,209	-2%	(5,729)
2013	357,269	6%	21,284
2014	243,714	5%	11,814
2015	249,280	52%	130,128
2016	299,947	30%	88,756
2017	305,703	31%	93,250

**Required Supplementary Information – unaudited
Schedule of Contributions – MERS Pension Plan
Last Three Fiscal Years**

Measurement Period Ended June 30,	2017	2016	2015
Actuarially Determined Contribution	\$ 1,025,459	\$ 1,131,728	\$ 870,369
Contributions in Relation to the Actuarially Determined Contribution	1,025,459	1,131,728	870,369
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 6,658,000	\$ 6,859,281	\$ 6,859,281
Contributions as a Percentage of Covered-employee Payroll	15.40%	16.50%	12.69%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability – MERS Pension Plan
Last Three Fiscal Years

	2017	2016	2015
Town's proportion of the net pension liability	6.40%	6.40%	6.40%
Town's proportionate share of the net pension liability	\$ 5,860,625	\$ 4,469,285	\$ 3,405,997
Town's covered-employee payroll	6,658,000	6,859,281	6,859,281
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	88.02%	65.16%	49.66%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	92.72%	90.48%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

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

	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	33,937,982	30,396,474	28,095,448
Town's covered-employee payroll	11,467,000	11,298,533	10,103,000
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

Method and assumptions used in calculations of actuarially determined contributions

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 percent, net of investment related expense

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

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**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, 2017

Assets

Cash and cash equivalents	\$ 12,952,735
Uncollected property taxes, net of allowance for uncollectible amounts	4,753,123
Accounts receivable	59,092
Due from other funds	1,301,832
Other	55,331
Inventory	2,635
Advances to other funds	1,928,195
Total assets	<u><u>\$ 21,052,943</u></u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:

Accounts and other payables	\$ 1,694,508
Due to other governments	2,699
Due to Regional School District No. 9	635,008
Due to other funds	1,061,584
Total liabilities	<u>3,393,799</u>

Deferred inflows of resources:

Unavailable revenue	<u>7,516,431</u>
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Fund balances:

Nonspendable	1,986,161
Committed	200,000
Unassigned	7,956,552
Total fund balance	<u>10,142,713</u>

Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 21,052,943</u></u>
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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Capital Projects Funds

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

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

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Town of Redding, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Assets				
Cash	\$ 273,867	\$ 56,171	\$ 12,612	\$ 49,683
Sewer Assessments	-	-	-	-
Due from Other Funds	-	-	-	-
Total assets	\$ 273,867	\$ 56,171	\$ 12,612	\$ 49,683
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 137	\$ 4,367	\$ 2,488
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	137	4,367	2,488
Deferred Inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balances:				
Restricted	273,867	56,034	8,245	47,195
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	273,867	56,034	8,245	47,195
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 273,867	\$ 56,171	\$ 12,612	\$ 49,683

Special Revenue Funds						
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants	
\$ 8,061	\$ 17,114	\$ 598	\$ 9,622	\$ 1,994	\$ 93,216	
-	-	5,506	-	-	-	
-	-	-	-	-	-	
<u>\$ 8,061</u>	<u>\$ 17,114</u>	<u>\$ 6,104</u>	<u>\$ 9,622</u>	<u>\$ 1,994</u>	<u>\$ 93,216</u>	
\$ 1,400	\$ 144	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,400	144	-	-	-	20,000	
-	-	5,506	-	-	-	
6,661	-	-	-	-	73,216	
-	16,970	598	9,622	1,994	-	
-	-	-	-	-	-	
<u>6,661</u>	<u>16,970</u>	<u>598</u>	<u>9,622</u>	<u>1,994</u>	<u>73,216</u>	
<u>\$ 8,061</u>	<u>\$ 17,114</u>	<u>\$ 6,104</u>	<u>\$ 9,622</u>	<u>\$ 1,994</u>	<u>\$ 93,216</u>	

(Continued)

Town of Redding, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds					Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	Debt Service Fund	
Assets						
Cash	\$ 8,698	\$ 24,482	\$ 27,556	\$ 13,400	\$ 1,285,073	\$ 1,882,147
Sewer Assessments	-	-	-	-	-	5,506
Due From Other Funds	-	-	-	-	-	-
Total assets	\$ 8,698	\$ 24,482	\$ 27,556	\$ 13,400	\$ 1,285,073	\$ 1,887,653
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,536
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	20,000
Total liabilities	-	-	-	-	-	28,536
Deferred Inflows of resources:						
Unavailable revenue	-	-	-	-	-	5,506
Fund balances:						
Restricted	-	-	-	-	-	465,218
Committed	8,698	24,482	27,556	13,400	1,285,073	1,388,393
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	8,698	24,482	27,556	13,400	1,285,073	1,853,611
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 8,698	\$ 24,482	\$ 27,556	\$ 13,400	\$ 1,285,073	\$ 1,887,653

Capital Projects Funds							Total	Total Nonmajor Governmental Funds
Georgetown Streetscape	Communication Tower	Athletic Fields	Georgetown Intersection	School Bonded Projects	Reserve Fund for CNRE	Total		
\$ -	\$ -	\$ 4	\$ -	\$ -	\$ 950,051	\$ 950,055	\$ 2,832,202	
-	-	-	-	-	-	-	5,506	
13,392	-	-	-	-	-	13,392	13,392	
<u>\$ 13,392</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,051</u>	<u>\$ 963,447</u>	<u>\$ 2,851,100</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,763	\$ 7,763	\$ 16,299	
-	5,450	-	-	-	-	5,450	5,450	
-	-	-	-	-	-	-	20,000	
-	5,450	-	-	-	7,763	13,213	41,749	
-	-	-	-	-	-	-	5,506	
13,392	-	4	-	-	942,288	955,684	1,420,902	
-	-	-	-	-	-	-	1,388,393	
-	(5,450)	-	-	-	-	(5,450)	(5,450)	
<u>13,392</u>	<u>(5,450)</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>942,288</u>	<u>950,234</u>	<u>2,803,845</u>	
<u>\$ 13,392</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,051</u>	<u>\$ 963,447</u>	<u>\$ 2,851,100</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, 2017

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Revenues:				
Intergovernmental	\$ 269,261	\$ 3,065	\$ -	\$ 263,418
Investment income	-	-	-	-
Charges for services	-	19,123	12,136	-
Miscellaneous	-	-	-	-
Total revenues	269,261	22,188	12,136	263,418
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	4,679	13,569	-
Highways and streets	-	-	-	-
Health and social services	-	-	-	-
Education	-	-	-	275,459
Parks and recreation	-	-	-	-
Capital outlay	123,292	14,567	-	-
Total expenditures	123,292	19,246	13,569	275,459
Revenues over (under) expenditures	145,969	2,942	(1,433)	(12,041)
Other financing sources:				
Proceeds from bond issuance	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Fund balances (deficits), beginning of year	127,898	53,092	9,678	59,236
Fund balances (deficits), end of year	\$ 273,867	\$ 56,034	\$ 8,245	\$ 47,195

Special Revenue Funds					
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
20,354	2,651	-	11,692	4,674	-
-	-	3,500	-	-	53,567
<u>20,354</u>	<u>2,651</u>	<u>3,500</u>	<u>11,692</u>	<u>4,674</u>	<u>53,567</u>
25,770	-	9,425	-	-	-
-	-	-	-	-	-
-	3,631	-	-	-	-
-	-	-	-	-	2,500
-	-	-	-	-	-
-	-	-	6,200	3,500	-
-	-	-	-	-	-
<u>25,770</u>	<u>3,631</u>	<u>9,425</u>	<u>6,200</u>	<u>3,500</u>	<u>2,500</u>
(5,416)	(980)	(5,925)	5,492	1,174	51,067
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,077</u>	<u>17,950</u>	<u>6,523</u>	<u>4,130</u>	<u>820</u>	<u>22,149</u>
<u>\$ 6,661</u>	<u>\$ 16,970</u>	<u>\$ 598</u>	<u>\$ 9,622</u>	<u>\$ 1,994</u>	<u>\$ 73,216</u>

(Continued)

Town of Redding, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2017

	Special Revenue Funds					Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	Debt Service Fund	
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535,744
Investment income	-	-	-	-	2,505	2,505
Charges for services	3,213	17,910	-	-	-	91,753
Miscellaneous	-	-	-	-	-	57,067
Total revenues	3,213	17,910	-	-	2,505	687,069
Expenditures:						
Current:						
General government	-	7,655	15,894	4,348	60,325	123,417
Public safety	-	-	-	-	-	18,248
Highways and streets	-	-	-	-	-	3,631
Health and social services	-	-	-	-	-	2,500
Education	-	-	-	-	-	275,459
Parks and recreation	4,817	-	-	-	-	14,517
Capital outlay	-	-	-	-	-	137,859
Total expenditures	4,817	7,655	15,894	4,348	60,325	575,631
Revenues over (under) expenditures	(1,604)	10,255	(15,894)	(4,348)	(57,820)	111,438
Other financing sources:						
Proceeds from bond issue	-	-	-	-	-	-
Bond premium	-	-	-	-	935,893	935,893
Transfers in	-	-	-	-	407,000	407,000
Total other financing sources	-	-	-	-	1,342,893	1,342,893
Fund balances (deficits), beginning of year	10,302	14,227	43,450	17,748	-	399,280
Fund balances (deficits), end of year	\$ 8,698	\$ 24,482	\$ 27,556	\$ 13,400	\$ 1,285,073	\$ 1,853,611

Capital Project Funds							Total	Total Nonmajor Governmental Funds
Georgetown Streetscape	Communication Tower	Athletic Fields	Georgetown Intersection	School Bonded Projects	Reserve Fund for CNRE			
\$ -	\$ -	\$ -	\$ 9,537	\$ -	\$ -	\$ 9,537	\$ 545,281	
-	-	-	-	-	2,183	2,183	4,688	
-	-	-	-	-	-	-	91,753	
-	-	-	-	-	-	-	57,067	
-	-	-	9,537	-	2,183	11,720	698,789	
-	-	-	-	-	-	-	123,417	
-	5,450	-	-	-	-	5,450	23,698	
-	-	-	-	-	-	-	3,631	
-	-	-	-	-	-	-	2,500	
-	-	-	-	-	-	-	275,459	
-	-	-	-	-	-	-	14,517	
-	45,032	-	-	-	53,769	98,801	236,660	
-	50,482	-	-	-	53,769	104,251	679,882	
-	(50,482)	-	9,537	-	(51,586)	(92,531)	18,907	
-	423,000	-	-	507,300	-	930,300	930,300	
-	-	-	-	-	-	-	935,893	
-	-	-	217,945	-	-	217,945	624,945	
-	423,000	-	217,945	507,300	-	1,148,245	2,491,138	
13,392	(377,968)	4	(227,482)	(507,300)	993,874	(105,480)	293,800	
\$ 13,392	\$ (5,450)	\$ 4	\$ -	\$ -	\$ 942,288	\$ 950,234	\$ 2,803,845	

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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, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Redding Elementary School	\$ 63,401	\$ 84,387	\$ 86,299	\$ 61,489
John Read Middle School	86,715	138,468	129,684	95,499
Total assets	\$ 150,116	\$ 222,855	\$ 215,983	\$ 156,988
Liabilities				
Redding Elementary School	\$ 63,401	\$ 84,387	\$ 86,299	\$ 61,489
John Read Middle School	86,715	138,468	129,684	95,499
Total liabilities	\$ 150,116	\$ 222,855	\$ 215,983	\$ 156,988

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Other Schedules

Town of Redding, Connecticut

Exhibit D-1

Report of Tax Collector
For the Year Ended June 30, 2017

Grand List Year	Uncollected Taxes/Levy July 1, 2016	Current Year Levy	Lawful Corrections		Transfers to Suspense	Bounced Checks	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2017	
			Additions	Deletions				Taxes	Liens and Interest	Refunds	Total		
2015	\$ -	\$ 46,162,146	\$ 148,650	\$ 160,166	\$ -	\$ 39,067	\$ 46,189,697	\$ 45,589,148	\$ 85,581	\$ (67,821)	\$ 45,606,907	\$ 668,371	
2014	652,019	-	12,731	12,304	-	-	652,446	234,552	45,136	(8,545)	271,144	426,438	
2013	383,782	-	2,707	4,912	41,658	-	339,919	92,909	48,246	(1,525)	139,630	248,535	
2012	266,588	-	2,438	-	-	-	269,026	66,148	36,166	-	102,314	202,878	
2011	325,083	-	-	-	-	-	325,083	5,745	1,453	-	7,198	319,338	
2010	307,714	-	-	-	-	-	307,714	-	-	-	-	307,714	
2009	300,018	-	-	-	-	-	300,018	-	-	-	-	300,018	
2008	281,471	-	-	-	-	-	281,471	-	-	-	-	281,471	
2007	140,041	-	-	-	-	-	140,041	-	-	-	-	140,041	
2006	6,102	-	-	-	-	-	6,102	-	-	-	-	6,102	
2005	5,310	-	-	-	-	-	5,310	-	-	-	-	5,310	
2004	5,272	-	-	-	-	-	5,272	-	-	-	-	5,272	
2003	193	-	-	-	-	-	193	-	-	-	-	193	
2002	-	-	-	-	-	-	-	-	-	-	-	-	
2001	306	-	-	-	-	-	306	-	-	-	-	306	
Total	\$ 2,673,899	\$ 46,162,146	\$ 166,526	\$ 177,382	\$ 41,658	\$ 39,067	\$ 48,822,598	45,988,502	216,582	\$ (77,891)	46,127,193	\$ 2,911,987	
								Suspense collections					
												30,407	
												18,232	
												48,639	
								Total				\$ 46,018,909	
												\$ 234,814	
												46,175,832	

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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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 44,545,958	\$ 44,090,719	\$ 30,966,996	\$ 37,246,394	\$ 34,773,827	\$ 35,631,967	\$ 32,091,707	\$ 32,800,707	\$ 31,194,831	\$ 31,767,568
Restricted	-	-	-	-	-	2,100	2,100	2,100	2,100	2,100
Unrestricted	9,954,708	5,684,357	16,784,958	10,220,417	10,949,394	8,610,909	10,650,817	4,843,714	4,825,262	3,337,320
	<u>54,500,666</u>	<u>49,775,076</u>	<u>47,751,954</u>	<u>47,466,811</u>	<u>45,723,221</u>	<u>44,244,976</u>	<u>42,744,624</u>	<u>37,646,521</u>	<u>36,022,193</u>	<u>35,106,988</u>
Business-type activities:										
Net investment in capital assets	8,110,693	8,421,063	8,420,654	8,600,245	8,371,800	8,571,683	8,744,029	2,263,303	2,369,777	2,476,251
Unrestricted	(1,950,007)	(1,861,133)	(1,526,012)	(1,337,548)	(450,816)	(321,475)	(146,611)	8,461	126,071	181,366
	<u>6,160,686</u>	<u>6,559,930</u>	<u>6,894,642</u>	<u>7,262,697</u>	<u>7,920,984</u>	<u>8,250,208</u>	<u>8,597,418</u>	<u>2,271,764</u>	<u>2,495,848</u>	<u>2,657,617</u>
Total Town:										
Net investment in capital assets	52,656,651	52,511,782	39,387,650	45,846,639	43,145,627	44,203,650	40,835,736	35,064,010	33,564,608	34,243,819
Restricted	-	-	-	-	-	2,100	2,100	2,100	2,100	2,100
Unrestricted	8,004,701	3,823,224	15,258,946	8,882,869	10,498,578	8,289,434	10,504,206	4,852,175	4,951,333	3,518,686
	<u>\$ 60,661,352</u>	<u>\$ 56,335,006</u>	<u>\$ 54,646,596</u>	<u>\$ 54,729,508</u>	<u>\$ 53,644,205</u>	<u>\$ 52,495,184</u>	<u>\$ 51,342,042</u>	<u>\$ 39,918,285</u>	<u>\$ 38,518,041</u>	<u>\$ 37,764,605</u>

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

	Fiscal Year Ended				
	2017	2016	2015	2014	2013
Program Revenues:					
Governmental Activities					
Charges for services:					
General government	\$ 390,035	\$ 466,523	\$ 358,776	\$ 376,178	\$ 604,900
Public Safety	31,258	23,120	56,852	44,227	37,774
Highway and street	192,207	217,342	172,574	246,619	3,992
Transfer station and recycling	158,964	151,867	160,617	168,716	164,580
Health and Welfare	30,185	23,256	21,620	18,315	11,573
Library	-	-	-	-	-
Education	-	-	-	-	183,736
Park and Recreation	515,613	584,318	619,545	581,964	538,906
	<u>1,318,262</u>	<u>1,466,426</u>	<u>1,389,984</u>	<u>1,436,019</u>	<u>1,545,461</u>
Operating grants and contributions	4,871,857	4,249,637	4,720,743	4,136,754	3,496,101
Capital grants and contributions	957,169	18,328	85,933	790,408	1,522,374
Total governmental activities revenues	<u>7,147,288</u>	<u>5,734,391</u>	<u>6,196,660</u>	<u>6,363,181</u>	<u>6,563,936</u>
Business-type activities:					
Charges for services	363,392	402,799	402,752	358,717	407,068
Total business-type activities revenues	<u>363,392</u>	<u>402,799</u>	<u>402,752</u>	<u>358,717</u>	<u>407,068</u>
Total primary government program revenue	<u>7,510,680</u>	<u>6,137,190</u>	<u>6,599,412</u>	<u>6,721,898</u>	<u>6,971,004</u>
Expenses					
Governmental activities:					
General government	4,194,610	4,828,531	4,011,987	4,705,089	4,055,095
Public safety	3,093,208	3,329,417	3,228,429	3,354,838	3,842,256
Highway and streets	2,153,408	2,165,108	1,592,510	2,440,040	3,225,294
Transfer station and recycling	300,523	364,100	373,408	413,983	633,954
Health and social services	169,249	164,654	159,177	163,226	169,588
Library	513,958	489,950	613,563	578,440	559,548
Parks and recreation	1,199,143	1,301,883	1,212,541	1,249,000	1,240,965
Education	37,068,091	36,813,034	36,531,377	37,271,718	36,781,143
Interest expense	718,828	558,787	554,372	283,301	658,446
Total governmental activities expenses	<u>49,411,018</u>	<u>50,015,464</u>	<u>48,277,364</u>	<u>50,459,635</u>	<u>51,166,289</u>
Business-type activities:					
Georgetown sewer	762,966	737,511	770,814	1,017,197	736,410
Total business-type activities expenses	<u>762,966</u>	<u>737,511</u>	<u>770,814</u>	<u>1,017,197</u>	<u>736,410</u>
Total primary government expenses	<u>50,173,984</u>	<u>50,752,975</u>	<u>49,048,178</u>	<u>51,476,832</u>	<u>51,902,699</u>

TABLE 2

Fiscal Year Ended				
2012	2011	2010	2009	2008
\$ 265,720	\$ 459,768	\$ 349,312	\$ 327,028	\$ 411,670
25,278	51,226	35,373	116,775	51,286
259,087	161,872	164,664	257,770	258,077
186,202	174,927	168,850	230,881	178,334
12,525	12,240	14,785	10,905	11,525
-	-	-	-	-
189,607	207,683	171,601	190,911	210,491
637,133	674,122	711,028	671,264	631,473
1,575,552	1,741,838	1,615,613	1,805,534	1,752,856
3,962,260	3,069,533	3,003,654	3,839,318	7,758,433
433,162	2,375,220	75,746	80,203	95,682
5,970,974	7,186,591	4,695,013	5,725,055	9,606,971
415,802	403,788	427,038	500,314	514,568
415,802	403,788	427,038	500,314	514,568
6,386,776	7,590,379	5,122,051	6,225,369	10,121,539
3,235,479	3,387,764	3,355,338	3,136,079	3,003,150
3,400,036	3,083,444	3,294,031	3,393,531	2,397,305
2,776,797	3,024,161	3,075,738	2,886,756	2,519,697
426,824	420,676	399,680	397,409	405,945
134,397	147,437	132,919	152,151	149,935
520,739	513,022	471,883	451,458	426,826
1,229,759	1,262,007	1,279,394	1,098,551	1,037,852
35,846,468	34,452,536	33,235,635	33,500,937	36,280,994
702,794	709,172	748,724	740,536	901,341
48,273,293	47,000,219	45,993,342	45,757,408	47,123,045
763,117	665,451	651,340	664,086	539,213
763,117	665,451	651,340	664,086	539,213
49,036,410	47,665,670	46,644,682	46,421,494	47,662,258

(Continued)

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

	Fiscal Year Ended				
	2017	2016	2015	2014	2013
Net (expense) revenue:					
Governmental activities	\$ (42,263,730)	\$ (44,281,073)	\$ (42,080,704)	\$ (44,096,454)	\$ (44,602,353)
Business-type activities	(399,574)	(334,712)	(368,062)	(658,480)	(329,342)
Total primary government net expense	(42,663,304)	(44,615,785)	(42,448,766)	(44,754,934)	(44,931,695)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	46,697,212	46,079,769	46,019,078	46,215,357	45,609,619
Grants and contributions not restricted to specific purposes	119,516	115,748	38,028	43,246	-
Investment income	76,004	54,708	28,052	27,443	23,757
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	96,588	53,970	134,788	66,514	32,927
Total governmental activities	46,989,320	46,304,195	46,219,946	46,352,560	46,080,597
Business-type activities:					
Unrestricted investment earnings	330	-	7	193	118
Donated capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	330	-	7	193	118
Total primary government	46,989,650	46,304,195	46,219,953	46,352,753	46,080,715
Changes in net position:					
Governmental activities	4,725,590	2,023,122	4,139,242	2,256,106	1,478,244
Business-type activities	(399,244)	(334,712)	(368,055)	(658,287)	(329,224)
Total primary government	\$ 4,326,346	\$ 1,688,410	\$ 3,771,187	\$ 1,597,819	\$ 1,149,020

TABLE 2

Fiscal Year Ended				
2012	2011	2010	2009	2008
\$ (42,302,319)	\$ (39,813,628)	\$ (41,298,329)	\$ (40,032,353)	\$ (37,516,074)
(347,315)	(261,663)	(224,302)	(163,772)	(24,645)
(42,649,634)	(40,075,291)	(41,522,631)	(40,196,125)	(37,540,719)
44,457,954	44,118,692	42,120,967	40,507,798	35,736,243
411,826	283,135	286,709	252,104	346,682
-	-	-	-	-
73,560	89,793	153,349	187,656	371,688
-	420,111	-	-	343,231
-	-	361,632	-	-
44,943,340	44,911,731	42,922,657	40,947,558	36,797,844
105	117	218	2,003	3,194
-	6,587,200	-	-	-
-	-	-	-	-
105	6,587,317	218	2,003	3,194
44,943,445	51,499,048	42,922,875	40,949,561	36,801,038
2,641,021	5,098,103	1,624,328	915,205	(718,230)
(347,210)	6,325,654	(224,084)	(161,769)	(21,451)
\$ 2,293,811	\$ 11,423,757	\$ 1,400,244	\$ 753,436	\$ (739,681)

TABLE 3

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund:										
Nonspendable:										
Prepays and other	\$ 1,983,526	\$ 1,739,456	\$ 1,522,209	\$ 1,272,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	2,635	2,549	3,813	-	1,720	1,661	-	-	-	-
Restricted for	-	-	-	-	-	-	-	-	-	-
Committed to	200,000	200,000	208,822	208,822	208,822	-	-	-	-	-
Assigned to:										
General government	-	-	-	-	153,124	73,685	8,222	-	-	-
Public safety	-	-	-	-	11,095	-	30,994	-	-	-
Highway and streets	-	-	-	-	5,050	-	28,930	-	-	-
Health and social services	-	-	-	-	-	-	4,000	-	-	-
Education	-	224,909	159,412	91,466	-	-	-	-	-	-
Parks and recreation	-	-	-	-	5,970	-	-	-	-	-
Capital projects	-	-	-	-	5,280	-	-	-	-	-
Unassigned	7,956,552	7,139,238	6,594,466	5,587,046	6,549,618	6,439,022	6,132,572	3,494,069	1,942,938	398,651
Total general fund balances	10,142,713	9,306,152	8,488,722	7,160,082	6,940,679	6,514,368	6,204,718	3,494,069	1,942,938	398,651
All other governmental funds:										
Nonspendable										
permanent funds	-	-	-	63,711	-	-	2,100	-	-	-
Restricted for										
grants	6,762,191	200,526	187,936	170,951	237,901	89,901	196,877	-	-	-
Committed to:										
General government	103,320	79,798	124,986	102,658	52,208	109,272	167,532	-	-	-
Public safety	-	62,770	66,289	14,506	12,426	22,006	131,855	-	-	-
Highway and streets	-	17,950	19,269	17,862	86,113	34,323	615,948	-	-	-
Health and social services	-	4	-	31,529	-	-	13,376	-	-	-
Education	-	36,376	32,888	4	-	10,626	2,281,049	-	-	-
Parks and recreation	1,285,073	15,252	26,973	22,210	6,057	4,946	7,328	-	-	-
Capital projects	-	993,874	1,002,175	1,069,069	1,221,893	1,371,785	846,486	-	-	-
Assigned	-	-	-	224,909	-	-	-	-	-	-
Unassigned	(5,450)	(10,687,673)	(6,403,338)	(5,249,301)	(2,274,309)	(842,021)	(31,896)	(4,600,061)	(3,334,685)	(2,750,192)
Total all other govt funds balances	8,145,134	(9,281,123)	(4,942,822)	(3,531,892)	(657,711)	800,838	4,230,655	(4,600,061)	(3,334,685)	(2,750,192)
Total fund balances	\$ 18,287,847	\$ 25,029	\$ 3,545,900	\$ 3,628,190	\$ 6,282,968	\$ 7,315,206	\$ 10,435,373	\$ (1,105,992)	\$ (1,391,747)	\$ (2,351,541)

TABLE 4

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

	Fiscal Year Ended									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes	\$ 46,133,174	\$ 45,448,399	\$ 45,698,262	\$ 45,676,124	\$ 45,701,489	\$ 43,547,989	\$ 43,297,765	\$ 41,615,116	\$ 40,772,789	\$ 36,129,273
Intergovernmental	5,372,921	5,024,795	4,752,111	4,187,573	5,598,773	4,906,946	6,076,308	3,930,091	4,356,719	8,411,288
Investment income	76,004	54,708	28,052	27,443	23,757	73,560	89,793	45,956	187,656	371,688
Charges for services	1,298,884	1,466,652	1,482,577	1,448,854	1,365,108	1,465,969	1,393,418	1,463,784	1,620,440	1,542,365
Other	96,588	53,970	134,788	66,514	47,276	9,884	-	-	-	-
Total revenues	52,977,571	52,048,524	52,095,790	51,406,508	52,736,403	50,004,348	50,857,284	47,054,947	46,937,604	46,454,614
Expenditures:										
Current:										
General government	3,031,957	3,031,266	3,074,285	3,323,685	2,815,720	2,400,642	2,397,733	2,337,993	2,190,435	2,153,944
Public Safety	2,496,700	2,437,713	2,375,522	2,422,748	2,277,369	2,556,360	2,136,012	2,484,792	2,575,277	1,887,524
Highway and Streets	1,469,813	1,395,543	1,498,512	1,497,120	1,370,592	1,872,501	1,588,140	1,741,321	1,417,923	1,611,116
Transfer Station and Recycling	239,387	251,371	258,057	293,302	309,323	330,170	321,376	313,413	314,620	326,298
Health and welfare	120,281	118,511	112,938	115,931	126,788	103,157	110,949	102,913	118,468	110,838
Library	513,958	489,950	457,898	433,000	423,000	402,250	395,000	378,000	361,312	332,800
Parks and Recreation	969,489	981,165	904,104	920,143	948,449	958,269	968,994	912,767	875,736	845,604
Employee Benefits	2,766,777	2,716,527	2,745,402	2,843,901	2,557,585	2,418,832	2,365,880	2,054,303	1,959,482	1,880,517
Education	37,329,226	36,521,277	36,558,889	36,823,250	36,439,462	35,470,497	33,993,948	33,237,176	32,927,334	36,154,071
Capital outlay	4,593,148	5,821,147	2,107,563	3,441,502	3,595,008	5,747,363	4,266,470	1,225,467	1,265,889	1,828,535
Debt service- Principal	1,570,000	1,567,493	1,575,066	-	-	-	-	-	-	-
Debt service- Interest	416,181	479,684	615,151	2,049,173	2,265,134	2,264,829	1,906,514	1,981,047	1,971,334	2,085,619
Total expenditures	55,516,917	55,811,647	52,283,387	54,163,755	53,128,430	54,524,870	50,451,016	46,769,192	45,977,810	49,216,866
Excess (deficiency) of revenues Over Expenditures	(2,539,346)	(3,763,123)	(187,597)	(2,757,247)	(392,027)	(4,520,522)	406,268	285,755	959,794	(2,762,252)
Other financing sources (uses):										
Proceeds from Capital Leases	171,271	242,252	393,927	291,816	410,948	1,393,337	269,675	-	-	-
Premium	935,893	-	-	34,549	-	-	-	-	-	-
Proceeds from bond sale	19,695,000	-	-	-	66,426	-	10,315,000	-	-	-
Sale of capital assets	-	-	-	-	23,084	5,861	551,579	-	-	349,927
Transfers in	624,945	296,000	87,500	104,856	104,856	547,856	226,416	-	151,175	254,800
Transfers out	(624,945)	(296,000)	(87,500)	(104,856)	(104,856)	(547,856)	(226,416)	-	(151,175)	(254,800)
Net other financing sources (uses)	20,802,164	242,252	393,927	326,365	500,458	1,399,198	11,136,254	-	-	349,927
Net change in fund balances	18,262,818	(3,520,871)	206,330	(2,430,882)	108,431	(3,121,324)	11,542,522	285,755	959,794	(2,412,325)
Fund balance - beginning of year	25,029	3,545,900	3,339,570	5,770,452	6,174,537	10,436,530	(1,105,992)	(1,391,747)	(2,351,541)	60,784
Fund balances - end of year	\$ 18,287,847	\$ 25,029	\$ 3,545,900	\$ 3,339,570	\$ 6,282,968	\$ 7,315,206	\$ 10,436,530	\$ (1,105,992)	\$ (1,391,747)	\$ (2,351,541)
Debt service as a percentage of noncapital expenditures	4%	4%	5%	4%	5%	5%	4%	4%	4%	4%

TABLE 5

Town of Redding, Connecticut
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Thousands)
(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		
2017	\$ 1,473,281,848	\$ 2,104,688,354	\$ 160,004,955	\$ 228,578,507	\$ 1,633,286,803	\$ 2,333,266,861	70.00%	29.62
2016	1,471,441,194	2,102,058,849	161,839,813	231,199,732	1,633,281,007	2,333,258,581	70.00%	29.24
2015	1,469,940,798	2,099,915,426	161,708,448	231,013,069	1,631,649,246	2,330,928,495	70.00%	28.91
2014	1,467,057,238	2,095,796,054	160,031,086	228,615,837	1,627,088,324	2,324,411,891	70.00%	28.95
2013	1,833,807,098	2,619,724,426	161,761,817	231,088,310	1,995,568,915	2,850,812,736	70.00%	23.28
2012	1,833,698,548	2,619,569,354	156,543,350	223,633,357	1,990,241,898	2,843,202,711	70.00%	22.79
2011	1,840,340,582	2,629,057,974	152,994,171	218,563,101	1,993,334,753	2,847,621,075	70.00%	22.22
2010	1,828,228,980	2,611,755,686	152,956,540	218,509,343	1,981,185,520	2,830,265,029	70.00%	21.79
2009	1,832,179,130	2,617,398,757	178,981,315	255,687,593	2,011,160,445	2,873,086,350	70.00%	21.00
2008	1,441,964,851	2,059,949,787	122,987,564	175,696,520	1,564,952,415	2,235,646,307	70.00%	22.74

Source: Town of Redding, Assessor's Office

Town of Redding, Connecticut
2017
Principal Taxpayers

TABLE 6

Taxpayer	2017			2008		
	Assessment	(1) Rank	% of Net Net Taxable Grand List	Assessment	Rank	% of Net Net Taxable Grand List
Redding Life Care, LLC	\$ 82,686,087	1	5.06%	\$ 85,138,774	1	5.44%
Eversource (former CL&P)	55,292,576	2	3.39%	58,202,359	2	3.72%
Redding Country Club Inc.	8,765,000	3	0.54%	7,738,800	4	0.49%
Prusak Robert & Jamie	5,662,100	4	0.35%	7,045,300	5	0.45%
Escape from CT, LLC	4,104,010	5	0.25%	-	-	-
Aquarion Water Company of CT	3,819,820	6	0.23%	5,250,680	6	0.34%
Georgetown Land Development	9,528,100	7	0.22%	11,701,130	3	0.75%
123 Mountain Road Associates LLC	3,425,200	8	0.21%	3,803,200	8	0.24%
ABCH LLC	3,204,070	9	0.20%	-	-	0.00%
Angeloni Luciano & Debra	2,894,780	10	0.18%	3,403,680	10	0.22%
Falciglia & Valeri Construction LLC	-		0.00%	3,514,500	9	0.22%
RP Trust The	-		0.00%	4,744,800	7	0.30%
	<u>\$ 179,381,743</u>		<u>10.63%</u>	<u>\$ 190,543,223</u>		<u>12.17%</u>

Source: Town Assessor Department

(1) The net taxable grand list as of October 1, 2015 and 2006 totaled \$1,633,281,007 and \$1,564,952,415, 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
2017	\$ 46,257,519	\$ 45,589,148	98.6%	\$ -	\$ 45,589,148	98.6%
2016	45,708,421	45,056,402	98.6%	302,017	45,358,419	99.2%
2015	45,720,390	45,147,782	98.7%	698,522	45,846,304	100.3%
2014	45,791,419	45,142,235	98.6%	451,829	45,594,064	99.6%
2013	45,072,306	44,324,390	98.3%	939,609	45,263,999	100.4%
2012	44,044,397	43,119,722	97.9%	430,767	43,550,489	98.9%
2011	44,117,180	42,930,490	97.3%	248,557	43,179,047	97.9%
2010	42,068,864	41,453,864	98.5%	110,324	41,564,188	98.8%
2009	40,826,214	40,345,062	98.8%	393,411	40,738,473	99.8%
2008	35,780,495	35,548,779	99.4%	443,937	35,992,716	100.6%

2002 Revaluation
2007 Revaluation
2012 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					
2017	\$ 19,119,629	\$ 11,105,371	\$ 691,346	\$ -	\$ 30,916,346	2.7%	3,336
2016	8,472,000	3,628,000	1,018,962	-	13,118,962	1.1%	1,416
2015	9,685,539	4,030,000	1,194,873	42,493	14,952,905	1.4%	1,635
2014	10,818,462	4,443,000	1,468,215	92,559	16,822,236	1.5%	1,839
2013	11,725,426	4,856,000	1,488,884	141,635	18,211,945	1.6%	1,991
2012	12,746,200	5,268,800	1,363,428	189,739	19,568,167	1.8%	2,139
2011	13,832,950	5,682,050	211,061	236,892	19,962,953	1.9%	2,204
2010	7,856,500	2,538,500	-	428,119	10,823,119	1.0%	1,210
2009	8,624,250	2,990,750	-	496,629	12,111,629	1.0%	1,378
2008	9,392,000	3,443,000	-	563,784	13,398,784	1.2%	1,523

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

Grand List Year	Year Ended June 30,	Population	Net Assessed Value	General Obligation Bonded Debt/Notes	Ratio of Bonded Debt/Notes to Net Assessed Value	Debt Per Capita
2015	2017	9,216	\$ 1,633,281,007	\$ 30,225,000	1.85%	\$ 3,280
2014	2016	9,267	1,631,649,246	24,744,000	1.52%	2,670
2013	2015	9,148	1,633,281,007	13,758,032	0.84%	1,504
2012	2014	9,148	1,627,088,324	15,354,021	0.94%	1,678
2011	2013	9,148	1,995,568,915	16,723,061	0.84%	1,828
2010	2012	9,148	1,990,241,898	18,204,739	0.91%	1,990
2009	2011	9,058	1,993,334,753	19,751,892	0.99%	2,181
2008	2010	8,945	1,981,185,520	10,823,119	0.55%	1,210
2007	2009	8,790	2,011,160,445	12,111,629	0.60%	1,378
2006	2008	8,798	1,564,952,415	13,398,784	0.86%	1,523

TABLE 10

Town of Redding, Connecticut

Direct and Overlapping Governmental Activities Debt
 As of June 30, 2017
 (Unaudited)

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Overlapping debt			
Regional School District #9	<u>\$ 8,156,505</u>	100%	<u>\$ 8,156,505</u>
Town direct debt	30,916,346		<u>30,916,346</u>
Total			<u><u>\$ 39,072,851</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, 2017

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

Town of Redding	\$ 46,175,832
Fire District	1,483,586
Reimbursement for tax relief	275
	<u>47,659,693</u>

Base for Debt Limitation Computation

\$ 47,659,693

Debt Limitation	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 107,281,932				
4 1/2 times base	-	\$ 214,563,863			
3 3/4 times base	-	-	\$ 178,803,219		
3 1/4 times base	-	-	-	\$ 154,962,790	
3 times base	-	-	-	-	\$ 143,042,576
Total debt limitation	<u>107,281,932</u>	<u>214,563,863</u>	<u>178,803,219</u>	<u>154,962,790</u>	<u>143,042,576</u>
Indebtedness					
Bonds payable	19,119,629	11,105,371	-	-	-
Georgetown Special District	948,042	-	-	-	-
Redding's Portion of Regional School District No. 9 bonds net of school building grants	-	8,156,505	-	-	-
Bond anticipation notes	-	-	-	-	-
Debt authorized but unissued	157,000	-	-	-	-
Net indebtedness	<u>20,224,671</u>	<u>19,261,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limit in excess of outstanding and Authorized debt	<u>\$ 87,057,261</u>	<u>\$ 195,301,987</u>	<u>\$ 178,803,219</u>	<u>\$ 154,962,790</u>	<u>\$ 143,042,576</u>

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

\$ 333,617,849

Town of Redding, Connecticut

TABLE 12

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
2017	\$ 333,617,849	\$ 39,486,547	\$ 294,131,302	11.84%
2016	329,083,720	36,473,504	292,610,216	11.08%
2015	329,519,064	22,237,425	307,281,639	6.75%
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	263,507,454	31,493,744	232,013,710	11.95%
2008	244,455,085	50,670,255	193,784,830	20.73%

Town of Redding, Connecticut

TABLE 13

Demographic and Economic Statistics
Last 10 Years
(Unaudited)

	(1)		(2)		(1)	(1)	(3)	(1)
Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	Education Level in Years of Formal Schooling		School Enrollment	Unemployment Rate
2017	9,216	\$ 121,270	\$ 65,503	49	71% Bachelor Degree or more		1,385	4.30%
2016	9,267	131,006	64,934	49	70% Bachelor Degree or more		1,454	4.20%
2015	9,148	120,233	69,519	48	68% Bachelor Degree or more		1,447	4.50%
2014	9,148	126,309	69,519	48	68% Bachelor Degree or more		1,569	5.40%
2013	9,148	123,229	69,519	48	68% Bachelor Degree or more		1,677	5.40%
2012	9,148	120,223	69,519	48	68% Bachelor Degree or more		1,712	6.00%
2011	9,058	113,697	69,243	47	66% Bachelor Degree or more		1,747	5.80%
2010	8,945	119,788	65,594	46.4	65% Bachelor Degree or more		1,776	6.00%
2009	8,790	131,477	63,962	43	65% Bachelor Degree or more		1,831	5.80%
2008	8,798	125,000	62,610	42	61% Bachelor Degree or more		1,842	3.70%

(1) Connecticut Economic Resource Center

(2) Connecticut Department of Labor, Research Office

(3) Town of Redding, Board of Education

Town of Redding, Connecticut

TABLE 14

Principal Employers
Current and Nine Years Ago
(Unaudited)

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Redding Life Care, LLC	325	1	3.53%	262	1	2.98%
Town of Redding	259	2	2.81%	324	2	3.68%
Joel Barlow High School	153	3	1.66%	136	3	1.55%
Redding Elementary School	99	4	1.07%	113	4	1.28%
John Read Middle School	92	5	1.00%	95	5	0.11%
Redding Country Club	91	6	0.99%	90	6	1.02%

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 10 Years
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administrative and General Government:										
Board of Selectman	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Town Clerk	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25
Registrar of Voters	2.50	2.50	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
Finance:										
Finance	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Assessor	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00	2.00	2.00
Tax Collector	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Public Safety:										
Police	18.00	18.00	18.00	17.00	17.00	17.00	17.00	16.00	16.00	16.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Communications/Dispatch	5.50	5.50	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00
Public Works:										
Public Works	13.00	13.00	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75
Building	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.25
Facilities Maintenance	3.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Health, Social, Human Services:										
Health	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Social and Human Services	2.25	2.25	4.00	4.00	4.00	4.50	4.50	4.50	4.50	4.00
Recycling Center	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Recreation:										
Parks and Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Grand total	84.25	84.25	85.25	83.75	83.75	84.25	83.75	84.50	84.50	85.00

Source: Town Human Resource Departments

Town of Redding, Connecticut

TABLE 16

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

Function / Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Town										
Administrative and General Government	10.75	10.75	10.50	10.50	10.50	10.50	10.50	12.50	12.50	12.25
Finance	8.25	8.25	8.00	8.00	8.00	8.00	8.00	7.75	7.75	7.75
Public Safety	24.50	24.50	24.50	23.50	23.50	23.50	22.00	22.00	22.00	22.00
Public Works	19.50	19.50	19.25	18.75	18.75	18.75	18.75	18.75	18.75	20.00
Health, Social, Human Services	7.75	7.75	9.50	9.50	9.50	10.00	10.00	10.00	10.00	9.50
Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Total town	84.25	84.25	85.25	83.75	83.75	84.25	82.75	84.50	84.50	85.00

Source: Town and Board of Education Human Resource Departments

Town of Redding, Connecticut

TABLE 17

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

Function / Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Fire										
Fire and EMS responses	514	649	458	590	549	431	557	463	406	384
Police										
Criminal Incidents	209	792	543	721	664	792	736	588	574	619
Traffic violations	2,062	3,534	1,515	3,029	3,097	2,976	2,763	3,202	3,126	2,817
Motor vehicle accidents	258	232	195	241	256	203	282	265	239	289
Building Safety										
Building inspections	2,805	2,841	2,444	2,892	2,917	3,086	2,404	3,073	2,871	3,246
Total building permits	659	689	653	822	860	874	520	595	498	568
Total value all permits	\$ 16,852,919	\$ 20,033,514	\$ 12,543,740	\$ 19,219,414	\$ 10,095,400	\$ 13,791,399	\$ 8,273,691	\$ 10,086,646	\$ 14,477,104	\$ 16,655,031
Public Works										
Street resurfacing	6	13	18	8	9	11	4	4	6	-
Recycling Center / Transfer Station										
Permits issued	1,168	1,190	1,195	1,042	1,149	1,112	1,104	1,148	1,157	1,176
Refuse collected (tons per year)	140	165	176	171	179	194	187	178	178	205
Park and Recreation										
No. of recreation programs	11	11	11	11	10	10	10	10	9	9
Library										
Circulation	119,871	123,664	129,254	130,739	128,807	125,428	122,983	124,893	122,000	110,000
Education										
School enrollment										
High School	894	997	1,050	1,050	1,012	1,008	974	959	957	962
Middle School	422	454	470	513	553	559	582	595	589	575
Elementary School	489	472	420	488	578	581	661	670	714	734

Source: Various Town Departments
NA = Not Available

Town of Redding, Connecticut

TABLE 18

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

Function / Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	3	1	1	1	0	0	0	0
Dump trucks	13	13	15	15	15	15	14	13	12	12
Other public works vehicles/heavy equipment	13	13	14	14	14	14	14	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