

TOWN OF REDDING, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2018

The Town of Redding, Connecticut

Comprehensive Annual Financial Report

For

The Fiscal Year Ended June 30, 2018

Prepared By:

Town of Redding
Finance Department

Stephen Gniadek
Finance Director

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Introductory Section

100 Hill Rd, Redding, CT 06896
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www.townofreddingct.org

TOWN OF REDDING CT FINANCE DEPARTMENT

December 20, 2018

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, 2018. 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 the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with 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, has 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, 2018, 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, 2018, 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 auditor.

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 9,278 at 2016.

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 17.46% of the next year budgeted expenditures of \$49,226,160.

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 661 Building Permits issued in fiscal year 2018, at a value of \$10.3 million, compared to 659 issued at a value of \$16.9 million in fiscal year 2017.

The unemployment rate for fiscal year 2018 in Redding was 4.0% which compares favorably with the State rate of 5.1%. Median Household Income is \$129,643.

Property taxes, which accounted for approximately 88% of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 99.0% of the adjusted tax levy.

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

The State has continued to reduce financial aid to the Town. The budgeted amount for 2018-19 has been reduced from the prior year by \$129,000 in the final state budget approved in May 2018. 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 \$1.7 million to be spent over the remaining year of the plan. The current 5 year capital cost projection is for a total of \$5.4 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

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, 2017. This was the fourth 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.

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 prominent flourish at the end.

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, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF REDDING, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
As of JUNE 30, 2018

**Board of Selectmen
Julia Pemberton
First Selectman**

Margaret O'Donnell

Michael Thompson

**Board of Finance
Dr. Kimberly Yonkers
Chairman**

**Jamie Barickman
Ed Miller**

**Ward Mazzucco
Rob Dean**

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 – Vacant
Tax Collector - Patricia Moasio
Tax Assessor – John Ford
Town Clerk – Michele Grande
Treasurer – Wes Higgins
Zoning Official – Aimee Pardee**

**Board of Education
Dr. Melinda Irwin
Chairman**

**Laura Hoeing
Chris Parkin
Heather Whaley**

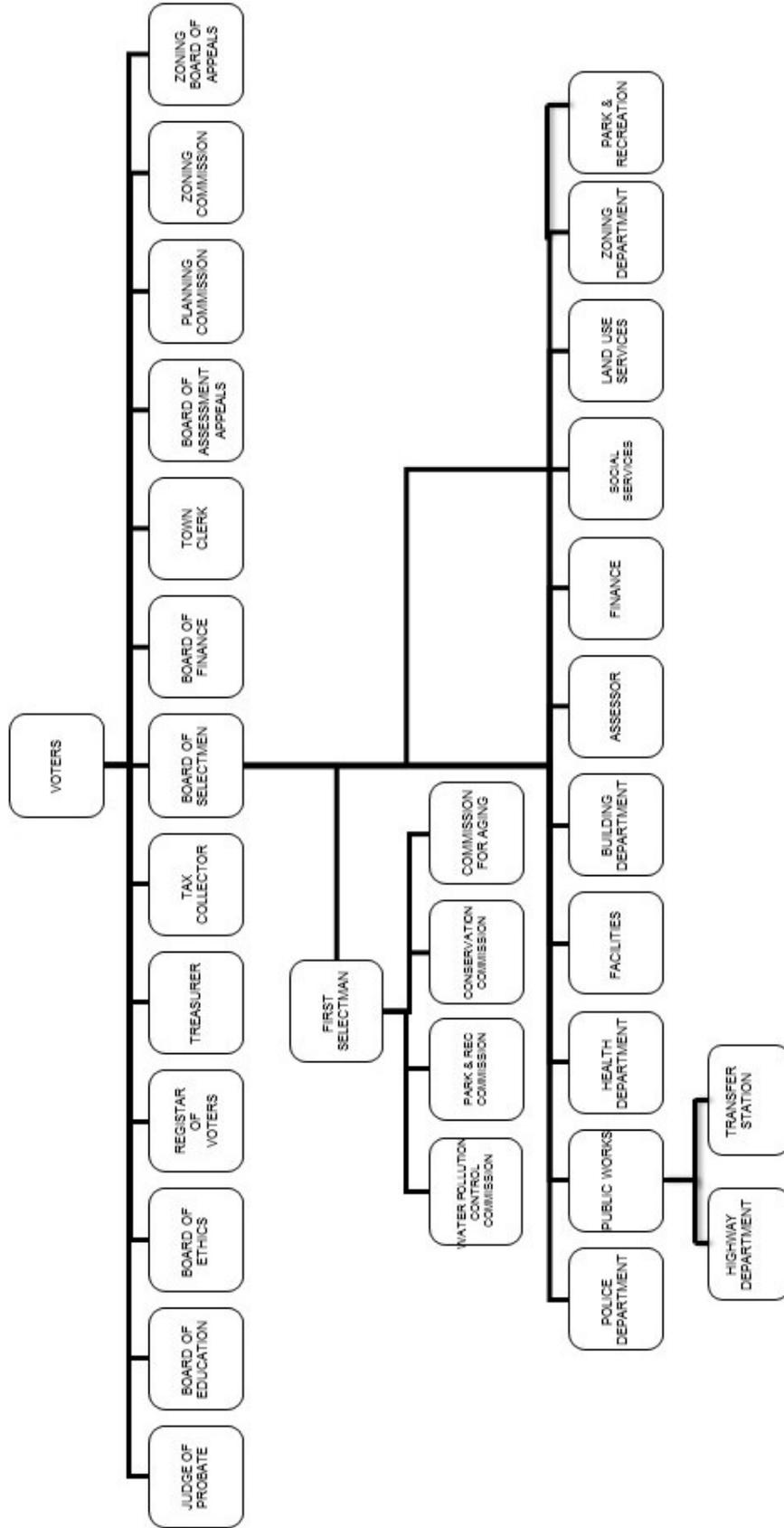
**Colleen Pilato
John Reilly
Michael Hoffman**

**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, 2018, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter—Adoption of Standards

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in the Town restating net position for recognition of the Town's OPEB related activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the pension and OPEB 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 financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, 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 20, 2018

Town of Redding, Connecticut

Management's Discussion and Analysis - unaudited For the Year Ended June 30, 2018

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, 2018.

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 \$55,331,221 (net position). Of this amount, \$10,430,876 (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 \$1,535,816 due to increased investment in road reconstruction and school facility improvement, along with expense savings.
- Total General Fund fund balance at June 30, 2018 is \$10,936,523 which is \$793,810 or 7.8% higher than the prior year fund balance. The General Fund balance consists of the Unassigned Fund Balance, Nonspendable Fund Balance and the Assigned Fund Balance. The Unassigned Fund Balance totals \$8,595,402 and represents 17.46% of the next year budgeted expenditures of \$49,226,160. The Assigned Fund balance totals \$9,830, which has been assigned for encumbrances. The Nonspendable Fund Balance totals \$2,331,291 and comprises primarily 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.
- Actual expenditures were \$294,234 under budget due to responsible spending within Town departments.
- Expenditures for Educational purposes were \$33,479,811 on the General Fund budgetary basis. This amounts represents 69.8% of total General Fund budgetary expenditures of \$47,939,092.
- Actual revenues were 101.0% of budget due primarily to higher than budgeted property tax collections of \$650,300 and investment income exceeding budget by \$225,978. This was partially offset by lower than budgeted revenues from Town Services totaling (\$129,232) and elimination of the MUNISHARE state grant (\$273,185). The net increase in revenue was \$489,746.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise 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 are 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 education and interest and fiscal charges. 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 resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements within the supplementary information section of this report.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison statements are 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 General Fund budget, and pension and OPEB 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 \$60,915,817 at the close of the most recent fiscal year.

	Summary Statement of Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Current and Other Assets	\$ 23,545,904	\$ 28,993,479	\$ 67,517	\$ 132,555	\$ 23,613,421	\$ 24,067,458
Capital Assets	71,553,835	69,567,400	7,976,232	8,110,693	79,530,067	73,510,481
Total assets	95,099,739	98,560,879	8,043,749	8,243,248	103,143,488	106,804,127
Deferred outflows of resources	1,993,037	3,313,432	-	-	1,993,037	3,313,432
Long-Term Liabilities	38,403,489	41,643,055	-	-	38,403,489	41,643,055
Other Current Liabilities	2,972,482	3,221,744	2,459,153	2,082,562	5,431,635	5,304,306
Total liabilities	41,375,971	44,864,799	2,459,153	2,082,562	43,835,124	46,947,361
Deferred inflows of resources	385,584	3,214,107	-	-	385,584	3,214,107
Net Position						
Net investment in capital assets	44,516,602	44,545,958	7,976,232	8,110,693	52,492,834	52,656,651
Restricted	383,743	-	-	-	383,743	-
Unrestricted	10,430,876	9,249,447	(2,391,636)	(1,950,007)	8,039,240	7,299,440
Total net position	\$ 55,331,221	\$ 53,795,405	\$ 5,584,596	\$ 6,160,686	\$ 60,915,817	\$ 59,956,091

By far, the largest portion of the Town's net position (86%) 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.

Restricted net position is to be used for certain grant requirements.

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

Governmental Activities. Governmental activities increased the Town's net position by \$1,535,816 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 (which differ from budgetary by amounts presented in Exhibit IV and other certain State allocations) totaled \$54,439,980 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 87% of governmental revenues. Operating grants and contributions are the Town's second largest revenue source and account for 10% of governmental revenues.

Expenses. Governmental expenses (which differ from budgetary by amounts presented in Exhibit IV and other certain State allocations) totaled \$52,904,164 for the fiscal year. Of the expenses, \$38,508,001 or 72.8% is related to education. Public safety expenses amounted \$3,648,280 or 6.9%. General government expenses amounted to \$4,451,222 or 8.4% and highway and streets expenses were \$2,986,971 or 5.6% all other expenses totaled \$3,309,690 or 6.3%.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 1,297,370	\$ 1,318,262	\$ 305,522	\$ 363,392	\$ 1,602,892	\$ 1,681,654
Operating grants and contributions	5,173,221	4,871,857	-	-	5,173,221	4,871,857
Capital grants and contributions	23,458	957,169	-	-	23,458	957,169
General revenues						
Property taxes	47,419,072	46,697,212	-	-	47,419,072	46,697,212
Grants and contributions not restricted to specific purposes	154,017	119,516	-	-	154,017	119,516
Investment income	279,280	76,004	-	330	279,280	76,334
Miscellaneous	93,562	96,588	-	-	93,562	96,588
Total revenues	54,439,980	54,136,608	305,522	363,722	54,745,502	54,500,330
Program Expenses						
General government	4,451,222	4,194,610	-	-	4,451,222	4,194,610
Public safety	3,648,280	3,093,208	-	-	3,648,280	3,093,208
Highway and streets	2,986,971	2,153,408	-	-	2,986,971	2,153,408
Transfer station and recycling	347,886	300,523	-	-	347,886	300,523
Health and social services	181,853	169,249	-	-	181,853	169,249
Library	513,958	513,958	-	-	513,958	513,958
Parks and recreation	1,277,454	1,199,143	-	-	1,277,454	1,199,143
Education	38,508,001	37,068,091	-	-	38,508,001	37,068,091
Interest expense	988,539	718,828	-	-	988,539	718,828
Sewer department	-	-	881,612	762,966	881,612	762,966
Total program expenses	52,904,164	49,411,018	881,612	762,966	53,785,776	50,173,984
Changes in net position	1,535,816	4,725,590	(576,090)	(399,244)	959,726	4,326,346
Net Position, Beginning as restated	53,795,405	49,775,076	6,160,686	6,559,930	59,956,091	56,335,006
Restatement for GASB No. 75*	-	(705,261)	-	-	-	(705,261)
Net Position, Ending	\$ 55,331,221	\$ 53,795,405	\$ 5,584,596	\$ 6,160,686	\$ 60,915,817	\$ 59,956,091

* 2017 restated for GASB No. 75. Additional information on GASB Statement No. 75 can be found in Note 1 under 'Accounting standards adopted in the current year'

Business-Type Activities. Business-type activities decreased the Town's net position by \$576,090. General revenues do not support the Town's business-type activities; revenues come from charges for services.

The Georgetown sewer expenses were \$881,612 which was a 16% 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, 2017	\$ 7,956,552
Actual revenue greater than budgeted	489,746
Actual expenditures less than budgeted	294,234
Changes in other fund balance categories	<u>(145,130)</u>
Unassigned fund balance, June 30, 2018	<u>\$ 8,595,402</u>

General Fund actual expenditures were .6% under budget due to responsible spending within Town departments. Additionally, actual revenues were 1% higher than budgeted primarily due to property tax collections partially offset by charges for services.

General Fund Budgetary Highlights

Actual revenue was at 101.0% of budget. Property tax collections both current and prior exceeded the budgeted amounts.

Actual expenditures were 99.4% of budget primarily due to controlling departmental spending.

Non-Major Governmental Funds

The total fund balance for the non-major governmental funds was \$4,687,648 as of June 30, 2018. This was a decrease of \$3,457,486 as compared to the prior year. This decrease was a result of planned expenditures on capital projects.

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, 2018 amounts to \$71,553,835 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 19,908,742	\$ 19,908,742	\$ 15,342	\$ 15,342	\$ 19,924,084	\$ 19,924,084
Construction in Progress	6,205,639	4,008,657	-	-	6,205,639	4,008,657
Buildings	14,357,248	14,572,428	-	-	14,357,248	14,572,428
Sewer Plant	-	-	7,657,649	7,740,859	7,657,649	7,740,859
Sewer Collection System	-	-	300,749	351,200	300,749	351,200
Machinery and Equipment	2,802,741	2,955,594	2,492	3,292	2,805,233	2,958,886
Infrastructure	25,963,290	25,602,558	-	-	25,963,290	25,602,558
Vehicles	1,853,957	2,032,056	-	-	1,853,957	2,032,056
Furniture and Fixtures	462,218	487,365	-	-	462,218	487,365
	<u>\$ 71,553,835</u>	<u>\$ 69,567,400</u>	<u>\$ 7,976,232</u>	<u>\$ 8,110,693</u>	<u>\$ 79,530,067</u>	<u>\$ 77,678,093</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 long-term debt outstanding of \$29,550,535. The entire amount is backed by the full faith and credit of the Town.

**Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2018	2017
General Obligation Bonds - Town Improvements	\$ 19,055,535	\$ 20,498,955
General Obligation Bonds - School Improvements	10,495,000	11,105,371
	<u>\$ 29,550,535</u>	<u>\$ 31,604,326</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 \$337,428,666 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, 2018, which matures through 2026, amounted to \$13,535,000. The Town’s share of the debt was \$7,241,255.

Additional information on the Town’s long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year’s Budget and Assumptions

The unemployment rate for the Town was 4.0%, down slightly from last year’s 4.2%. The rate compares favorably with the state’s average rate of 5.1%.

State aid has been reduced by \$129,000 compared to what was budgeted for FY 2018-19.

The 2018-19 budget increased 2.1% over prior year, primarily due to an increase in the allocated cost for the regional high school.

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, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 15,706,161	\$ 67,517	\$ 15,773,678
Receivables, net	5,508,452	-	5,508,452
Other	42,432	-	42,432
Internal balances	2,288,859	(2,288,859)	-
Capital assets, not being depreciated	26,114,381	15,342	26,129,723
Capital assets being depreciated, net	45,439,454	7,960,890	53,400,344
Total assets	95,099,739	5,754,890	100,854,629
Deferred Outflows of Resources			
Deferred pension items	1,635,480	-	1,635,480
Deferred charge on refunding	357,557	-	357,557
Total deferred outflows of resources	1,993,037	-	1,993,037
Liabilities			
Accounts payable and accrued expenses	2,209,569	170,294	2,379,863
Due to other governments	2,989	-	2,989
Due to Regional School District No.9	739,924	-	739,924
Unearned revenue	20,000	-	20,000
Long-term liabilities:			
Noncurrent liabilities due within one year	2,597,852	-	2,597,852
Due in more than one year	35,805,637	-	35,805,637
Total liabilities	41,375,971	170,294	41,546,265
Deferred Inflows of Resources			
Advance property tax collections	11,545	-	11,545
Deferred pension credit	249,537	-	249,537
Deferred OPEB credit	124,502	-	124,502
Total deferred inflows of resources	385,584	-	385,584
Net Position			
Net investment in capital assets	44,516,602	7,976,232	52,492,834
Restricted	383,743	-	383,743
Unrestricted (deficit)	10,430,876	(2,391,636)	8,039,240
Total net position	\$ 55,331,221	\$ 5,584,596	\$ 60,915,817

See notes to financial statements.

Town of Redding, Connecticut

Exhibit II

Statement of Activities
For the Year Ended June 30, 2018

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	\$ 4,451,222	\$ 385,363	\$ 147,531	\$ -	\$ (3,918,328)	\$ -	\$ (3,918,328)
Public Safety	3,648,280	37,436	1,311	-	(3,609,533)	-	(3,609,533)
Highway and street	2,986,971	149,361	269,568	23,458	(2,544,584)	-	(2,544,584)
Transfer station and recycling	347,886	147,453	-	-	(200,433)	-	(200,433)
Health and Welfare	181,853	32,974	-	-	(148,879)	-	(148,879)
Library	513,958	-	-	-	(513,958)	-	(513,958)
Education	38,508,001	-	4,754,811	-	(33,753,190)	-	(33,753,190)
Park and Recreation	1,277,454	544,783	-	-	(732,671)	-	(732,671)
Interest and fiscal charges	988,539	-	-	-	(988,539)	-	(988,539)
Total governmental activities	52,904,164	1,297,370	5,173,221	23,458	(46,410,115)	-	(46,410,115)
Business-type activities:							
Georgetown sewer	881,612	305,522	-	-	-	(576,090)	(576,090)
	\$ 53,785,776	\$ 1,602,892	\$ 5,173,221	\$ 23,458			
General revenues:							
Property taxes, interest and liens					47,419,072	-	47,419,072
Grants and contributions not restricted to specific programs					154,017	-	154,017
Investment income					279,280	-	279,280
Miscellaneous					93,562	-	93,562
Total general revenues					47,945,931	-	47,945,931
Change in net position					1,535,816	(576,090)	959,726
Net position - beginning- as restated, Note 1					53,795,405	6,160,686	59,956,091
Net position - ending					\$ 55,331,221	\$ 5,584,596	\$ 60,915,817

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2018**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 10,885,288	\$ 4,760,502	\$ 15,645,790
Receivables:			
Property taxes and interest, net	5,419,644	-	5,419,644
Sewer assessments	-	5,506	5,506
Intergovernmental	-	4,131	4,131
Other	79,171	-	79,171
Due from other funds	27,628	-	27,628
Prepays	40,518	-	40,518
Inventory	1,914	-	1,914
Advance to other funds	2,288,859	-	2,288,859
	<u>\$ 18,743,022</u>	<u>\$ 4,770,139</u>	<u>\$ 23,513,161</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,616,904	\$ 29,357	\$ 1,646,261
Due to other governments	2,989	-	2,989
Due to Regional School District No. 9	739,924	-	739,924
Due to other funds	196,463	27,628	224,091
Unearned revenue	-	20,000	20,000
	<u>2,556,280</u>	<u>76,985</u>	<u>2,633,265</u>
Deferred inflows of resources:			
Advance tax collections	11,545	-	11,545
Unavailable resources-other	5,238,674	5,506	5,244,180
	<u>5,250,219</u>	<u>5,506</u>	<u>5,255,725</u>
Fund balances:			
Nonspendable	2,331,291	-	2,331,291
Restricted	-	3,508,298	3,508,298
Committed	-	1,208,840	1,208,840
Assigned	9,830	-	9,830
Unassigned	8,595,402	(29,490)	8,565,912
	<u>10,936,523</u>	<u>4,687,648</u>	<u>15,624,171</u>
	<u>\$ 18,743,022</u>	<u>\$ 4,770,139</u>	<u>\$ 23,513,161</u>

See notes to financial statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2018**

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)	\$ 15,624,171
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	89,330,579
Less accumulated depreciation	<u>(17,776,744)</u>
Net capital assets	<u>71,553,835</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	5,244,180
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	(78)
Net deferred outflows/inflows of resources relating to pension and OPEB are not reported in the funds	1,261,441
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	(29,550,535)
Deferred amounts on refunding	357,557
Compensated absences	(247,964)
Accrued interest payable	(306,396)
Capital leases	(329,088)
MERS net pension liability	(4,958,634)
OPEB liability	(3,301,268)
Landfill closure and post-closure care	<u>(16,000)</u>
Net position of governmental activities (Exhibit I)	<u>\$ 55,331,221</u>

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 46,755,432	\$ -	\$ 46,755,432
Intergovernmental	4,731,855	595,383	5,327,238
Investment income	275,978	-	275,978
Charges for services	1,184,042	113,328	1,297,370
Other	93,210	352	93,562
Total revenues	53,040,517	709,063	53,749,580
Expenditures:			
Current:			
General government	2,819,607	41,712	2,861,319
Public safety	2,501,836	8,766	2,510,602
Highway and street	1,369,688	6,063	1,375,751
Transfer station and recycling	234,370	-	234,370
Health and welfare	120,278	716	120,994
Library	513,958	-	513,958
Parks and recreation	919,106	11,983	931,089
Employee benefits	2,959,303	-	2,959,303
Education	37,797,256	264,261	38,061,517
Debt service	2,947,580	204,762	3,152,342
Capital outlay	3,725	3,688,286	3,692,011
Total expenditures	52,186,707	4,226,549	56,413,256
Revenues over (under) expenditures	853,810	(3,517,486)	(2,663,676)
Other financing sources (uses):			
Transfer in	-	60,000	60,000
Transfer out	(60,000)	-	(60,000)
Total other financing sources (uses)	(60,000)	60,000	-
Change in fund balances	793,810	(3,457,486)	(2,663,676)
Fund balances, beginning of year	10,142,713	8,145,134	18,287,847
Fund balances, end of year	\$ 10,936,523	\$ 4,687,648	\$ 15,624,171

(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, 2018

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>\$ (2,663,676)</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	3,254,627
Depreciation expense	(1,265,452)
Loss on disposal of assets	(2,740)
	<u>1,986,435</u>

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

<u>663,640</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	98,791
Deferred amounts on refunding	(38,773)
Bond principal repayments	1,955,000
Capital lease payments	362,258
	<u>2,377,276</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	(605,462)
Net OPEB expense	39,618
Landfill post-closure care	4,000
Compensated absences	2,410
Accrued interest payable	14,604
	<u>(544,830)</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>(283,029)</u>

Change in net position of governmental activities (Exhibit II)

<u>\$ 1,535,816</u>

See notes to financial statements.

**Statement of Net Position - Proprietary Funds
June 30, 2018**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets		
Current assets:		
Cash and cash equivalents	\$ 67,517	\$ 60,371
Due from other funds	-	196,463
Total current assets	<u>67,517</u>	<u>256,834</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	-
Sewer plant	7,657,650	-
Sewer collection system	300,748	-
Furniture	2,492	-
Total capital assets, net	<u>7,976,232</u>	<u>-</u>
Total assets	<u>8,043,749</u>	<u>256,834</u>
Liabilities		
Current liabilities:		
Accounts payable	170,294	-
Claims payable	-	256,912
Total current liabilities	<u>170,294</u>	<u>256,912</u>
Noncurrent liabilities:		
Advance from other funds	<u>2,288,859</u>	<u>-</u>
Total liabilities	<u>2,459,153</u>	<u>256,912</u>
Net Position (Deficit)		
Investment in capital assets	7,976,232	-
Unrestricted (deficit)	<u>(2,391,636)</u>	<u>(78)</u>
Total net position (deficit)	<u>\$ 5,584,596</u>	<u>\$ (78)</u>

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds
For the Year Ended June 30, 2018**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Operating revenues:		
Charges for services	\$ 305,522	\$ 2,721,681
Total operating revenues	305,522	2,721,681
Operating expenses:		
Claims incurred	-	2,763,726
Administration	22,439	244,286
Contracted services	340,069	-
Outside services	10,779	-
Materials disposal	60,326	-
Materials and supplies	203,962	-
Utilities	109,576	-
Depreciation	133,661	-
Total operating expenses	880,812	3,008,012
Operating loss	(575,290)	(286,331)
Nonoperating revenues (expenses)		
Investment income	-	3,302
Loss on disposal of property	(800)	-
Total nonoperating expenses	(800)	3,302
Change in net position	(576,090)	(283,029)
Net position, beginning	6,160,686	282,951
Net position (deficit), ending	\$ 5,584,596	\$ (78)

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2018**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund charges for risk management services	\$ -	\$ 2,925,218
Receipts from customers and others	305,522	-
Payments to suppliers	(731,224)	-
Claim payments	-	(2,995,190)
Net cash used in operating activities	(425,702)	(69,972)
Cash flows from noncapital financing activities:		
Advances from other funds	360,664	-
Cash flows from investing activities:		
Income from investments	-	3,302
Net decrease in cash and cash equivalents	(65,038)	(66,670)
Cash and cash equivalents, beginning of year	132,555	127,041
Cash and cash equivalents, ending	<u>\$ 67,517</u>	<u>\$ 60,371</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (575,290)	\$ (286,331)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	133,661	-
Decrease in:		
Due from other funds	-	203,537
Increase in:		
Accounts and claims payable	15,927	12,822
Net cash used in operating activities	\$ (425,702)	\$ (69,972)

See notes to financial statements.

**Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2018**

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	<u>\$ 137,316</u>
Liabilities	
Due to others	<u>\$ 137,316</u>

See notes to financial statements.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

Accounting standards adopted in the current year: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented on July 1, 2017. This statement revised and established new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. Among other requirements, Statement No. 75 required governments to report a liability on the face of the financial statements for the OPEB that they provide: 1) Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. 2) Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. 3) Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The Town does not have a trust that meets the specific criteria of GASB 75.

The effects of the implementation of this statement are as follows: The beginning net position was decreased by \$705,261, an OPEB liability of \$3,216,384 was added, and a net OPEB obligation of \$2,511,123 was removed.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes when levied, 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 fund:

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The 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 provided to departments on a cost reimbursement basis as allowed by the GASB Statement No. 10.
- The *Agency Fund* accounts for monies held on behalf of students.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Georgetown Sewer enterprise fund are charges to customers for sales and services and of the Town's internal service fund are the charges to departments for employee health benefits. 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, and 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 3 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. 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). 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 nonspendable classification in the applicable governmental fund 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 July 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.

Allowance for doubtful accounts: Receivables for the primary government are reported net of an 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*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 2018 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 if purchased or estimated historical cost if 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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	100
Sewer lines	10-20
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.

Total OPEB liability: The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability). The Town has accumulated no assets to fund OPEB and therefore does not have a fiduciary fund for OPEB. The total OPEB 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 total OPEB liability is reported in the statement of net position.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB 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 and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB 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.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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.

Note 2. Stewardship, Compliance and Accountability

Deficit fund balance: The following funds had fund balance deficits at June 30, 2018:

Nonmajor governmental/internal service funds:

Medical internal service fund	\$	78
Station Road Bridge	\$	27,628
Parking Permits/Lot Fund	\$	1,862

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability (Continued)

Capital projects authorization: The following is a summary of major capital projects at June 30, 2018:

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Commitment Balance June 30, 2018
Road Reconstruction Fund	\$ 6,753,000	\$ 1,010,324	\$ 4,793,527	\$ 1,959,473
Georgetown STEAP	1,227,953	-	1,214,560	13,393
Town Buildings	426,000	-	417,109	8,891
Stepney Rd Bridge	739,000	-	680,204	58,796
School projects	1,950,071	-	1,941,501	8,570
School HVAC	5,450,000	2,190,450	4,499,950	950,050

Note 3. Cash and Cash Equivalents

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles

The STIF 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

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 \$637,000 of the Town's bank balance of approximately \$15,998,000 was uninsured and uncollateralized at June 30, 2018.

Cash equivalents: At June 30, 2018, the Town's cash equivalents amounted to \$1,206,000, 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.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m
Cash of the Town consist of the following at June 30, 2018:	
Cash, restricted cash and equivalents:	
Deposits with financial institutions	\$ 14,705,399
State short-term investment fund	<u>1,205,595</u>
Total cash, cash equivalents and investments	<u><u>\$ 15,910,994</u></u>
Cash is classified in the accompanying financial statements as follows:	
Statement of net position:	
Cash and cash equivalents	\$ 15,773,678
	<u>15,773,678</u>
Fiduciary funds:	
Cash and cash equivalents	<u>137,316</u>
	<u>137,316</u>
Total cash, cash equivalents and investments	<u><u>\$ 15,910,994</u></u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 4. Receivables

Receivables as of year-end for the Town's individual major fund, 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	\$ 3,155,739	\$ -	\$ -	\$ 3,155,739
Interest on property taxes	2,378,905	-	-	2,378,905
Accounts	79,171	-	2,303,698	2,382,869
Sewer assessments	-	5,506	-	5,506
Intergovernmental	-	4,131	-	4,131
Gross receivables	5,613,815	9,637	2,303,698	7,927,150
Less allowance for uncollectible	(115,000)	-	(2,303,698)	(2,418,698)
Net receivables	\$ 5,498,815	\$ 9,637	\$ -	\$ 5,508,452

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 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	\$ 11,545	\$ -
Delinquent property taxes receivable and interest receivable	5,238,674	-
Special assessments not yet due	5,506	-
Grants	-	20,000
	\$ 5,255,725	\$ 20,000

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 19,908,742	\$ -	\$ -	\$ 19,908,742
Construction in progress	4,008,657	3,200,774	(1,003,792)	6,205,639
Total capital assets, not being depreciated	23,917,399	3,200,774	(1,003,792)	26,114,381
Capital assets, being depreciated				
Buildings	19,391,118	-	-	19,391,118
Machinery and equipment	3,873,167	-	-	3,873,167
Vehicles	3,648,523	62,713	(27,401)	3,683,835
Furniture and fixtures	655,171	-	-	655,171
Infrastructure	34,617,975	994,932	-	35,612,907
Total capital assets, being depreciated	62,185,954	1,057,645	(27,401)	63,216,198
Less accumulated depreciation for				
Buildings	4,818,690	215,180	-	5,033,870
Machinery and equipment	917,573	152,853	-	1,070,426
Vehicles	1,616,467	238,072	(24,661)	1,829,878
Furniture and fixtures	167,806	25,147	-	192,953
Infrastructure	9,015,417	634,200	-	9,649,617
Total accumulated depreciation	16,535,953	1,265,452	(24,661)	17,776,744
Total capital assets, being depreciated, net	45,650,001	(207,807)	(2,740)	45,439,454
Governmental activities capital assets, net	\$ 69,567,400	\$ 2,992,967	\$ (1,006,532)	\$ 71,553,835

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
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	10,050	-	(800)	9,250
Total capital assets, being depreciated	10,362,110	-	(800)	10,361,310
Less accumulated depreciation for:				
Sewer plant	1,504,660	83,210	-	1,587,870
Sewer collection system	755,341	50,451	-	805,792
Machinery and equipment	6,758	-	-	6,758
Total accumulated depreciation	2,266,759	133,661	-	2,400,420
Total capital assets, being depreciated, net	8,095,351	(133,661)	(800)	7,960,890
Business-type activities capital assets, net	\$ 8,110,693	\$ (133,661)	\$ (800)	\$ 7,976,232

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

Governmental activities:	
General government	\$ 248,551
Public safety	114,668
Highways and streets	635,013
Transfer station and recycling	6,846
Health and social services	15,497
Parks and recreation	7,015
Education	237,862
Total depreciation expense – governmental activities	<u>\$ 1,265,452</u>
Business-type activities:	
Sewer	<u>\$ 133,661</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 7. Interfund Accounts

At June 30, 2018, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 27,628	\$ 196,463
Internal service fund	196,463	-
Nonmajor governmental fund	-	27,628
	<u>\$ 224,091</u>	<u>\$ 224,091</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	\$ 2,288,859	\$ -
Georgetown sewer	-	2,288,859
	<u>\$ 2,288,859</u>	<u>\$ 2,288,859</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 and upon settlement of a current litigation matter. Pending the outcome of the current litigation the Town anticipates to collect the current receivable. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers during the year ended June 30, 2018 were as follows:

	Transfer from Other Funds	Transfer to Other Funds
General fund	\$ -	\$ 60,000
Reserve fund for capital nonrecurring	60,000	-
	<u>\$ 60,000</u>	<u>\$ 60,000</u>

Transfers to other funds from the General Fund represent monies used to fund projects accounted for in the Reserve for Capital Nonrecurring Fund in accordance with budget authorizations.

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. 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, 2017*	Additions	Deductions	Balance Outstanding June 30, 2018	Current Portion
Bond notes:									
General purpose:									
Improvement bond	\$ 8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 1,251,000	\$ -	\$ 417,000	\$ 834,000	\$ 417,000
Improvement bond	6,729,950	07/15/10	07/15/30	2.0-4.0	335,000	-	-	335,000	335,000
Refunding bond	2,680,000	08/30/12	08/01/20	2.0-3.0	1,370,000	-	350,000	1,020,000	345,000
Refunding bond	4,409,000	02/17/16	07/15/30	5.5-4.0	4,376,000	-	166,000	4,210,000	13,000
Improvement bond	11,787,629	03/15/17	06/15/37	5.0-3.0	11,787,629	-	411,629	11,376,000	408,000
Premium on refunding					1,379,326	-	98,791	1,280,535	-
Total general purpose					20,498,955	-	1,443,420	19,055,535	1,518,000
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	699,000	-	233,000	466,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	180,000	-	-	180,000	180,000
Refunding bond	2,336,000	02/17/16	07/15/30	5.5-4.0	2,319,000	-	89,000	2,230,000	7,000
Improvement bond	7,907,371	03/15/17	06/15/37	5.0-3.0	7,907,371	-	288,371	7,619,000	292,000
Total schools					11,105,371	-	610,371	10,495,000	712,000
Total bonds					31,604,326	-	2,053,791	29,550,535	2,230,000
Compensated absences					250,374	323,477	325,887	247,964	100,000
Capital leases					691,346	-	362,258	329,088	263,852
MERS pension liability					5,860,625	-	901,991	4,958,634	-
OPEB liability*					3,216,384	84,884	-	3,301,268	-
Landfill closure and post-closure care					20,000	-	4,000	16,000	4,000
Total general long-term liabilities					\$ 41,643,055	\$ 408,361	\$ 3,647,927	\$ 38,403,489	\$ 2,597,852

*Restated for GASB No. 75

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

The following is a summary of future principal and interest requirements for the Town's general obligation bonds:

	<u>Principal</u>	<u>Interest</u>
	<u>Bonds</u>	<u>Bonds</u>
Year ending June 30:		
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	1,565,000	663,100
2024-2028	7,855,000	2,339,681
2029-2033	6,715,000	1,200,025
2034-2038	4,100,000	338,250
	<u>\$ 28,270,000</u>	<u>\$ 7,915,550</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, 2018, which matures through 2026, amounted to \$13,535,000. The Town's share of the debt was \$7,241,225.

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, 2018, approximately \$6,195,000 of the defeased debt is outstanding.

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

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The cost of these assets was approximately \$2,420,000 with accumulated depreciation as of June 30, 2018 of approximately \$902,000. 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, 2018:

Year ending June 30:	
2019	\$ 271,555
2020	57,324
2021	10,882
	<u>339,761</u>
Less amount representing interest	10,673
Present value of future minimum lease payment	<u>\$ 329,088</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 108,459,214	\$ 20,134,080	\$ 88,325,134
Schools	216,918,428	17,736,225	199,182,203
Sewers	180,765,357	-	180,765,357
Urban renewal	156,663,309	-	156,663,309
Pension deficit	144,612,286	-	144,612,286

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$337,428,666.

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.

Total authorized but unissued debt at June 30, 2018 consists of the following:

General purpose	\$ 157,000
-----------------	------------

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 4 years at \$4,000 per year are \$16,000. 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 9. Fund Balance

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Fund balances:			
Nonspendable:			
Advance to other funds	\$ 2,288,859	\$ -	\$ 2,288,859
Prepays	40,518	-	40,518
Inventory	1,914	-	1,914
	<u>2,331,291</u>	<u>-</u>	<u>2,331,291</u>
Restricted for:			
Capital projects	-	3,124,555	3,124,555
Grants	-	383,743	383,743
	<u>-</u>	<u>3,508,298</u>	<u>3,508,298</u>
Committed to:			
General government	-	128,529	128,529
Debt Service	-	1,080,311	1,080,311
	<u>-</u>	<u>1,208,840</u>	<u>1,208,840</u>
Assigned to:			
General government	9,830	-	9,830
	<u>9,830</u>	<u>-</u>	<u>9,830</u>
Unassigned	8,595,402	(29,490)	8,565,912
Total fund balances	<u>\$ 10,936,523</u>	<u>\$ 4,687,648</u>	<u>\$ 15,624,171</u>

Note 10. 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, employee health 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.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 10. Risk Management (Continued)

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
2016-2017	\$ 196,164	\$ 3,090,406	\$ 3,042,480	\$ 244,090
2017-2018	244,090	2,763,726	2,750,904	256,912

Note 11. 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, establish 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.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

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 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
Inflation	3.25 percent
Projected salary increases	4.25-11.00%, including inflation
Mortality	The RP2000 Mortality Table for Annuity and Non-Annuity (set forward one year for males and set back one year for females).

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real 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%
	<u>100.00%</u>	

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.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2018, the Town reported a liability of \$4,958,634 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, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at 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, 2017, Town's proportion was 5.85%. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to June 30, 2017 to calculate the net pension liability.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. 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:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's proportionate share of the net pension liability	\$ 8,523,843	\$ 4,958,634	\$ 1,951,688

For the year ended June 30, 2018, the Town recognized pension expense of \$1,164,758. At June 30, 2018, 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	\$ 382,379	\$ -
Difference between expected and actual experience	174,757	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,924	(249,537)
Contributions subsequent to the measurement date	990,420	-
Total	<u>\$ 1,635,480</u>	<u>\$ (249,537)</u>

\$990,420 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

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

Year ending June 30:	
2019	\$ 126,272
2020	363,414
2021	112,364
2022	(206,527)
Thereafter	-

Connecticut State Teachers' Retirement System: Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the System. The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

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

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,720,952 as payments made by the State of Connecticut on-behalf of the Town.

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 Section 10-183z (which reflects Public Act 79-436).

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

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 Real 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	<u>100.0%</u>	

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

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 inflow or outflow to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$32,168,470 and 100% of the collective net pension liability is allocated to the State.

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

June 30, 2016 is the actuarial valuation date, which was rolled forward to the measurement date June 30, 2077, 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 proratable 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.

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, 2018, the Town recognized \$3,720,952 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (OPEB)

Plan Administration – The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses through a single-employer defined benefit plan administered by the Town. No assets are accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement 75. The Town does not issue a separate stand-alone financial statement for this program. The payment of the benefits is on pay-as-you-go basis and are paid from the General Fund and the Internal Service Fund.

Plan description and benefits provided: In addition to the pension benefits described in Note 11 certain employees retiring under the Town of Redding’s Retiree Medical Program receive 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 12. 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>
Inactive plan members or beneficiaries currently receiving benefits	11
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
Measurement date (rolled forward from 7/1/16)	June 30, 2018
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar, closed
Inflation rate	2.60%
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return/discount rate	3.87% per annum
Medical inflation	8.0%, decreasing .5% per year

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset mortality table projected to valuation date with Scale MP -2015.

OPEB liability of the Town: The components of the total OPEB liability of the Town at June 30, 2018 were as follows:

	<u>June 30, 2018</u>
OPEB Liability:	
Total OPEB liability	<u>\$ 3,301,268</u>
Plan fiduciary net position as a % of total OPEB liability	0.00%
Covered payroll	14,686,000
Total OPEB liability as % of covered payroll	22.48%

Discount rate: The discount rate to measure the total OPEB liability was 3.87%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Changes in the Total OPEB Liability:

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
	<u>(a)</u>
Changes in the OPEB liability:	
Balances at June 30, 2017	\$ 3,216,384
Changes for the year:	
Service cost	153,123
Interest	119,869
Differences between expected and actual experience	(42,160)
Changes of assumptions	(103,092)
Benefit payments, including refunds of members contributions	(42,856)
Net changes	<u>84,884</u>
Balances at June 30, 2018	<u>\$ 3,301,268</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Town calculated using the discount rate of 3.87%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease	Current	1% Increase
	2.87%	Discount Rate	4.87%
	3.87%	3.87%	4.87%
Total OPEB liability as of June 30, 2018	\$ 3,674,310	\$ 3,301,268	\$ 2,974,645

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates: The following presents the OPEB liability of the Town, as well as what the Town's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing 3.60%)	Trend Rates (8.00% decreasing to 4.60%)	1% Increase (9.00% decreasing to 5.60%)
Total OPEB liability as of June 30, 2018	\$ 2,858,025	\$ 3,301,268	\$ 3,831,921

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2018, the Town recognized OPEB expense of \$240,912. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (36,137)
Change of assumptions	-	(88,365)
Total	<u>\$ -</u>	<u>\$ (124,502)</u>

Amounts reported in deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2019	\$ (20,750)
2020	(20,750)
2021	(20,750)
2022	(20,750)
2023	(20,750)
Thereafter	(20,752)

Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan

Plan description: Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Benefit provisions: There are two types of the health care benefits offered through the System. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing, and/or dental coverage are required by the System's funding policy to pay the full cost of coverage for these benefits and no liability is assumed by the Plan for these benefits.

Survivor health care coverage: Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Credited service: One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement, if the Member pays one-half the cost.

Eligibility: Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

Normal retirement: 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Early retirement: 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.

Proratable retirement: Age 60 with 10 years of credited service

Disability retirement: 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of employment: 10 or more years of Credited Service.

Contributions:

State of Connecticut

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employers - School District employers are not required to make contributions to the plan.

Employees - Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>8,279,799</u>
	<u><u>\$ 8,279,799</u></u>

The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$383,728 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will Be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

Discount rate: The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the net OPEB liability to changes in the health care cost trend rate and the discount rate: The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other information: Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

Town of Redding, Connecticut

Notes to Financial Statements

Note 13. 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 14. 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.

The impact to the financial statements of the following accounting pronouncements is currently being assessed by the Town.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for reporting periods beginning after June 15, 2018. The 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 the Statement.

GASB Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2018. 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.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash or other assets in lieu of cash to settle a fixed amount established at the date of obligation. The Statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The Statement also requires disclosure for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Town of Redding, Connecticut

Notes to Financial Statements

Note 14. Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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Required Supplementary Information - unaudited

Town of Redding, Connecticut
Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended June 30, 2018

RSI-1

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Property taxes, current and prior	\$ 45,875,995	\$ 45,875,995	\$ 46,542,333	\$ 666,338
Interest and lien fees	229,137	229,137	213,099	(16,038)
Total taxes, liens and interest	46,105,132	46,105,132	46,755,432	650,300
Intergovernmental:				
Educational assistance grants:				
ECS grant	16,000	16,000	117,224	101,224
Adult education	547	547	586	39
Regional School District No. 9	-	-	44,514	44,514
Total educational assistance	16,547	16,547	162,324	145,777
Town assistance grants:				
Tax relief circuit breaker	31,842	31,842	-	(31,842)
Disability exemption	275	275	226	(49)
Municipal Revenue Sharing	1,488	1,488	1,244	(244)
Veterans' exemption	39,984	39,984	44,710	4,726
Telephone access line grant	31,996	31,996	22,183	(9,813)
Grants	106,382	106,382	124,416	18,034
Total town assistance grants	222,919	222,919	252,086	29,167
Total intergovernmental	239,466	239,466	414,410	174,944
Other:				
MUNISHARE	273,185	273,185	-	(273,185)
Cell Tower and Rebates	-	-	91,889	91,889
Proceeds	-	-	1,321	1,321
Investment income	50,000	50,000	275,978	225,978
Total other	323,185	323,185	369,188	46,003
Charges for services:				
Town Clerk	266,000	266,000	259,212	(6,788)
Assessor	900	900	741	(159)
Conservation	5,000	5,000	6,218	1,218
Heritage Center	21,900	21,900	22,593	693
Zoning Commission	50,000	50,000	38,675	(11,325)
Zoning Board of Appeals	1,500	1,500	1,300	(200)
Building Inspection	175,000	175,000	149,361	(25,639)
Transfer station-General Maintenance	162,000	162,000	144,085	(17,915)
Sanitarian Inspection	11,000	11,000	11,715	715
Parks and Recreation	3,500	3,500	4,643	1,143
Fiber optics	2,681	2,681	3,277	596
Summer Camp	224,000	224,000	163,230	(60,770)
Recreation program	158,000	158,000	155,822	(2,178)
Topstone park	39,000	39,000	30,377	(8,623)
Subtotal charges for services	1,120,481	1,120,481	991,249	(129,232)

(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, 2018

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for services (continued):				
Appropriation of fund balance	\$ -	\$ -	\$ -	\$ -
Rental of Town Property	8,062	8,062	8,062	-
Tennis Courts	6,000	6,000	11,103	5,103
Extended Day	173,000	173,000	173,628	628
Transfers	258,000	258,000	-	(258,000)
Total charges for services	1,565,543	1,565,543	1,184,042	(381,501)
Total revenues	\$ 48,233,326	\$ 48,233,326	48,723,072	\$ 489,746
 Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State				
Teachers' Retirement/Health System for Town teachers are not budgeted			4,104,680	
 Special education excess cost grant is recorded gross for GAAP				
			<u>212,765</u>	
 Total revenues and other financing sources as reported				
on the statement of revenues, expenditures and changes in				
fund balances - governmental funds - Exhibit IV				
			<u>\$ 53,040,517</u>	

Town of Redding, Connecticut
Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2018

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 1,050	\$ -	\$ 1,050	\$ 308	\$ 742
Board of selectmen	177,449	-	177,449	174,171	3,278
Probate court	2,500	-	2,500	2,066	434
Registrar's office	56,798	-	56,798	48,076	8,722
Controller's office	284,915	-	284,915	268,532	16,383
Independent audit	44,000	50,000	94,000	70,321	23,679
Assessor's office	179,354	-	179,354	172,214	7,140
Assessor's other	20,000	-	20,000	21,133	(1,133)
Board of assessment appeals	750	-	750	1,160	(410)
Tax collector	178,328	-	178,328	170,232	8,096
Town treasurer	14,853	-	14,853	14,380	473
Computer capability	46,000	-	46,000	42,673	3,327
Management services	22,508	-	22,508	25,796	(3,288)
Special legal	200,000	-	200,000	324,651	(124,651)
Town clerk	169,286	-	169,286	169,050	236
Annual town report	4,500	-	4,500	-	4,500
Board of ethics	425	-	425	-	425
Conservation	62,047	-	62,047	47,229	14,818
Heritage Center	179,727	-	179,727	180,606	(879)
Heritage Center senior bus	39,915	-	39,915	37,832	2,083
Town planning commission	38,860	-	38,860	30,154	8,706
HVCEO	11,122	-	11,122	11,122	-
Zoning commission	78,649	-	78,649	72,104	6,545
Zoning board of appeals	1,600	-	1,600	1,255	345
Council of small towns	850	-	850	825	25
Land use services	111,613	-	111,613	108,244	3,369
Office of tree warden	1,500	-	1,500	1,200	300
Town office building	54,375	-	54,375	45,779	8,596
Old town house	5,000	-	5,000	2,300	2,700
Town office building annex	3,500	-	3,500	4,493	(993)
Community center	225,750	-	225,750	214,890	10,860
Police headquarters/communications center	17,000	-	17,000	8,375	8,625
Administrative services	465,519	-	465,519	383,717	81,802
Cemeteries	9,000	-	9,000	9,145	(145)
Insurance	156,400	-	156,400	152,777	3,623
Agencies serving residents	6,000	-	6,000	2,624	3,376
Provision of contingencies	50,000	(50,000)	-	-	-
Total general government	2,921,143	-	2,921,143	2,819,434	101,709

(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, 2018

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,664,733	\$ -	\$ 1,664,733	\$ 1,669,253	\$ (4,520)
Police Department - contractual services and expenses	96,000	-	96,000	66,570	29,430
Police Department - maintenance of vehicles	25,000	-	25,000	17,272	7,728
Volunteer fire companies	122,000	-	122,000	107,373	14,627
Building inspections	214,396	-	214,396	213,280	1,116
Communications Center	354,196	-	354,196	369,464	(15,268)
Animal Control	56,680	-	56,680	58,624	(1,944)
Total public safety	2,533,005	-	2,533,005	2,501,836	31,169
Highway and Streets:					
Wages-regular, overtime and seasonal	875,794	-	875,794	854,336	21,458
General maintenance and repair	227,000	-	227,000	142,783	84,217
Snow removal and ice control	237,000	-	237,000	275,079	(38,079)
Equipment maintenance and repair	93,000	-	93,000	84,611	8,389
Town garage buildings	12,000	-	12,000	12,879	(879)
Total highway and streets	1,444,794	-	1,444,794	1,369,688	75,106
Transfer Station and Recycling:					
Salaries	149,560	-	149,560	142,515	7,045
General maintenance	104,250	-	104,250	90,486	13,764
Equipment maintenance	7,000	-	7,000	9,197	(2,197)
Total transfers station and recycling	260,810	-	260,810	242,198	18,612
Health and Social Services:					
Sanitarian inspection	105,255	-	105,255	94,396	10,859
Social services	26,024	-	26,024	25,883	141
Total health and social services	131,279	-	131,279	120,279	11,000
Mark Twain Library:					
Operations	513,958	-	513,958	513,958	-
Parks and Recreation:					
Field maintenance	75,100	-	75,100	51,797	23,303
Administration	226,508	-	226,508	223,765	2,743
Summer camp	196,800	-	196,800	183,195	13,605
Recreation programs	168,500	-	168,500	181,752	(13,252)
Topstone park	106,880	-	106,880	106,048	832
Tennis courts	7,100	-	7,100	7,073	27
Extended day service	168,758	-	168,758	165,476	3,282
Total parks and recreation	949,646	-	949,646	919,106	30,540

(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, 2018

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,985,300	\$ -	\$ 2,985,300	\$ 2,959,304	\$ 25,996
Capital Outlay:					
Selectmen's general maintenance	6,000	-	6,000	5,898	102
Debt Service:					
Debt retirement	1,899,389	-	1,899,389	1,899,389	-
Interest payments	1,048,191	-	1,048,191	1,048,191	-
Transfers	60,000	-	60,000	60,000	-
Total debt service	3,007,580	-	3,007,580	3,007,580	-
Education:					
Redding Board of Education:					
General instruction	9,287,597	33,607	9,321,204	9,454,262	(133,058)
Kindergarten	5,900	(230)	5,670	5,670	-
Humanities	51,506	(1,433)	50,073	44,410	5,663
Integrated language arts	23,718	(115)	23,603	22,928	675
Curriculum	58,150	-	58,150	52,964	5,186
Industrial technology	9,655	-	9,655	8,750	905
Science/math technology	42,134	(1,744)	40,390	34,926	5,464
Physical education/health	10,595	(326)	10,269	9,922	347
Student activity co-curricular	75,859	(1,000)	74,859	74,875	(16)
Special services	21,988	(500)	21,488	14,113	7,375
Special education	5,217,307	(446)	5,216,861	5,281,567	(64,706)
Guidance	5,160	480	5,640	5,388	252
Health services	207,549	(1,146)	206,403	184,040	22,363
Psychological services	15,290	11,670	26,960	22,677	4,283
Speech services	7,300	(5,500)	1,800	1,256	544
Educational media services	54,180	(1,563)	52,617	50,451	2,166
Technology plan	437,902	(5,713)	432,189	384,730	47,459
Board of Education	78,076	-	78,076	74,776	3,300
Central administration	547,946	-	547,946	547,946	-
Magnet school	74,942	2,700	77,642	75,684	1,958
School administration	1,274,037	(17,281)	1,256,756	1,202,164	54,592
Operation/maintenance physical plant	2,137,405	1,439	2,138,844	2,136,433	2,411
Student transportation	1,102,719	(9,899)	1,092,820	1,062,527	30,293
Food service	5,708	(3,000)	2,708	164	2,544
Total Redding Board of Education	20,752,623	-	20,752,623	20,752,623	-
Regional School District No. 9	12,727,188	-	12,727,188	12,727,188	-
Total education	33,479,811	-	33,479,811	33,479,811	-
Total expenditures	48,233,326	-	48,233,326	47,939,092	294,234

(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, 2018

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Total expenditures and other financing uses	<u>\$ 48,233,326</u>	<u>\$ -</u>	<u>\$ 48,233,326</u>	\$ 47,939,092	<u>\$ 294,234</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement/Health System for Town teachers are not budgeted				4,104,680	
Special education excess cost grant is recorded gross for GAAP				212,765	
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>(9,830)</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>\$ 52,246,707</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 Changes in the Town's Total OPEB Liability and Related Ratios
Last Fiscal Year*

	2018
Changes in Total OPEB Liability	
Total OPEB liability:	
Service cost	\$ 153,123
Interest	119,869
Change of benefit terms	-
Differences between expected and actual experience	(42,160)
Changes of assumptions	(103,092)
Benefit payments, including refunds of member contributions	<u>(42,856)</u>
Net change in total OPEB liability	84,884
Total OPEB liability, beginning	<u>3,216,384</u>
Total OPEB liability, ending (a)	<u><u>\$ 3,301,268</u></u>
Covered payroll	\$ 14,686,000
Total OPEB liability as a % of covered payroll	22.48%

There are no assets in a trust that meet the criteria of GASB Statement 75.

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

Measurement Period Ended June 30,	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 857,489	\$ 1,025,459	\$ 1,131,728	\$ 870,369
Contributions in Relation to the Actuarially Determined Contribution	857,489	1,025,459	1,131,728	870,369
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,717,648	\$ 6,658,000	\$ 6,859,281	\$ 6,859,281
Contributions as a Percentage of covered-employee Payroll	12.76%	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 Four Fiscal Years

	2018	2017	2016	2015
Town's proportion of the net pension liability	5.85%	5.85%	6.40%	6.40%
Town's proportionate share of the net pension liability	\$ 4,958,634	\$ 5,860,625	\$ 4,469,285	\$ 3,405,997
Town's covered payroll	6,717,648	6,658,000	6,859,281	6,859,281
Town's proportionate share of the net pension liability as a percentage of its covered payroll	73.82%	88.02%	65.16%	49.66%
Plan fiduciary net position as a percentage of the total pension liability	91.68%	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 Four Fiscal Years**

	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	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	32,168,470	33,937,982	30,396,474	28,095,448
Town's covered payroll	10,196,000	10,100,000	10,103,000	10,103,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

Notes to Connecticut State Teachers' Retirement System

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.

**Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retiree Health Plan
Last Fiscal Year***

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the Town	<u>8,279,799</u>
Total	<u><u>8,279,799</u></u>
Town's covered payroll	10,196,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita healthcare costs, rates of healthcare inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the long-term rate of return was lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation. Similarly, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease into the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**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, 2018

Assets

Cash and cash equivalents	\$ 10,885,288
Uncollected property taxes, net of allowance for uncollectible amounts	5,419,644
Accounts receivable	79,171
Due from other funds	27,628
Other	40,518
Inventory	1,914
Advances to other funds	2,288,859
Total assets	<u><u>\$ 18,743,022</u></u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:

Accounts and other payables	\$ 1,616,904
Due to other governments	2,989
Due to Regional School District No. 9	739,924
Due to other funds	196,463
Total liabilities	<u>2,556,280</u>

Deferred inflows of resources:

Unavailable revenue	<u>5,250,219</u>
---------------------	------------------

Fund balances:

Nonspendable	2,331,291
Assigned	9,830
Unassigned	8,595,402
Total fund balance	<u>10,936,523</u>

Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 18,743,022</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
Road Construction	BANS/Bonds	Road improvements
Communication Tower	BANS/Bonds	Communication Tower Improvements
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, 2018**

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Assets				
Cash	\$ 160,623	\$ 79,320	\$ 8,847	\$ 58,599
Sewer Assessments	-	-	-	-
Accounts Receivable	-	-	-	4,131
Total assets	\$ 160,623	\$ 79,320	\$ 8,847	\$ 62,730
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 687	\$ 188	\$ 4,754
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	687	188	4,754
Deferred Inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balances:				
Restricted	160,623	78,633	8,659	57,976
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	160,623	78,633	8,659	57,976
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 160,623	\$ 79,320	\$ 8,847	\$ 62,730

Special Revenue Funds						
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants	
\$ 71	\$ 14,293	\$ 598	\$ 4,892	\$ 3,304	\$ 97,852	
-	-	5,506	-	-	-	
-	-	-	-	-	-	
<u>\$ 71</u>	<u>\$ 14,293</u>	<u>\$ 6,104</u>	<u>\$ 4,892</u>	<u>\$ 3,304</u>	<u>\$ 97,852</u>	
\$ 1,933	\$ 18	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	20,000	
<u>1,933</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	
-	-	5,506	-	-	-	
-	-	-	-	-	77,852	
-	14,275	598	4,892	3,304	-	
(1,862)	-	-	-	-	-	
<u>(1,862)</u>	<u>14,275</u>	<u>598</u>	<u>4,892</u>	<u>3,304</u>	<u>77,852</u>	
<u>\$ 71</u>	<u>\$ 14,293</u>	<u>\$ 6,104</u>	<u>\$ 4,892</u>	<u>\$ 3,304</u>	<u>\$ 97,852</u>	

(Continued)

Town of Redding, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue Funds					Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	Debt Service Fund	
Assets						
Cash	\$ 12,970	\$ 39,433	\$ 43,976	\$ 9,278	\$ 1,080,311	\$ 1,614,367
Sewer Assessments	-	-	-	-	-	5,506
Accounts Receivable	-	-	-	-	-	4,131
Total assets	\$ 12,970	\$ 39,433	\$ 43,976	\$ 9,278	\$ 1,080,311	\$ 1,624,004
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ 117	\$ 80	\$ -	\$ -	\$ 7,777
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	20,000
Total liabilities	-	117	80	-	-	27,777
Deferred Inflows of resources:						
Unavailable revenue	-	-	-	-	-	5,506
Fund balances:						
Restricted	-	-	-	-	-	383,743
Committed	12,970	39,316	43,896	9,278	1,080,311	1,208,840
Unassigned	-	-	-	-	-	(1,862)
Total fund balances (deficits)	12,970	39,316	43,896	9,278	1,080,311	1,590,721
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 12,970	\$ 39,433	\$ 43,976	\$ 9,278	\$ 1,080,311	\$ 1,624,004

Capital Projects Funds							Total
Road Reconstruction	Capital Projects- Schools	Georgetown Streetscape	Communication Tower	Athletic Fields	Reserve Fund for CNRE	Total	Nonmajor Governmental Funds
\$ 1,691,136	\$ 464,608	\$ -	\$ -	\$ 4	\$ 990,387	\$ 3,146,135	\$ 4,760,502
-	-	-	-	-	-	-	5,506
-	-	-	-	-	-	-	4,131
<u>\$ 1,691,136</u>	<u>\$ 464,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 990,387</u>	<u>\$ 3,146,135</u>	<u>\$ 4,770,139</u>
\$ 21,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,580	\$ 29,357
-	-	-	27,628	-	-	27,628	27,628
-	-	-	-	-	-	-	20,000
<u>21,580</u>	<u>-</u>	<u>-</u>	<u>27,628</u>	<u>-</u>	<u>-</u>	<u>49,208</u>	<u>76,985</u>
-	-	-	-	-	-	-	5,506
1,669,556	464,608	-	-	4	990,387	3,124,555	3,508,298
-	-	-	-	-	-	-	1,208,840
-	-	-	(27,628)	-	-	(27,628)	(29,490)
<u>1,669,556</u>	<u>464,608</u>	<u>-</u>	<u>(27,628)</u>	<u>4</u>	<u>990,387</u>	<u>3,096,927</u>	<u>4,687,648</u>
<u>\$ 1,691,136</u>	<u>\$ 464,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 990,387</u>	<u>\$ 3,146,135</u>	<u>\$ 4,770,139</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, 2018**

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Revenues:				
Intergovernmental	\$ 269,568	\$ 1,311	\$ -	\$ 275,042
Charges for services	-	28,256	9,180	-
Miscellaneous	-	-	-	-
Total revenues	269,568	29,567	9,180	275,042
Expenditures:				
Current:				
General government	-	552	-	-
Public safety	-	-	8,766	-
Highways and streets	-	-	-	-
Health and social services	-	-	-	-
Education	-	-	-	264,261
Parks and recreation	-	-	-	-
Debt Service	-	-	-	-
Capital outlay	382,812	6,416	-	-
Total expenditures	382,812	6,968	8,766	264,261
Revenues over (under) expenditures	(113,244)	22,599	414	10,781
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances (deficits)	(113,244)	22,599	414	10,781
Fund balances (deficits), beginning of year	273,867	56,034	8,245	47,195
Fund balances (deficits), end of year	\$ 160,623	\$ 78,633	\$ 8,659	\$ 57,976

Special Revenue Funds						
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	
20,430	3,368	-	370	5,610	-	
-	-	-	-	-	352	
20,430	3,368	-	370	5,610	5,352	
28,953	-	-	-	-	-	
-	-	-	-	-	-	
-	6,063	-	-	-	-	
-	-	-	-	-	716	
-	-	-	-	-	-	
-	-	-	5,100	4,300	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
28,953	6,063	-	5,100	4,300	716	
(8,523)	(2,695)	-	(4,730)	1,310	4,636	
-	-	-	-	-	-	
-	-	-	-	-	-	
(8,523)	(2,695)	-	(4,730)	1,310	4,636	
6,661	16,970	598	9,622	1,994	73,216	
\$ (1,862)	\$ 14,275	\$ 598	\$ 4,892	\$ 3,304	\$ 77,852	

(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, 2018

	Special Revenue Funds					Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	Debt Service Fund	
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,921
Charges for services	6,855	21,259	18,000	-	-	113,328
Miscellaneous	-	-	-	-	-	352
Total revenues	6,855	21,259	18,000	-	-	664,601
Expenditures:						
Current:						
General government	-	6,425	1,660	4,122	-	41,712
Public safety	-	-	-	-	-	8,766
Highways and streets	-	-	-	-	-	6,063
Health and social services	-	-	-	-	-	716
Education	-	-	-	-	-	264,261
Parks and recreation	2,583	-	-	-	-	11,983
Debt Service	-	-	-	-	204,762	204,762
Capital outlay	-	-	-	-	-	389,228
Total expenditures	2,583	6,425	1,660	4,122	204,762	927,491
Revenues over (under) expenditures	4,272	14,834	16,340	(4,122)	(204,762)	(262,890)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balances(deficits)	4,272	14,834	16,340	(4,122)	(204,762)	(262,890)
Fund balances (deficits), beginning of year	8,698	24,482	27,556	13,400	1,285,073	1,853,611
Fund balances (deficits), end of year	\$ 12,970	\$ 39,316	\$ 43,896	\$ 9,278	\$ 1,080,311	\$ 1,590,721

Capital Project Funds							Total Nonmajor Governmental Funds
Road Reconstruction	Capital Projects- Schools	Georgetown Streetscape	Communication Tower	Athletic Fields	Reserve Fund for CNRE	Total	
\$ -		\$ -	\$ 44,462	\$ -	\$ -	\$ 44,462	\$ 595,383
-	-	-	-	-	-	-	113,328
-	-	-	-	-	-	-	352
-	-	-	44,462	-	-	44,462	709,063
-	-	-	-	-	-	-	41,712
-	-	-	-	-	-	-	8,766
-	-	-	-	-	-	-	6,063
-	-	-	-	-	-	-	716
-	-	-	-	-	-	-	264,261
-	-	-	-	-	-	-	11,983
-	-	-	-	-	-	-	204,762
1,012,102	2,195,023	13,392	66,640	-	11,901	3,299,058	3,688,286
1,012,102	2,195,023	13,392	66,640	-	11,901	3,299,058	4,226,549
(1,012,102)	(2,195,023)	(13,392)	(22,178)	-	(11,901)	(3,254,596)	(3,517,486)
-	-	-	-	-	60,000	60,000	60,000
-	-	-	-	-	60,000	60,000	60,000
(1,012,102)	(2,195,023)	(13,392)	(22,178)	-	48,099	(3,194,596)	(3,457,486)
2,681,658	2,659,631	13,392	(5,450)	4	942,288	6,291,523	8,145,134
\$ 1,669,556	\$ 464,608	\$ -	\$ (27,628)	\$ 4	\$ 990,387	\$ 3,096,927	\$ 4,687,648

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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, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets				
Redding Elementary School	\$ 61,489	\$ 37,330	\$ 33,867	\$ 64,952
John Read Middle School	95,499	85,198	108,333	72,364
Total assets	\$ 156,988	\$ 122,528	\$ 142,200	\$ 137,316
Liabilities				
Redding Elementary School	\$ 61,489	\$ 37,330	\$ 33,867	\$ 64,952
John Read Middle School	95,499	85,198	108,333	72,364
Total liabilities	\$ 156,988	\$ 122,528	\$ 142,200	\$ 137,316

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Other Schedules

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Statistical Section

Statistical Section- unaudited

This part of the Town of Redding, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

TABLE 1

Town of Redding, Connecticut

Net Position by Component
Last 10 Years
(Unaudited)

	2018	2017(a)	2016	2015	2014	2013(b)	2012(b)	2011(b)	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 44,516,602	\$ 44,149,628	\$ 44,090,719	\$ 30,966,996	\$ 37,246,394	\$ 34,773,827	\$ 35,631,967	\$ 32,091,707	\$ 32,800,707	\$ 31,194,831
Restricted	383,743	-	-	-	-	-	2,100	2,100	2,100	2,100
Unrestricted	10,430,876	9,645,777	5,684,357	16,784,958	10,220,417	10,436,878	8,610,909	9,510,148	4,843,714	4,825,262
	<u>55,331,221</u>	<u>53,795,405</u>	<u>49,775,076</u>	<u>47,751,954</u>	<u>47,466,811</u>	<u>45,210,705</u>	<u>44,244,976</u>	<u>41,603,955</u>	<u>37,646,521</u>	<u>36,022,193</u>
Business-type activities:										
Net investment in capital assets	7,976,232	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
Unrestricted (deficit)	(2,391,636)	(1,950,007)	(1,861,133)	(1,526,012)	(1,337,548)	(450,816)	(321,475)	(146,611)	8,461	126,071
	<u>5,584,596</u>	<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>
Total Town:										
Net investment in capital assets	52,492,834	44,149,628	52,511,782	39,387,650	45,846,639	43,145,627	44,203,650	40,835,736	35,064,010	33,564,608
Restricted	383,743	-	-	-	-	-	2,100	2,100	2,100	2,100
Unrestricted	8,039,240	7,695,770	3,823,224	15,258,946	8,882,869	9,986,062	8,289,434	9,363,537	4,852,175	4,951,333
	<u>\$ 60,915,817</u>	<u>\$ 51,845,398</u>	<u>\$ 56,335,006</u>	<u>\$ 54,646,596</u>	<u>\$ 54,729,508</u>	<u>\$ 53,131,689</u>	<u>\$ 52,495,184</u>	<u>\$ 50,201,373</u>	<u>\$ 39,918,285</u>	<u>\$ 38,518,041</u>

(a) as restated for GASB 75

(b) as restated for correction of errors

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

	Fiscal Year Ended				
	2018	2017 (a)	2016	2015	2014
Program Revenues:					
Governmental Activities					
Charges for services:					
General government	\$ 385,363	\$ 390,035	\$ 466,523	\$ 358,776	\$ 376,178
Public Safety	37,436	31,258	23,120	56,852	44,227
Highway and street	149,361	192,207	217,342	172,574	246,619
Transfer station and recycling	147,453	158,964	151,867	160,617	168,716
Health and Welfare	32,974	30,185	23,256	21,620	18,315
Library	-	-	-	-	-
Education	-	-	-	-	-
Park and Recreation	544,783	515,613	584,318	619,545	581,964
	<u>1,297,370</u>	<u>1,318,262</u>	<u>1,466,426</u>	<u>1,389,984</u>	<u>1,436,019</u>
Operating grants and contributions	5,173,221	4,871,857	4,249,637	4,720,743	4,136,754
Capital grants and contributions	23,458	957,169	18,328	85,933	790,408
Total governmental activities revenues	<u>6,494,049</u>	<u>7,147,288</u>	<u>5,734,391</u>	<u>6,196,660</u>	<u>6,363,181</u>
Business-type activities:					
Charges for services	305,522	363,392	402,799	402,752	358,717
Total business-type activities revenues	<u>305,522</u>	<u>363,392</u>	<u>402,799</u>	<u>402,752</u>	<u>358,717</u>
Total primary government program revenue	<u>6,799,571</u>	<u>7,510,680</u>	<u>6,137,190</u>	<u>6,599,412</u>	<u>6,721,898</u>
Expenses					
Governmental activities:					
General government	4,451,222	4,194,610	4,689,605	4,011,987	4,705,089
Public safety	3,648,280	3,093,208	3,329,417	3,228,429	3,354,838
Highway and streets	2,986,971	2,153,408	2,165,108	1,592,510	2,440,040
Transfer station and recycling	347,886	300,523	364,100	373,408	413,983
Health and social services	181,853	169,249	164,654	159,177	163,226
Library	513,958	513,958	628,876	613,563	578,440
Parks and recreation	1,277,454	1,199,143	1,301,883	1,212,541	1,249,000
Education	38,508,001	37,068,091	36,813,034	36,531,377	37,271,718
Interest expense	988,539	718,828	558,787	554,372	283,301
Total governmental activities expenses	<u>52,904,164</u>	<u>49,411,018</u>	<u>50,015,464</u>	<u>48,277,364</u>	<u>50,459,635</u>
Business-type activities:					
Georgetown sewer	881,612	762,966	737,511	770,814	1,017,197
Total business-type activities expenses	<u>881,612</u>	<u>762,966</u>	<u>737,511</u>	<u>770,814</u>	<u>1,017,197</u>
Total primary government expenses	<u>53,785,776</u>	<u>50,173,984</u>	<u>50,752,975</u>	<u>49,048,178</u>	<u>51,476,832</u>

(a) as restated for GASB 75

TABLE 2

Fiscal Year Ended				
2013	2012	2011	2010	2009
\$ 604,900	\$ 265,720	\$ 459,768	\$ 349,312	\$ 327,028
37,774	25,278	51,226	35,373	116,775
3,992	259,087	161,872	164,664	257,770
164,580	186,202	174,927	168,850	230,881
11,573	12,525	12,240	14,785	10,905
-	-	-	-	-
183,736	189,607	207,683	171,601	190,911
538,906	637,133	674,122	711,028	671,264
1,545,461	1,575,552	1,741,838	1,615,613	1,805,534
3,496,101	3,962,260	3,069,533	3,003,654	3,839,318
1,522,374	433,162	2,375,220	75,746	80,203
6,563,936	5,970,974	7,186,591	4,695,013	5,725,055
407,068	415,802	403,788	427,038	500,314
407,068	415,802	403,788	427,038	500,314
6,971,004	6,386,776	7,590,379	5,122,051	6,225,369
4,055,095	3,235,479	3,387,764	3,355,338	3,136,079
3,842,256	3,400,036	3,083,444	3,294,031	3,393,531
3,225,294	2,776,797	3,024,161	3,075,738	2,886,756
633,954	426,824	420,676	399,680	397,409
169,588	134,397	147,437	132,919	152,151
559,548	520,739	513,022	471,883	451,458
1,240,965	1,229,759	1,262,007	1,279,394	1,098,551
36,781,143	35,846,468	34,452,536	33,235,635	33,500,937
658,446	702,794	709,172	748,724	740,536
51,166,289	48,273,293	47,000,219	45,993,342	45,757,408
736,410	763,117	665,451	651,340	664,086
736,410	763,117	665,451	651,340	664,086
51,902,699	49,036,410	47,665,670	46,644,682	46,421,494

(Continued)

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

	Fiscal Year Ended				
	2018	2017	2016	2015	2014
Net (expense) revenue:					
Governmental activities	\$ (46,410,115)	\$ (4,263,730)	\$ (44,281,073)	\$ (42,080,704)	\$ (44,096,454)
Business-type activities	(576,090)	(399,574)	(334,712)	(368,062)	(658,480)
Total primary government net expense	(46,986,205)	(4,663,304)	(44,615,785)	(42,448,766)	(44,754,934)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	47,419,072	46,697,212	46,079,769	46,019,078	46,215,357
Grants and contributions not restricted to specific purposes	154,017	119,516	115,748	38,028	43,246
Investment income	279,280	76,004	54,708	28,052	27,443
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	93,562	96,588	53,970	134,788	66,514
Total governmental activities	47,945,931	46,989,320	46,304,195	46,219,946	46,352,560
Business-type activities:					
Unrestricted investment earnings	-	330	-	7	193
Donated capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	-	330	-	7	193
Total primary government	47,945,931	46,989,650	46,304,195	46,219,953	46,352,753
Changes in net position:					
Governmental activities	1,535,816	4,725,590	2,023,122	4,139,242	2,256,106
Business-type activities	(576,090)	(399,244)	(334,712)	(368,055)	(658,287)
Total primary government	\$ 959,726	\$ 4,326,346	\$ 1,688,410	\$ 3,771,187	\$ 1,597,819

TABLE 2

Fiscal Year Ended			
2012	2011	2010	2009
\$ (42,302,319)	\$ (39,813,628)	\$ (41,298,329)	\$ (40,032,353)
(347,315)	(261,663)	(224,302)	(163,772)
(42,649,634)	(40,075,291)	(41,522,631)	(40,196,125)
44,457,954	44,118,692	42,120,967	40,507,798
411,826	283,135	286,709	252,104
-	-	-	-
73,560	89,793	153,349	187,656
-	420,111	-	-
-	-	361,632	-
44,943,340	44,911,731	42,922,657	40,947,558
105	117	218	2,003
-	6,587,200	-	-
-	-	-	-
105	6,587,317	218	2,003
44,943,445	51,499,048	42,922,875	40,949,561
2,641,021	5,098,103	1,624,328	915,205
(347,210)	6,325,654	(224,084)	(161,769)
\$ 2,293,811	\$ 11,423,757	\$ 1,400,244	\$ 753,436

TABLE 3

Town of Redding, Connecticut

Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

Fiscal Year Ended June 30,

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund:										
Nonspendable:										
Prepays and other	\$ 2,329,377	\$ 1,983,526	\$ 1,739,456	\$ 1,522,209	\$ 1,272,748	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	1,914	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	9,830	-	-	-	-	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	8,595,402	7,956,552	7,139,238	6,594,466	5,298,426	6,037,102	5,298,353	4,993,060	3,494,069	1,942,938
Total general fund balances	10,936,523	10,142,713	9,306,152	8,488,722	6,871,462	6,428,163	5,373,699	5,065,206	3,494,069	1,942,938
All other governmental funds:										
Nonspendable										
permanent funds	-	-	-	-	63,711	-	-	2,100	-	-
Restricted for										
Capital projects	3,124,555	-	-	-	-	-	-	-	-	-
Grants	383,743	6,762,191	200,526	187,936	170,951	237,901	89,901	196,877	-	-
Committed to:										
General government	128,529	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	-	-	15,252	26,973	22,210	6,057	4,946	7,328	-	-
Debt Service	1,080,311	1,285,073	-	-	-	-	-	-	-	-
Capital projects	-	-	993,874	1,002,175	1,069,069	1,221,893	1,371,785	846,486	-	-
Assigned	-	-	-	-	224,909	-	-	-	-	-
Unassigned	(29,490)	(5,450)	(10,687,673)	(6,403,338)	(5,249,301)	(2,274,309)	(842,021)	(31,896)	(4,600,061)	(3,334,685)
Total all other govt funds balances	4,687,648	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)
Total fund balances	\$ 15,624,171	\$ 18,287,847	\$ 25,029	\$ 3,545,900	\$ 3,339,570	\$ 5,770,452	\$ 6,174,537	\$ 9,295,861	\$ (1,105,992)	\$ (1,391,747)

TABLE 4

Town of Redding, Connecticut

Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 46,755,432	\$ 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
Intergovernmental	5,327,238	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
Investment income	275,978	76,004	54,708	28,052	27,443	23,757	73,560	89,793	45,956	187,656
Charges for services	1,297,370	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
Other	93,562	96,588	53,970	134,788	66,514	47,276	9,884	-	-	-
Total revenues	53,749,580	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
Expenditures:										
Current:										
General government	2,861,319	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
Public Safety	2,510,602	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
Highway and Streets	1,375,751	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
Transfer Station and Recycling	234,370	239,387	251,371	258,057	293,302	309,323	330,170	321,376	313,413	314,620
Health and welfare	120,994	120,281	118,511	112,938	115,931	126,788	103,157	110,949	102,913	118,468
Library	513,958	513,958	489,950	457,898	433,000	423,000	402,250	395,000	378,000	361,312
Parks and Recreation	931,089	969,489	981,165	904,104	920,143	948,449	958,269	968,994	912,767	875,736
Employee Benefits	2,959,303	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
Education	38,061,517	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
Capital outlay	3,692,011	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
Debt service- Principal	1,886,681	1,570,000	1,669,362	1,575,066	-	-	-	-	-	-
Debt service- Interest	1,265,661	416,181	479,684	615,151	2,049,173	2,265,134	2,264,829	1,906,514	1,981,047	1,971,334
Total expenditures	56,413,256	55,516,917	55,913,516	52,283,387	54,163,755	53,128,430	54,524,870	50,451,016	46,769,192	45,977,810
Excess (deficiency) of revenues Over Expenditures	(2,663,676)	(2,539,346)	(3,864,992)	(187,597)	(2,757,247)	(392,027)	(4,520,522)	406,268	285,755	959,794
Other financing sources (uses):										
Payment to escrow	-	-	(7,091,096)	-	-	-	-	-	-	-
Proceeds from Capital Leases	-	171,271	242,252	393,927	291,816	410,948	1,393,337	269,675	-	-
Premium	-	935,893	447,965	-	34,549	-	-	-	-	-
Proceeds from bond sale	-	19,695,000	6,745,000	-	-	66,426	-	10,315,000	-	-
Sale of capital assets	-	-	-	-	-	23,084	5,861	551,579	-	-
Transfers in	60,000	624,945	296,000	87,500	104,856	104,856	547,856	226,416	-	151,175
Transfers out	(60,000)	(624,945)	(296,000)	(87,500)	(104,856)	(104,856)	(547,856)	(226,416)	-	(151,175)
Net other financing sources (uses)	-	20,802,164	344,121	393,927	326,365	500,458	1,399,198	11,136,254	-	-
Net change in fund balances	(2,663,676)	18,262,818	(3,520,871)	206,330	(2,430,882)	108,431	(3,121,324)	11,542,522	285,755	959,794
Fund balance - beginning of year	18,287,847	25,029	3,545,900	3,339,570	5,770,452	5,662,021	9,295,861	(1,105,992)	(1,391,747)	(2,351,541)
Fund balances - end of year	\$ 15,624,171	\$ 18,287,847	\$ 25,029	\$ 3,545,900	\$ 3,339,570	\$ 5,770,452	\$ 6,174,537	\$ 10,436,530	\$ (1,105,992)	\$ (1,391,747)
Debt service as a percentage of noncapital expenditures	6%	4%	4%	5%	4%	5%	5%	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		
2018	\$ 1,403,872,806	\$ 2,005,532,580	\$ 162,146,806	\$ 231,638,294	\$ 1,566,019,612	\$ 2,237,170,874	70.00%	31.72
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

Source: Town of Redding, Assessor's Office

TABLE 6

Town of Redding, Connecticut
2018
Principal Taxpayers

Taxpayer	2018			2009		
	(1) Assessment	Rank	% of Net Net Taxable Grand List	Assessment	Rank	% of Net Net Taxable Grand List
Redding Life Care, LLC	\$ 77,478,921	1	4.95%	\$ 85,308,050	1	5.45%
Eversource (former CL&P)	55,428,250	2	3.54%	58,618,826	2	3.75%
Georgetown Land Development	5,725,100	3	0.37%	12,560,450	4	0.80%
Prusak Robert & Jamie	5,167,700	4	0.33%	7,045,300	5	0.45%
Escape from CT, LLC	3,944,190	5	0.25%			
Aquarion Water Company of CT	3,775,830	6	0.24%	5,250,680	6	0.34%
Redding Country Club Inc.	3,471,300	7	0.22%	7,738,800	3	0.49%
ABCH LLC	3,008,820	8	0.19%		8	
Angeloni Luciano & Debra	2,583,850	9	0.16%	3,403,680		0.22%
123 Mountain Road Associates LLC	2,578,600	10	0.16%	3,833,284	10	0.24%
Falciglia & Valeri Construction LLC				3,564,600	9	0.23%
RP Trust The				4,744,800	7	0.30%
	<u>\$ 163,162,561</u>		<u>10.42%</u>	<u>\$ 192,068,470</u>		<u>12.27%</u>

Source: Town Assessor Department

(1) The net taxable grand list as of October 1, 2017 and 2009 totaled \$1,633,286,803 and \$2,011,160,445 respectively.

TABLE 7

Town of Redding, Connecticut

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
2018	\$ 47,282,332	\$ 46,627,089	98.6%	\$ -	\$ 46,627,089	98.6%
2017	46,257,519	45,589,148	98.6%	232,411	45,821,559	99.1%
2016	45,708,421	45,056,402	98.6%	389,976	45,358,419	99.2%
2015	45,899,052	45,147,782	98.4%	751,270	45,899,052	100.0%
2014	45,791,419	45,142,235	98.6%	467,348	45,609,583	99.6%
2013	45,263,999	44,324,390	97.9%	939,609	45,263,999	100.0%
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%

2017 and 2012 were revaluation years

TABLE 8

Town of Redding, Connecticut

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

Year Ended June 30,	General Bonded Debt and Other Outstanding					% of Personal Income	Debt Per Capita
	General Obligation Bonds (1)		Capital Leases	Clean Water Notes	Total		
	General Purpose	Schools					
2018	\$ 19,055,535	\$ 10,495,000	\$ 329,088	\$ -	\$ 29,879,623	0.4%	\$ 3,221
2017	20,498,955	11,105,371	691,346	-	32,295,672	0.4%	3,336
2016	9,014,223	3,628,000	1,018,962	-	13,661,185	0.9%	1,416
2015	9,685,539	4,030,000	1,194,873	42,493	14,952,905	0.8%	1,635
2014	10,818,462	4,443,000	1,468,215	92,559	16,822,236	0.7%	1,839
2013	11,725,426	4,856,000	1,488,884	141,635	18,211,945	0.7%	1,991
2012	12,746,200	5,268,800	1,363,428	189,739	19,568,167	0.6%	2,160
2011	13,832,950	5,682,050	211,061	236,892	19,962,953	0.5%	2,232
2010	7,856,500	2,538,500	-	428,119	10,823,119	1.3%	1,231
2009	8,624,250	2,990,750	-	496,629	12,111,629	1.0%	1,377

(1) Presented net of original issuance discounts and premiums

TABLE 9

Town of Redding, Connecticut

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 (1)	Ratio of Bonded Debt/Notes to Net Assessed Value	Debt Per Capita
2016	2018	9,276	\$ 1,566,019,612	\$ 29,550,535	1.89%	\$ 3,186
2015	2017	9,216	1,633,286,803	29,550,535	1.81%	3,206
2014	2016	9,267	1,633,281,007	31,604,326	1.94%	3,410
2013	2015	9,148	1,631,649,246	12,642,223	0.77%	1,382
2012	2014	9,148	1,627,088,324	13,715,539	0.84%	1,499
2011	2013	9,148	1,995,568,915	15,261,462	0.76%	1,668
2010	2012	9,148	1,990,241,898	16,581,426	0.83%	1,813
2009	2011	9,058	1,993,334,753	18,015,000	0.90%	1,989
2008	2010	8,945	1,981,185,520	19,515,000	0.99%	2,182
2007	2009	8,790	2,011,160,445	10,395,000	0.52%	1,183

(1) Presented net of original issuance discounts and premiums

TABLE 10

Town of Redding, Connecticut

Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
(Unaudited)

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Overlapping debt			
Regional School District No. 9	<u>\$ 7,241,225</u>	100%	<u>\$ 7,241,225</u>
Town direct debt	29,879,623		<u>29,879,623</u>
Total			<u><u>\$ 37,120,848</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, 2018

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

Town of Redding	\$ 46,780,039
Fire District	1,423,831
Reimbursement for tax relief	<u>225</u>

Base for Debt Limitation Computation

\$ 48,204,095

Debt Limitation	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 108,459,214				
4 1/2 times base	-	\$ 216,918,428			
3 3/4 times base	-	-	\$ 180,765,357		
3 1/4 times base	-	-	-	\$ 156,663,309	
3 times base	-	-	-	-	\$ 144,612,286
Total debt limitation	<u>108,459,214</u>	<u>216,918,428</u>	<u>180,765,357</u>	<u>156,663,309</u>	<u>144,612,286</u>
Indebtedness					
Bonds payable	19,055,535	10,495,000	-	-	-
Georgetown Special District	921,545	-	-	-	-
Redding's Portion of Regional School District No. 9 bonds net of school building grants	-	7,241,225	-	-	-
Bond anticipation notes	-	-	-	-	-
Debt authorized but unissued	157,000	-	-	-	-
Net indebtedness	<u>20,134,080</u>	<u>17,736,225</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limit in excess of outstanding and Authorized debt	<u><u>\$ 88,325,134</u></u>	<u><u>\$ 199,182,203</u></u>	<u><u>\$ 180,765,357</u></u>	<u><u>\$ 156,663,309</u></u>	<u><u>\$ 144,612,286</u></u>

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

\$ 337,428,666

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
2018	\$ 337,428,666	\$ 37,870,305	\$ 299,558,361	11.22%
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%

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
2018	9,276	\$ 129,270	\$ 63,762	48	68% Bachelor Degree or more	1,414	4.00%
2017	9,216	121,270	65,503	49	71% Bachelor Degree or more	1,386	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%

(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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Redding Life Care, LLC	322	1	3.47%	262	1	2.98%
Town of Redding	253	2	2.73%	304	2	3.46%
Joel Barlow High School	148	3	1.60%	138	3	1.57%
Redding Elementary School	112	4	1.21%	113	4	1.29%
Redding Country Club	92	5	0.99%	91	5	1.04%
John Read Middle School	83	6	0.89%	99	6	1.13%

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	2.50
Registrar of Voters	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Town Planning and Land Use	1.00	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
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	2.50	2.25	2.25	2.25	2.25	2.25	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	17.00	18.00	18.00	18.00	17.00	17.00	17.00	17.00	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	5.50	5.00	5.00	5.00
Public Works:										
Public Works	13.00	13.00	13.00	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	3.00
Facilities Maintenance	3.50	3.50	3.50	3.50	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	2.75	2.25	2.25	4.00	4.00	4.00	4.50	4.50	4.50	4.50
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	82.75	84.25	84.25	85.25	83.75	83.75	84.25	83.75	84.50	84.50

Source: Town Human Resource Departments

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

Function / Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Town										
Administrative and General Government	9.75	10.75	10.75	10.50	10.50	10.50	10.50	10.50	12.50	12.50
Finance	8.25	8.25	8.25	8.00	8.00	8.00	8.00	8.00	7.75	7.75
Public Safety	23.50	24.50	24.50	24.50	23.50	23.50	23.50	22.00	22.00	22.00
Public Works	19.50	19.50	19.50	19.25	18.75	18.75	18.75	18.75	18.75	18.75
Health, Social, Human Services	8.25	7.75	7.75	9.50	9.50	9.50	10.00	10.00	10.00	10.00
Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Total town	82.75	84.25	84.25	85.25	83.75	83.75	84.25	82.75	84.50	84.50

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Fire										
Fire and EMS responses	609	514	649	458	590	549	431	557	463	406
Police										
Criminal Incidents	192	209	792	543	721	664	792	736	588	574
Traffic violations	3,189	2,062	3,534	1,515	3,029	3,097	2,976	2,763	3,202	3,126
Motor vehicle accidents	245	258	232	195	241	256	203	282	265	239
Building Safety										
Building inspections	2,298	2,805	2,841	2,444	2,892	2,917	3,086	2,404	3,073	2,871
Total building permits	661	659	689	653	822	860	874	520	595	498
Total value all permits	\$ 10,372,854	\$ 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
Public Works										
Street resurfacing	6	6	13	18	8	9	11	4	4	6
Recycling Center / Transfer Station										
Permits issued	1,072	1,168	1,190	1,195	1,042	1,149	1,112	1,104	1,148	1,157
Refuse collected (tons per year)	162	140	165	176	171	179	194	187	178	178
Park and Recreation										
No. of recreation programs	11	11	11	11	11	10	10	10	10	9
Library										
Circulation	113,082	119,871	123,664	129,254	130,739	128,807	125,428	122,983	124,893	122,000
Education										
School enrollment										
High School	890	894	997	1,050	1,050	1,012	1,008	974	959	957
Middle School	426	422	454	470	513	553	559	582	595	589
Elementary School	494	489	472	420	488	578	581	661	670	714

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety:										
Fire and ambulance stations	4	4	4	4	4	4	4	4	4	4
Fire Trucks	15	15	15	15	15	15	15	15	15	15
Ambulances	4	4	4	4	4	4	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	10	10	10	10	10	10	10	10	10	10
Public Works:										
Highway department										
Miles of streets										
Paved	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88
Unpaved	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19
Traffic lights	1	1	1	3	1	1	1	0	0	0
Dump trucks	13	13	13	15	15	15	15	14	13	12
Other public works vehicles/heavy equipment	13	13	13	14	14	14	14	14	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

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