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**ANNUAL FINANCIAL REPORT**

**OF THE**

**TOWN OF REDDING, CONNECTICUT**

*FOR THE YEAR ENDED  
JUNE 30, 2005*

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**TOWN OF REDDING, CONNECTICUT**

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005  
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# Financial Section

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**INDEPENDENT AUDITORS' REPORT**

Board of Finance  
Town of Redding, Connecticut

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, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2005, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



November 30, 2005  
Page Two

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 accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The trend information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
November 30, 2005



# Town of Redding

REDDING, CONNECTICUT 06875

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

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As management of the Town of Redding, 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, 2005.

### Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$30,654,358 (*net assets*). Of this amount, \$5,968,054 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$960,416 as a result of capital purchases in excess of depreciation and the operating income in the internal service fund offset by an operating loss in the enterprise fund.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,196,287, an increase of \$1,449,939 in comparison with the prior year. Of the entire fund balance, \$4,142,291 (*unreserved fund balance*) is available for spending at the Town's discretion.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$3,233,790 or 9.4% of total general fund expenditures and transfers out.

### Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise 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 assets*, which presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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

**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. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, bond fund and the community center fund, which are considered to be major funds. Data from the other 22 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 elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. For the current year, assets exceeded liabilities by \$30,654,358 at the close of the most recent fiscal year.

**TOWN OF REDDING NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets .....	\$ 9,667,599	\$ 9,891,481	\$ 36,433	\$ 21,523	\$ 9,704,032	\$ 9,913,004
Capital assets (net) .....	35,177,833	35,310,228	2,795,673	2,902,147	37,973,506	38,212,375
<b>Total assets</b> .....	<b>44,845,432</b>	<b>45,201,709</b>	<b>2,832,106</b>	<b>2,923,670</b>	<b>47,677,538</b>	<b>48,125,379</b>
Long-term liabilities outstanding .....	13,385,661	12,995,348			13,385,661	12,995,348
Other liabilities .....	3,634,412	5,422,774	3,107	13,315	3,637,519	5,436,089
<b>Total liabilities</b> .....	<b>17,020,073</b>	<b>18,418,122</b>	<b>3,107</b>	<b>13,315</b>	<b>17,023,180</b>	<b>18,431,437</b>
<b>Net assets:</b>						
Investment in capital assets, net of related debt .....	21,835,452	22,470,851	2,795,673	2,902,147	24,631,125	25,372,998
Restricted .....	55,179	3,410			55,179	3,410
Unrestricted .....	5,934,728	4,309,326	33,326	8,208	5,968,054	4,317,534
<b>Total net assets</b> .....	<b>\$ 27,825,359</b>	<b>\$ 26,783,587</b>	<b>\$ 2,828,999</b>	<b>\$ 2,910,355</b>	<b>\$ 30,654,358</b>	<b>\$ 29,693,942</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

By far the largest portion of the Town's net assets (80%) reflects its investment in capital assets (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.

A minor portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets.

There was a decrease of \$81,356 in net assets reported in connection with the Town's business-type activities. The Town's net assets increased by \$960,416 during the current fiscal year. This increase is attributable to capital purchases in excess of depreciation and operating income in the internal service fund offset by an operating loss in the enterprise fund.

**Governmental activities.** Governmental activities increased the Town's net assets by \$1,041,772.

### Revenues

Governmental activities revenues totaled \$35,188,116 for fiscal year 2005. Property taxes are the largest revenue source for the Town and represent 89% of governmental revenues. Charges for services revenues are the Town's second largest revenue and account for 5.0% of governmental revenues for the year. The most significant changes for the prior years were as follows:

- Charges for services decreased by \$134,033 due to decreases in conveyance and refinancing fees within the Town Clerk department and decreases in building permits and fees.
- Operating grants and contributions increased by \$198,731 due to an increase in special education grants.
- Property taxes increased by \$2,532,174 due to an increase in costs for services.

### Expenses

Governmental expenses totaled \$34,146,344 for the fiscal year. Of the expenses, \$25,432,395 or 74.5% is related to education. General government expenses amounted to \$2,413,890 or 7.1%. Highway and streets expenses were \$1,944,364 or 5.7% and public safety expenses were \$2,032,218 or 6.0%.

Public safety expenses increased by \$175,242 due to salary increases, fuel costs, and paramedic charges. Highway and streets decreased by \$184,651 due to lower winter storm expenses. For the most part, increases in the other expenses closely paralleled inflation and growth in the demand for services.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**TOWN OF REDDING CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program revenues:						
Charges for services .....	\$ 1,775,818	\$ 1,909,851	\$ 186,270	\$ 146,434	\$ 1,962,088	\$ 2,056,285
Operating grants and contributions .....	1,508,003	1,309,272			1,508,003	1,309,272
Capital grants and contributions .....	77,080	36,969			77,080	36,969
General revenues:						
Property taxes .....	31,417,043	28,884,869			31,417,043	28,884,869
Grants and contributions not restricted .....	182,796	143,492			182,796	143,492
Investment income .....	227,376	90,490			227,376	90,490
Total revenues .....	<u>35,188,116</u>	<u>32,374,943</u>	<u>186,270</u>	<u>146,434</u>	<u>35,374,386</u>	<u>32,521,377</u>
<b>Expenses:</b>						
General government .....	2,413,890	2,348,239			2,413,890	2,348,239
Public safety .....	2,032,218	1,856,976			2,032,218	1,856,976
Highway and streets .....	1,944,364	2,129,015			1,944,364	2,129,015
Transfer station and recycling .....	374,637	308,892			374,637	308,892
Health and social services .....	133,738	143,008			133,738	143,008
Library .....	254,132	240,140			254,132	240,140
Parks and recreation .....	907,467	778,961			907,467	778,961
Education .....	25,432,395	23,511,269			25,432,395	23,511,269
Interest expense .....	653,503	696,968			653,503	696,968
Georgetown sewer .....			267,626	236,122	267,626	236,122
Total expenses .....	<u>34,146,344</u>	<u>32,013,468</u>	<u>267,626</u>	<u>236,122</u>	<u>34,413,970</u>	<u>32,249,590</u>
Change in net assets .....	1,041,772	361,475	( 81,356)	( 89,688)	<u>960,416</u>	271,787
Net assets - July 1 .....	<u>26,783,587</u>	<u>26,422,122</u>	<u>2,910,355</u>	<u>3,000,043</u>	<u>29,693,942</u>	<u>29,422,155</u>
Net assets - June 30 .....	<u>\$27,825,359</u>	<u>\$ 26,783,587</u>	<u>\$ 2,828,999</u>	<u>\$ 2,910,355</u>	<u>\$ 30,654,358</u>	<u>\$ 29,693,942</u>

**Business-type activities.** Business-type activities decreased the Town's net assets by \$81,356, which was substantially a result of depreciation expense. General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services.

The Georgetown sewer expenses were \$267,626 in the fiscal year ended June 30, 2005, which was not significantly different than the amount for 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,196,287, an increase of \$1,449,939 in comparison with the prior year. Of this amount, \$4,142,291 or 98.7% constitutes unreserved fund balance which is available for spending at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted for permanently restricted endowments (\$2,100) and to liquidate purchase orders of the prior period (\$51,896).

The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$3,233,790, while total fund balance reached \$4,585,686. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures and transfers out. Unreserved and undesignated fund balance represents 9.4% of total general fund expenditures and transfers out, while total fund balance represents 13.3% of that same amount. The fund balance of the Town's general fund decreased by \$156,714 during the current fiscal year. Key factors in this growth are as follows:

An aggressive pursuit of current as well as past due taxes (plus interest and penalties) netted actual revenue over budget by \$595,643. Intergovernmental revenues and investment income were higher than budget by \$89,547 and \$118,777, respectively. The Town also had favorable under expenditure of various functions including general government of \$83,451, \$35,646 for employee benefits and \$53,239 from public safety. This resulted in total favorable operations of \$342,112.

**Bond fund.** This fund accounts for financial resources to be used for the acquisition of equipment, construction of facilities, or land purchases. The fund's revenue and other financing sources exceeded its expenditures by \$1,363,184 for the fiscal year. This is a result of prior year expenditures for land purchases which have been permanently funded in the current year.

**Community center fund.** This fund accounts for the financial revenues to be used for the construction of the community center. This project was substantially completed in 2004 but the project has not been finalized due to pending litigation.

**Proprietary funds.** The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Georgetown sewer fund amounted to \$2,828,999 at year end. This represents a decrease of \$81,356 from the prior year, which was substantially a result of depreciation expense.

### **General Fund Budgetary Highlights**

There was no difference between the original budget and the final budget for revenues, which was budgeted at \$34,614,420. Several budget transfers reallocated resources as needed, the most significant of which are noted below:

- Contingency account was reduced from \$200,000 to \$0-
- Special legal was increased \$54,965 from \$150,000 to \$204,965.
- Police contractual was increased \$44,806 from \$1,059,972 to \$1,104,778.
- Highway and streets was increased \$116,615 from \$1,043,407 to \$1,160,022 due to winter storms.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**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, 2005, amounts to \$37,973,506 (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. The total decrease in the Town's investment in capital assets for the current fiscal year was \$238,869. The majority of the additions were due to several major equipment purchases, including new police cruisers and trucks and construction in progress for the Georgetown STEAP project.

**TOWN OF REDDING CAPITAL ASSETS  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
Land.....	\$ 17,906,509	\$ 17,906,509	\$ 15,342	\$ 15,342	\$ 17,921,851	\$ 17,921,851
Construction in progress .....	114,049	36,969			114,049	36,969
Buildings .....	15,339,874	15,527,112			15,339,874	15,527,112
Machinery and equipment .....	571,355	568,455			571,355	568,455
Sewer plant .....			2,213,168	2,301,778	2,213,168	2,301,778
Sewer collection system.....			567,163	585,027	567,163	585,027
Vehicles .....	889,896	896,320			889,896	896,320
Furniture and fixtures.....	8,755	12,028			8,755	12,028
Infrastructure .....	347,395	362,835			347,395	362,835
<b>Total .....</b>	<b>\$ 35,177,833</b>	<b>\$ 35,310,228</b>	<b>\$ 2,795,673</b>	<b>\$ 2,902,147</b>	<b>\$ 37,973,506</b>	<b>\$ 38,212,375</b>

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

**Long-term debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$13,253,596. The entire amount is backed by the full faith and credit of the Town. During the year long term debt decreased by \$946,996 due to scheduled principle payments.

**TOWN OF REDDING OUTSTANDING DEBT  
General Obligation Bonds and Notes**

	<u>Governmental Activities</u>	
	2005	2004
General Obligation Bonds - Town improvements .....	\$ 6,335,250	\$ 6,769,000
General Obligation Bonds - School improvements .....	4,799,750	5,251,000
Clean Water fund note .....	757,381	819,377
Bond Anticipation Notes .....	1,361,215	
<b>Total.....</b>	<b>\$ 13,253,596</b>	<b>\$ 12,839,377</b>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The Town maintains an "AA1" credit rating from Moody's Investors Service, Inc. for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 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 \$225,214,591, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III.F. of this report.

### **Economic Factors and Next Year's Budget and Rates**

- The unemployment rate for the Town is currently 3.6%, which is an increase from a rate of 2.7% a year ago. This compares favorably to the state's average unemployment rate of 4.4% and the national average rate of 4.9%.
- The uncertainty of federal and state grants could play an adverse role in the Town's finances based on its dependence on these sources of funding.

All of these factors were considered in preparing the Town's budget for the 2006 fiscal year.

During the current fiscal year, unreserved and undesignated fund balance in the general fund is \$3,233,790. The Town has designated \$1,300,000 for the 2006 fiscal year budget. It is intended that this use of available fund balance will help lower the burden of an expected tax increase for the 2006 fiscal year.

### **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, Controller's Office, P.O. Box 1028, Redding, Connecticut 06875.

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# Basic Financial Statements

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**TOWN OF REDDING, CONNECTICUT**

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash.....	\$ 2,403,199	\$ 48,323	\$ 2,451,522
Investments.....	5,074,712		5,074,712
<b>Receivables:</b>			
Property taxes.....	296,940		296,940
Assessments.....	32,150		32,150
Intergovernmental.....	234,867	726	235,593
Other.....	337,584	6,450	344,034
Internal balances.....	19,835	(19,835)	-
Other.....	44,873		44,873
<b>Total current assets.....</b>	<b>8,444,160</b>	<b>35,664</b>	<b>8,479,824</b>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
<b>Temporarily restricted:</b>			
Cash.....	1,183		1,183
<b>Permanently restricted:</b>			
Cash.....	2,100		2,100
<b>Total Restricted Assets.....</b>	<b>3,283</b>	<b>-</b>	<b>3,283</b>
<b>Receivables (net):</b>			
Property taxes.....	412,356		412,356
Assessments.....	416,067		416,067
Intergovernmental.....	391,733		391,733
Other.....		769	769
<b>Total Receivables (net).....</b>	<b>1,220,156</b>	<b>769</b>	<b>1,220,925</b>
<b>Capital assets (net of accumulated depreciation):</b>			
Land.....	17,906,509	15,342	17,921,851
Construction in progress.....	114,049		114,049
Buildings.....	15,339,874		15,339,874
Sewer plant.....		2,213,168	2,213,168
Sewer collection system.....		567,163	567,163
Machinery and equipment.....	571,355		571,355
Vehicles.....	889,896		889,896
Furniture and fixtures.....	8,755		8,755
Infrastructure.....	347,395		347,395
<b>Total Capital Assets (net of accumulated depreciation).....</b>	<b>35,177,833</b>	<b>2,795,673</b>	<b>37,973,506</b>
<b>Total noncurrent assets.....</b>	<b>36,401,272</b>	<b>2,796,442</b>	<b>39,197,714</b>
<b>TOTAL ASSETS.....</b>	<b>44,845,432</b>	<b>2,832,106</b>	<b>47,677,538</b>

(Continued)

The notes to the financial statements are an integral part of this statement.

**TOWN OF REDDING, CONNECTICUT**

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>LIABILITIES</u></b>			
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable.....	\$ 2,086,311	\$ 3,107	\$ 2,089,418
Accrued liabilities.....	562,379		562,379
Accrued interest payable.....	141,079		141,079
Due to Regional School District No. 9.....	460,239		460,239
Unearned revenue.....	295,619		295,619
Bond anticipation notes.....	88,785		88,785
<b>Total current liabilities.....</b>	<b>3,634,412</b>	<b>3,107</b>	<b>3,637,519</b>
<b>Noncurrent liabilities:</b>			
Noncurrent liabilities due within one year.....	2,340,875		2,340,875
Due in more than one year.....	11,044,786		11,044,786
<b>Total noncurrent liabilities.....</b>	<b>13,385,661</b>	<b>-</b>	<b>13,385,661</b>
<b>TOTAL LIABILITIES.....</b>	<b>17,020,073</b>	<b>3,107</b>	<b>17,023,180</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt.....	21,835,452	2,795,673	24,631,125
<b>Restricted for:</b>			
<b>Perpetual care:</b>			
Nonexpendable.....	2,100		2,100
Expendable.....	1,183		1,183
Other.....	51,896		51,896
<b>Unrestricted.....</b>	<b>5,934,728</b>	<b>33,326</b>	<b>5,968,054</b>
<b>TOTAL NET ASSETS.....</b>	<b>\$ 27,825,359</b>	<b>\$ 2,828,999</b>	<b>\$ 30,654,358</b>

(Concluded)

## TOWN OF REDDING, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government.....	\$ 2,413,890	\$ 585,479	\$ 34,500	\$	\$ (1,793,911)	\$	\$ (1,793,911)
Public safety.....	2,032,218	315,438	16,815		(1,699,965)		(1,699,965)
Highway and streets.....	1,944,364	29,320	125,749	77,080	(1,712,215)		(1,712,215)
Transfer station and recycling.....	374,637	202,543			(172,094)		(172,094)
Health and social services.....	133,738	20,625	4,167		(108,946)		(108,946)
Library.....	254,132				(254,132)		(254,132)
Parks and recreation.....	907,467	618,478	3,000		(285,989)		(285,989)
Education.....	25,432,395	3,935	1,323,772		(24,104,688)		(24,104,688)
Interest expense.....	653,503				(653,503)		(653,503)
<b>TOTAL GOVERNMENTAL ACTIVITIES....</b>	<b>34,146,344</b>	<b>1,775,818</b>	<b>1,508,003</b>	<b>77,080</b>	<b>(30,785,443)</b>	<b>-</b>	<b>(30,785,443)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Georgetown sewer fund.....	267,626	186,270				(81,356)	(81,356)
<b>TOTAL.....</b>	<b>\$ 34,413,970</b>	<b>\$ 1,962,088</b>	<b>\$ 1,508,003</b>	<b>\$ 77,080</b>	<b>\$ (30,785,443)</b>	<b>\$ (81,356)</b>	<b>\$ (30,866,799)</b>
<b>GENERAL REVENUES:</b>							
Property taxes.....					\$ 31,417,043	\$	\$ 31,417,043
Grants and contributions not restricted to specific programs.....					182,796		182,796
Investment income.....					227,376		227,376
<b>TOTAL GENERAL REVENUES.....</b>					<b>31,827,215</b>	<b>-</b>	<b>31,827,215</b>
<b>CHANGE IN NET ASSETS.....</b>					<b>1,041,772</b>	<b>(81,356)</b>	<b>960,416</b>
<b>NET ASSETS - JULY 1, 2004.....</b>					<b>26,783,587</b>	<b>2,910,355</b>	<b>29,693,942</b>
<b>NET ASSETS - JUNE 30, 2005.....</b>					<b>\$ 27,825,359</b>	<b>\$ 2,828,999</b>	<b>\$ 30,654,358</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF REDDING, CONNECTICUT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	GENERAL	BOND FUND	COMMUNITY CENTER	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash.....	\$ 1,579,298	\$ 276,014	\$ 11,224	\$ 539,946	\$ 2,406,482
Investments.....	4,682,208	101,846		290,658	5,074,712
Receivables:					
Property taxes.....	576,573				576,573
Sewer assessments.....				456,047	456,047
Intergovernmental.....	145,107				145,107
Other.....	72,195				72,195
Due from other funds.....	1,592,367	823,070	115,464	351,950	2,882,851
Other.....	44,873				44,873
<b>TOTAL ASSETS.....</b>	<b>\$ 8,692,621</b>	<b>\$ 1,200,930</b>	<b>\$ 126,688</b>	<b>\$ 1,638,601</b>	<b>\$ 11,658,840</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable.....	\$ 1,739,862	\$	\$ 117,182	\$ 41,431	\$ 1,898,475
Accrued liabilities.....	562,379				562,379
Due to Regional School District No. 9.....	460,239				460,239
Due to other funds.....	652,508	1,683,367	750,000	115,464	3,201,339
Unearned revenue.....	691,947	36,679		522,710	1,251,336
Bond anticipation notes payable.....		88,785			88,785
<b>TOTAL LIABILITIES.....</b>	<b>4,106,935</b>	<b>1,808,831</b>	<b>867,182</b>	<b>679,605</b>	<b>7,462,553</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances.....	51,896				51,896
Endowments.....				2,100	2,100
Unreserved, reported in:					
Designated for subsequent year budget.....	1,300,000				1,300,000
General fund.....	→ 3,233,790				3,233,790
Special revenue funds.....				331,722	331,722
Capital projects funds.....		(607,901)	(740,494)	623,991	(724,404)
Permanent funds.....				1,183	1,183
<b>TOTAL FUND BALANCES.....</b>	<b>4,585,686</b>	<b>(607,901)</b>	<b>(740,494)</b>	<b>958,996</b>	<b>4,196,287</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 8,692,621</b>	<b>\$ 1,200,930</b>	<b>\$ 126,688</b>	<b>\$ 1,638,601</b>	<b>\$ 11,658,840</b>

*P.O.'s*  
4,142,291  
unreserved fund  
balance

(Continued)

The notes to the financial statements are an integral part of this statement.

**TOWN OF REDDING, CONNECTICUT**  
**RECONCILIATION OF FUND BALANCES**  
**TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2005**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCES (EXHIBIT C, PAGE 1).....	\$	4,196,287
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Beginning net capital assets and current additions.....		35,520,835
Depreciation expense.....		(343,002)
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:		
Property tax and sewer assessment interest and lien accrual.....		396,172
Property tax and sewer assessment receivable - accrual basis change.....		955,717
School building grant receivable.....		481,493
Allowance for doubtful accounts.....		(271,279)
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF MEDICAL INSURANCE TO INDIVIDUAL DEPARTMENTS:		
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....		415,876
SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Beginning long-term liabilities and current year additions.....		(14,424,458)
Long-term liability payments.....		1,038,797
Accrued interest payable.....		(141,079)
NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>27,825,359</u>

(Concluded)

## TOWN OF REDDING, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL	BOND FUND	COMMUNITY CENTER	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Property taxes.....	\$ 31,265,875	\$	\$	\$	\$ 31,265,875
Intergovernmental.....	1,236,262			594,511	1,830,773
Investment income.....	218,777	1,969		4,986	225,732
Charges for services.....	1,651,802			156,736	1,808,538
Contributions.....				30,304	30,304
<b>TOTAL REVENUES.....</b>	<b>34,372,716</b>	<b>1,969</b>	<b>-</b>	<b>786,537</b>	<b>35,161,222</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	1,799,897			16,771	1,816,668
Public safety.....	1,486,576			29,912	1,516,488
Highway and streets.....	1,160,300			150,196	1,310,496
Transfer station and recycling.....	268,809				268,809
Health and social services.....	99,553			6,965	106,518
Library.....	254,132				254,132
Parks and recreation.....	756,669			23,127	779,796
Employee benefits.....	1,504,001				1,504,001
Education.....	25,028,719			372,324	25,401,043
Capital outlay.....	435,993			78,640	514,633
Debt service.....	1,574,781			25,133	1,599,914
<b>TOTAL EXPENDITURES.....</b>	<b>34,369,430</b>	<b>-</b>	<b>-</b>	<b>703,068</b>	<b>35,072,498</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>3,286</b>	<b>1,969</b>	<b>-</b>	<b>83,469</b>	<b>88,724</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt.....		1,361,215			1,361,215
Transfers in.....				160,000	160,000
Transfers out.....	(160,000)				(160,000)
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>(160,000)</b>	<b>1,361,215</b>	<b>-</b>	<b>160,000</b>	<b>1,361,215</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(156,714)</b>	<b>1,363,184</b>	<b>-</b>	<b>243,469</b>	<b>1,449,939</b>
<b>FUND BALANCES - JULY 1, 2004.....</b>	<b>4,742,400</b>	<b>(1,971,085)</b>	<b>(740,494)</b>	<b>715,527</b>	<b>2,746,348</b>
<b>FUND BALANCES - JUNE 30, 2005.....</b>	<b>\$ 4,585,686</b>	<b>\$ (607,901)</b>	<b>\$ (740,494)</b>	<b>\$ 958,996</b>	<b>\$ 4,196,287</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF REDDING, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ 1,449,939

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	210,607
Depreciation expense.....	<u>(343,002)</u>

Total ..... (132,395)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the funds are not reported in the Statement of Activities:

School building grant receipts.....	(93,198)
Increase in property tax and sewer assessment receivable - accrual basis change.....	7,591
Increase in property tax and sewer assessment interest and lien revenue.....	(50,052)
Increase in property tax and sewer use allowance for doubtful accounts.....	<u>160,909</u>

Total ..... 25,250

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds.....	(1,361,215)
Principal repayments:	
General obligation bonds.....	885,000
Notes payable.....	<u>61,996</u>

Total ..... (414,219)

(Continued)

**TOWN OF REDDING, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

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:

Early retirement incentives.....	\$	23,500
Landfill postclosure care.....		3,500
Compensated absences.....		(3,094)
Accrued interest payable.....		(585)
		23,321
<b>Total .....</b>		<b>23,321</b>
Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments.....		88,232
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....		1,644
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) .....</b>	<b>\$</b>	<b>1,041,772</b>

(Concluded)

## TOWN OF REDDING, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Property taxes.....	\$ 30,670,232	\$ 30,670,232	\$ 31,265,875	\$ 595,643
Intergovernmental.....	837,517	837,517	927,064	89,547
Investment income.....	100,000	100,000	218,777	118,777
Charges for services.....	1,706,491	1,706,491	1,651,802	(54,689)
<b>TOTAL REVENUES.....</b>	<b>33,314,240</b>	<b>33,314,240</b>	<b>34,063,518</b>	<b>749,278</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government.....	2,037,042	1,914,175	1,830,724	83,451
Public safety.....	1,490,586	1,539,815	1,486,576	53,239
Highway and streets.....	1,043,407	1,160,022	1,160,300	(278)
Transfer station and recycling.....	253,781	268,805	268,809	(4)
Health and social services.....	110,701	112,142	106,053	6,089
Library.....	254,132	254,132	254,132	-
Parks and recreation.....	758,850	765,279	760,688	4,591
Employee benefits.....	1,605,518	1,539,647	1,504,001	35,646
Education.....	24,719,521	24,719,521	24,719,521	-
Capital outlay.....	450,050	450,050	446,543	3,507
Debt service.....	1,730,652	1,730,652	1,574,781	155,871
<b>TOTAL EXPENDITURES.....</b>	<b>34,454,240</b>	<b>34,454,240</b>	<b>34,112,128</b>	<b>342,112</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,140,000)</b>	<b>(1,140,000)</b>	<b>(48,610)</b>	<b>1,091,390</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Appropriation of fund balance.....	1,300,000	1,300,000		(1,300,000)
Transfers out.....	(160,000)	(160,000)	(160,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,140,000</b>	<b>1,140,000</b>	<b>(160,000)</b>	<b>(1,300,000)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(208,610)</b>	<b>\$ (208,610)</b>
<b>FUND BALANCE - JULY 1, 2004.....</b>			<b>4,742,400</b>	
<b>FUND BALANCE - JUNE 30, 2005.....</b>			<b>\$ 4,533,790</b>	

The notes to the financial statements are an integral part of this statement.

TOWN OF REDDING, CONNECTICUTSTATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES
	GEORGETOWN SEWER	INTERNAL SERVICE FUND
<u>ASSETS</u>		
Current assets:		
Cash.....	\$ 48,323	\$
Accounts receivable.....	6,450	
Intergovernmental receivable.....	726	
Due from Regional School District No. 9.....		265,389
Due from other funds.....		338,323
Total current assets.....	55,499	603,712
Noncurrent assets:		
Accounts receivable.....	769	
Capital assets (net):		
Land.....	15,342	
Sewer plant.....	2,213,168	
Sewer collection system.....	567,163	
Total capital assets (net).....	2,795,673	-
Total noncurrent assets.....	2,796,442	-
TOTAL ASSETS.....	2,851,941	603,712
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable.....	3,107	
Claims payable.....		187,836
Due to other funds.....	19,835	
TOTAL LIABILITIES.....	22,942	187,836
<u>NET ASSETS</u>		
Invested in capital assets.....	2,795,673	
Unrestricted.....	33,326	415,876
TOTAL NET ASSETS.....	\$ 2,828,999	\$ 415,876

The notes to the financial statements are an integral part of this statement.

**TOWN OF REDDING, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<b><u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u></b>	<b><u>GOVERNMENTAL ACTIVITIES</u></b>
	<b><u>GEORGETOWN SEWER</u></b>	<b><u>INTERNAL SERVICE FUND</u></b>
<b>OPERATING REVENUES:</b>		
Premiums.....	\$	\$ 2,505,944
Charges for services.....	186,270	
<b>TOTAL OPERATING REVENUES.....</b>	<b>186,270</b>	<b>2,505,944</b>
<b>OPERATING EXPENSES:</b>		
Claims incurred.....		2,139,567
Administration.....	2,560	278,145
Central office.....		
Contracted services.....	75,669	
Outside services.....	12,362	
Materials disposal.....	33,383	
Materials and supplies.....	10,326	
Utilities.....	26,852	
Depreciation.....	106,474	
<b>TOTAL OPERATING EXPENSES.....</b>	<b>267,626</b>	<b>2,417,712</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(81,356)</b>	<b>88,232</b>
<b>NONOPERATING REVENUES:</b>		
Investment income.....		1,644
<b>CHANGE IN NET ASSETS.....</b>	<b>(81,356)</b>	<b>89,876</b>
<b>TOTAL NET ASSETS - JULY 1, 2004.....</b>	<b>2,910,355</b>	<b>326,000</b>
<b>TOTAL NET ASSETS - JUNE 30, 2005.....</b>	<b>\$ 2,828,999</b>	<b>\$ 415,876</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF REDDING, CONNECTICUTSTATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND		GOVERNMENTAL ACTIVITIES	
	GEORGETOWN SEWER		INTERNAL SERVICE FUND	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers.....	\$	186,898	\$	2,573,118
Payments to suppliers.....		(171,360)		
Claims paid.....				(2,129,346)
Payments to quasi-external transactions.....				(167,271)
Payments to contractors.....				(278,145)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>		<b>15,538</b>		<b>(1,644)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income.....				1,644
<b>NET INCREASE IN CASH.....</b>		<b>15,538</b>		<b>-</b>
CASH - JULY 1, 2004.....		32,785		
CASH - JUNE 30, 2005.....	\$	48,323	\$	-
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Changes in net assets.....	\$	(81,356)	\$	88,232
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation expense.....		106,474		
(Increase) decrease in:				
Accounts receivable.....		1,354		
Intergovernmental receivable.....		(726)		
Due from Regional School District No. 9.....				(167,271)
Due from other funds.....				67,174
Increase (decrease) in:				
Accounts payable.....		(10,208)		10,221
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	\$	<b>15,538</b>	\$	<b>(1,644)</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF REDDING, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

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	AGENCY FUNDS
<hr/>	
<u>ASSET</u>	
Cash.....	\$ 63,891
	<hr/>
<u>LIABILITY</u>	
Accounts payable.....	\$ 63,891
	<hr/>

The notes to the financial statements are an integral part of this statement.

**TOWN OF REDDING, CONNECTICUT**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**HISTORY AND ORGANIZATION**

The Town of Redding ("Town") 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *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 support.

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.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Bond Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The *Community Center Fund* accounts for the financial revenues to be used for the construction of the community center.

The Town reports the following major proprietary fund:

The *Georgetown Sewer Fund* accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

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

The *Agency Fund* accounts for monies held on behalf of students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 all taxes.

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Georgetown sewer enterprise fund and of the Town's internal service funds are charges to customers for sales and services. The Georgetown sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, 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.

**C. Assets, Liabilities, and Net Assets or Equity**

**1. Investments**

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. 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.

Investments for the Town are reported at fair value. State Treasures Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments were invested in a 2a-7 like pool. The fair value of the position in the pool is the same as the value of the pool shares.

**2. Receivables and Payables**

**a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF REDDING, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**2. Receivables and Payables (Continued)**

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all trade, property tax, sewer use, and sewer assessment receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 50 percent of outstanding receivable balances at June 30, 2005, and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2005, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

**3. Restricted Assets**

The Permanent School and Cemetery funds are restricted to expenditures of the investment income only for the donor-designated purpose.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	100
Bridges	25
Sewer plant	30
Sewer lines	40
Vehicles	10-25
Equipment	5-40

Infrastructure is being recorded on a prospective basis. There were no new infrastructure assets for fiscal year June 30, 2005.

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**5. Compensated Absences**

The Town and Board of Education employees are granted vacation and sick leave based upon length of employment. In the event of termination, Police Department and Highway Department employees are compensated for accumulated vacation. All other Town and Board of Education employees do not accumulate vacation pay. Unused sick leave does not accumulate for future absences.

**6. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, are reported as debt service expenditures.

**7. Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

**Invested in Capital Assets, Net of Related Debt**

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

**Restricted Net Assets**

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

**Unrestricted Net Assets**

This category presents the net assets of the Town which are not restricted.

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, and Net Assets or Equity (Continued)**

**8. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

**9. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

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

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

TOWN OF REDDING, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Budget - GAAP Reconciliation**

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2005 .....	\$ 34,063,518	\$ 34,112,128	\$ 4,533,790
Encumbrances outstanding at June 30, 2005 charged to budgetary expenditures .....		( 51,896)	51,896
State Teachers' Retirement on-behalf payment.....	<u>309,198</u>	<u>309,198</u>	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2005 .....	<u>\$ 34,372,716</u>	<u>\$ 34,369,430</u>	<u>\$ 4,585,686</u>

**C. Donor-Restricted Endowments**

The Town has received certain endowments for the maintenance and improvement of cemeteries and local schools. The amounts are reflected in net assets as restricted for other purposes. Investment income (interest earned) is approved for expenditure by the individual Boards responsible for each fund and is included in unreserved fund balance in the permanent school fund (\$251) and cemetery funds (\$932).

**D. Deficit Fund Balance**

The following fund had fund balance deficit at June 30, 2005:

SPECIAL REVENUE FUND:

Parade path ..... \$ 537

The deficit will be eliminated in future years as additional revenues are recognized by the fund.

**E. Capital Projects Authorizations**

The following is a summary of Capital Projects at June 30, 2005:

<u>CAPITAL PROJECT FUND</u>	<u>AUTHORIZATION</u>	<u>CURRENT YEAR EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2005</u>
Capital projects - schools.....	\$ 7,017,450	\$ 1,560	\$ 6,931,100	\$ 86,350
Community center .....	6,293,013		6,418,342	( 125,329)
Georgetown STEAP .....	1,227,953	77,080	114,049	1,113,904
Road reconstruction fund.....	<u>5,400,000</u>			<u>5,400,000</u>
<b>TOTAL</b> .....	<u>\$ 19,938,416</u>	<u>\$ 78,640</u>	<u>\$ 13,463,491</u>	<u>\$ 6,474,925</u>

TOWN OF REDDING, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES**

**A. Cash and Investments**

1. **Deposits - Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2005, \$2,104,945 of the Town's bank balance of \$2,377,884 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 1,882,790
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name .....	<u>222,155</u>
Total amount subject to custodial credit risk.....	<u>\$ 2,104,945</u>

2. **Investments**

At June 30, 2005, the Town's investments consisted of the following:

TYPE OF INVESTMENT	INVESTMENT MATURITIES (IN YEARS)	
	FAIR VALUE	LESS THAN 1
Certificates of deposit .....	\$ 101,846	\$ 101,846
Pooled fixed income.....	3,469,379	3,469,379
Money market mutual funds .....	<u>1,503,487</u>	<u>1,503,487</u>
TOTAL.....	<u>\$ 5,074,712</u>	<u>\$ 5,074,712</u>

Of the \$3,469,379 of pooled fixed income, \$2,497,685 was invested in Short Term Investment Fund (STIF). STIF is an investment pool managed by The State of Connecticut Office of the State Treasurer. The balance was invested in a 2a-7 like pool.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, since the Town's investments are invested in instruments with maturities of less than one year, the exposure to interest rate risk is not significant.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

The Town's investments in pooled fixed income and money market mutual funds were rated AAA by Standard & Poor's.

**B. Receivables**

Receivables as of year end for the Town's government-wide financial statements by type including the applicable allowances for uncollectibles, are as follows:

	PROPERTY TAXES			SEWER ASSESSMENTS			SEWER USE		
	TAXES	INTEREST & LIENS	TOTAL	ASSESS- MENT	INTEREST & LIENS	TOTAL	USE	INTEREST & LIENS	TOTAL
Current Portion.....	\$ 228,857	\$ 68,083	\$ 296,940	\$ 32,057	\$ 93	\$ 32,150	\$ 5,966	\$ 484	\$ 6,450
Long-term Portion.....	\$ 347,716	\$ 326,772	\$ 674,488	\$ 423,990	\$ 1,224	\$ 425,214	\$ 847	\$ 69	\$ 916
Less Allowance for Uncollectibles.....	( 64,704)	( 197,428)	( 262,132)	( 9,121)	( 26)	( 9,147)	( 136)	( 11)	( 147)
Net Long-term Portion....	<u>\$ 283,012</u>	<u>\$ 129,344</u>	<u>\$ 412,356</u>	<u>\$ 414,869</u>	<u>\$ 1,198</u>	<u>\$ 416,067</u>	<u>\$ 711</u>	<u>\$ 58</u>	<u>\$ 769</u>

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**B. Receivables (Continued)**

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

DEFERRED REVENUE:

Delinquent property taxes receivable (general fund).....	\$ 499,670
Special assessments not yet due (special revenue fund).....	456,047

UNEARNED REVENUE:

Advance tax collections.....	192,277
Grant draw downs prior to meeting all eligibility requirements (capital projects funds) .....	93,810
Grant draw downs prior to meeting all eligibility requirements (special revenue funds).....	<u>9,532</u>

TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS .....	<u>\$ 1,251,336</u>
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**C. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	BALANCE JULY 1, 2004	INCREASES	DECREASES	BALANCE JUNE 30, 2005
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets, not being Depreciated:</u></b>				
Land .....	\$ 17,906,509	\$	\$	\$ 17,906,509
Construction in progress .....	36,969	77,080		114,049
Total Capital Assets, not being Depreciated .....	<u>17,943,478</u>	<u>77,080</u>	-	<u>18,020,558</u>
<b><u>Capital Assets, being Depreciated:</u></b>				
Buildings .....	17,656,717	10,715		17,667,432
Machinery and equipment.....	684,290	28,390		712,680
Vehicles .....	1,475,862	94,422	18,612	1,551,672
Furniture and fixtures .....	93,090			93,090
Infrastructure .....	385,995			385,995
Total Capital Assets, being Depreciated.....	<u>20,295,954</u>	<u>133,527</u>	<u>18,612</u>	<u>20,410,869</u>
Total Capital Assets .....	<u>38,239,432</u>	<u>210,607</u>	<u>18,612</u>	<u>38,431,427</u>
<b><u>Less Accumulated Depreciation for:</u></b>				
Buildings .....	2,129,605	197,953		2,327,558
Machinery and equipment.....	115,835	25,490		141,325
Vehicles .....	579,542	100,846	18,612	661,776
Furniture and fixtures .....	81,062	3,273		84,335
Infrastructure .....	23,160	15,440		38,600
Total Accumulated Depreciation.....	<u>2,929,204</u>	<u>343,002</u>	<u>18,612</u>	<u>3,253,594</u>
Total Capital Assets, being Depreciated, net.....	<u>17,366,750</u>	<u>( 209,475)</u>	-	<u>17,157,275</u>
Governmental Activities Capital Assets, net.....	<u>\$ 35,310,228</u>	<u>\$( 132,395)</u>	<u>\$ -</u>	<u>\$ 35,177,833</u>

TOWN OF REDDING, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2004	INCREASES	BALANCE JUNE 30, 2005
<u>Business-Type Activities:</u>			
<u>Capital Assets, not being Depreciated:</u>			
Land .....	\$ 15,342	\$	\$ 15,342
<u>Capital Assets, being Depreciated:</u>			
Sewer plant .....	2,658,319		2,658,319
Sewer collection system .....	714,541		714,541
Machinery and equipment .....	6,550		6,550
Total Capital Assets, being Depreciated .....	3,379,410	-	3,379,410
Total Capital Assets .....	3,394,752	-	3,394,752
<u>Less Accumulated Depreciation for:</u>			
Sewer plant .....	356,541	88,610	445,151
Sewer collection system .....	129,514	17,864	147,378
Machinery and equipment .....	6,550		6,550
Total Accumulated Depreciation .....	492,605	106,474	599,079
Total Capital Assets, being Depreciated, net .....	2,886,805	( 106,474)	2,780,331
Business-Type Activities Capital Assets, net .....	\$ 2,902,147	\$( 106,474)	\$ 2,795,673

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

<u>Governmental Activities:</u>	
General government .....	\$ 61,394
Public safety .....	34,781
Highway and streets .....	95,471
Transfer station and recycling .....	6,766
Health and social services .....	1,125
Parks and recreation .....	1,941
Education .....	141,524
Total Depreciation Expense - Governmental Activities .....	\$ 343,002
<u>Business-type Activities:</u>	
Sewer .....	\$ 106,474

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2005 is as follows:

MAJOR FUNDS:	CORRESPONDING FUND	DUE FROM	DUE TO
<u>GENERAL FUND:</u>			
Community center .....	N/A	\$ 260,000	\$
Bond fund .....	N/A	1,332,367	313,235
Dog fund .....	N/A		950
Internal service fund .....	N/A		338,323
TOTAL GENERAL FUND .....		1,592,367	652,508

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**1. Interfund Payables and Receivables (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
<b>BOND FUND:</b>			
General fund .....	N/A	\$ 313,235	\$ 1,332,367
Reserve fund for CNRE .....	N/A		351,000
Community center .....	N/A	490,000	
Georgetown sewer fund.....	N/A	19,835	
<b>TOTAL BOND FUND.....</b>		<b>823,070</b>	<b>1,683,367</b>
<b>COMMUNITY CENTER FUND:</b>			
General fund .....	N/A		260,000
Bond fund .....	N/A		490,000
Reserve fund for CNRE .....	N/A	115,464	
<b>TOTAL COMMUNITY CENTER FUND.....</b>		<b>115,464</b>	<b>750,000</b>
<b>ENTERPRISE FUND:</b>			
Georgetown sewer fund.....	Bond Fund		19,835
<b>NONMAJOR GOVERNMENTAL FUNDS:</b>			
<b>SPECIAL REVENUE FUNDS:</b>			
Dog fund .....	General Fund	950	
<b>CAPITAL PROJECTS FUNDS:</b>			
<b>Reserve fund for CNRE:</b>			
Bond fund .....	N/A	351,000	
Community center .....	N/A		115,464
<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>		<b>351,950</b>	<b>115,464</b>
<b>INTERNAL SERVICE FUND .....</b>	General Fund	<b>338,323</b>	
<b>GRAND TOTAL.....</b>		<b>\$ 3,221,174</b>	<b>\$ 3,221,174</b>

All interfund balances resulted from the time lag between the date payments occurred between funds for short-term internal financing.

**2. Interfund Transfers**

A summary of interfund transfers as of June 30, 2005 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
Reserve fund for CNRE.....	N/A	\$	\$ 160,000
<b>NONMAJOR GOVERNMENTAL FUNDS:</b>			
<b>CAPITAL PROJECTS FUND:</b>			
Reserve fund for CNRE .....	General Fund	160,000	
<b>GRAND TOTAL.....</b>		<b>\$ 160,000</b>	<b>\$ 160,000</b>

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations - Bond Anticipation Notes**

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2005 was as follows:

TYPE OF OBLIGATION	BALANCE JULY 1, 2004	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2005
<b>Bond Anticipation Notes:</b>				
Burritt Project .....	\$ 527,500	\$ 489,500	\$ 979,500	\$ 37,500
Kruger Property .....	323,500	306,000	612,450	17,050
Land Purchases .....	396,566	376,066	752,319	20,313
Church Hill Bridge.....	278,434	278,434	542,946	13,922
<b>Total - Interest rate 1.89% matures August 11, 2005 .....</b>	<b>\$ 1,526,000</b>	<b>\$ 1,450,000</b>	<b>\$ 2,887,215</b>	<b>\$ 88,785</b>

On August 1, 2005, the Town issued \$5,000,000 of general obligation bonds that retired \$1,361,215 of bond anticipation notes and included new borrowings of \$3,638,785. The bonds bear interest of 3.25% to 5.25% and mature August 1, 2020.

**F. Changes in Long-Term Obligations**

**1. Summary of Changes**

The following is a summary of changes in long-term obligations during the fiscal year:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005	CURRENT PORTION
<b>BONDS/NOTES:</b>									
<b>General Purpose:</b>									
Improvement bond	\$ 285,000	04/15/91	04/15/11	5.4%-7.25%	\$ 96,000	\$	\$ 15,750	\$ 80,250	\$ 15,750
Improvement bond	8,345,000	10/15/99	10/15/19	4.75%-6.5%	6,673,000		418,000	6,255,000	417,000
<b>Total General Purpose</b>					<b>6,769,000</b>	<b>-</b>	<b>433,750</b>	<b>6,335,250</b>	<b>432,750</b>
<b>Schools:</b>									
Improvement bond	3,975,000	04/15/91	04/15/11	5.4%-7.25%	1,464,000		209,250	1,254,750	209,250
Improvement bond	4,755,000	10/15/99	10/15/19	4.75%-6.5%	3,787,000		242,000	3,545,000	243,000
<b>Total Schools .....</b>					<b>5,251,000</b>	<b>-</b>	<b>451,250</b>	<b>4,799,750</b>	<b>452,250</b>
<b>Sewer:</b>									
Clean water note...	1,293,905	10/01/96	04/01/16	2%	819,377		61,996	757,381	63,247
<b>Bond Anticipation Notes .....</b>						<b>1,361,215</b>		<b>1,361,215</b>	<b>1,361,215</b>
<b>TOTAL BONDS/NOTES .....</b>					<b>12,839,377</b>	<b>1,361,215</b>	<b>946,996</b>	<b>13,253,596</b>	<b>2,309,462</b>
<b>COMPENSATED ABSENCES .....</b>					<b>18,971</b>	<b>67,895</b>	<b>64,801</b>	<b>22,065</b>	<b>4,413</b>
<b>EARLY RETIREMENT INCENTIVE .....</b>					<b>70,500</b>		<b>23,500</b>	<b>47,000</b>	<b>23,500</b>
<b>LANDFILL CLOSURE AND POSTCLOSURE CARE .....</b>					<b>66,500</b>		<b>3,500</b>	<b>63,000</b>	<b>3,500</b>
<b>TOTAL GENERAL LONG-TERM OBLIGATIONS .....</b>					<b>\$12,995,348</b>	<b>\$1,429,110</b>	<b>\$1,038,797</b>	<b>\$ 13,385,661</b>	<b>\$2,340,875</b>

All long-term liabilities are generally liquidated by the General Fund.

TOWN OF REDDING, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

YEAR ENDING JUNE 30.	TO BE PROVIDED BY STATE		PRINCIPAL		INTEREST		EARLY RETIREMENT INCENTIVE
	FOR PRINCIPAL	FOR INTEREST	BONDS	CLEAN WATER LOAN	BONDS	CLEAN WATER LOAN	
2006	\$ 68,888	\$ 20,872	\$ 885,000	\$ 63,247	\$ 577,085	\$ 14,570	\$ 23,500
2007	68,888	17,408	885,000	64,524	531,222	13,291	23,500
2008	68,888	13,917	885,000	65,826	485,248	11,991	
2009	68,888	10,398	885,000	67,155	439,160	10,662	
2010	68,888	6,854	885,000	68,510	392,548	9,307	
2011	64,296	3,308	860,000	69,893	345,360	7,924	
2012			650,000	71,304	298,675	6,513	
2013			650,000	72,743	265,200	5,074	
2014			650,000	74,212	231,075	3,606	
2015			650,000	75,712	196,381	2,108	
2016			650,000	64,255	161,362	591	
2017			650,000		125,938		
2018			650,000		90,187		
2019			650,000		54,438		
2020			650,000		18,281		
	<u>\$ 408,736</u>	<u>\$ 72,757</u>	<u>\$ 11,135,000</u>	<u>\$ 757,381</u>	<u>\$ 4,212,160</u>	<u>\$ 85,637</u>	<u>\$ 47,000</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, 2005, which matures through 2023, amounted to \$19,270,000. The related school building grant amounts due from the State of Connecticut were \$86,931 and \$4,671, respectively, for principal and interest. The Town's share of the debt, net of the related grant, was \$11,032,183.

2. Statutory Debt Limitations

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 .....	\$ 72,390,404	\$ 8,346,677	\$ 64,043,727
Schools .....	144,780,809	15,423,197	129,357,612
Sewers .....	120,650,674		120,650,674
Urban renewal .....	104,563,917		104,563,917
Pension deficit .....	96,520,539		96,520,539

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**2. Statutory Debt Limitations (Continued)**

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$225,214,591.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$408,736 for bond principal is reflected as deductions in the computation of net indebtedness.

**3. 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 18 years at \$3,500 per year are \$63,000. 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 general long-term obligations account group, since the liability will be funded from future financial resources, not from expendable available financial resources.

**4. Authorized/Unissued Bonds**

The amount of authorized/unissued bonds for general purposes is \$8,210,421.

**IV. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. 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 Town's medical benefits claims.

The Redding Board of Education, along with the Easton Board of Education and Regional School District No. 9, 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 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. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

TOWN OF REDDING, CONNECTICUT  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

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

	<u>CLAIMS PAYABLE JULY 1</u>	<u>CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES</u>	<u>CLAIMS PAYMENTS</u>	<u>CLAIMS PAYABLE JUNE 30</u>
2003-2004	\$ 162,412	\$ 1,838,420	\$ 1,823,217	\$ 177,615
2004-2005	177,615	2,139,567	2,129,346	187,836

**B. Commitments and Litigation**

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.

**C. Pension Plans**

**Municipal Employees' Retirement Fund**

**1. Plan Description**

Town employees, excluding teachers, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

TOWN OF REDDING, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans (Continued)**

**Municipal Employees' Retirement Fund (Continued)**

**2. Funding Policy**

Covered employees are required by State Statute to contribute 2¼% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contribution for the years ended June 30, 2003, 2004 and 2005 were \$177,832, \$217,084, and \$297,940, respectively.

**D. Other Post-Employment Benefits**

The Town provides postretirement health care benefits to Police and Highway retirees in accordance with their respective union contracts. The Town provides such benefits as follows:

Police - The Town will pay insurance premiums for up to eight years for retirees and spouse when retirees have completed 18 years of service and have attained the age of 55 prior to retirement. These payments will cease when the retiree reaches 65 years of age. Currently, there is one retiree receiving these benefits. The cost of the retiree's healthcare benefits is appropriated each year and was \$16,221 for the year ended June 30, 2005.

Highway - The Town will pay 50% of the insurance premiums for retirees and spouse when retirees have completed 18 years of service and have attained the age of 62 prior to retirement. These payments will cease when the retiree reaches 65 years of age, or fails to submit his or her portion of the premium for any month. Currently, no retirees meet these requirements.

**E. On-Behalf Payments**

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$309,198.

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# Supplemental Schedules

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# General Fund

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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.

## TOWN OF REDDING, CONNECTICUT

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>PROPERTY TAXES:</b>				
Property taxes, current and prior.....	\$ 30,491,646	\$ 30,491,646	\$ 30,971,853	\$ 480,207
Interest and lien fees.....	102,000	102,000	223,135	121,135
Telephone access line.....	76,586	76,586	70,887	(5,699)
<b>TOTAL PROPERTY TAXES.....</b>	<b>30,670,232</b>	<b>30,670,232</b>	<b>31,265,875</b>	<b>595,643</b>
<b>INTERGOVERNMENTAL:</b>				
<b>EDUCATIONAL ASSISTANCE GRANTS:</b>				
ECS grant.....	338,788	338,788	351,992	13,204
School bond interest.....	93,198	93,198	93,198	-
Special education grant.....			126,819	126,819
Adult education.....	37	37		(37)
Regional School District No. 9.....	112,929	112,929	144,759	31,830
<b>TOTAL EDUCATIONAL ASSISTANCE GRANTS.....</b>	<b>544,952</b>	<b>544,952</b>	<b>716,768</b>	<b>171,816</b>
<b>TOWN ASSISTANCE GRANTS:</b>				
In lieu of taxes - State property.....	147,737	147,737	127,374	(20,363)
In lieu of taxes - business inventory.....	716	716	3,736	3,020
Local property tax relief (freeze).....	6,000	6,000	6,000	-
Tax relief circuit breaker.....	22,170	22,170	18,211	(3,959)
Local capital improvements.....	69,131	69,131		(69,131)
Mashantucket Pequot grant.....	36,825	36,825	23,932	(12,893)
Disability exemption.....	297	297	174	(123)
Veterans' exemption.....	6,717	6,717	397	(6,320)
CAMA Grant.....	-		27,500	27,500
Safe boating.....	2,972	2,972	2,972	-
<b>TOTAL TOWN ASSISTANCE GRANTS.....</b>	<b>292,565</b>	<b>292,565</b>	<b>210,296</b>	<b>(82,269)</b>
<b>TOTAL INTERGOVERNMENTAL.....</b>	<b>837,517</b>	<b>837,517</b>	<b>927,064</b>	<b>89,547</b>
<b>INVESTMENT INCOME.....</b>	<b>100,000</b>	<b>100,000</b>	<b>218,777</b>	<b>118,777</b>
<b>CHARGES FOR SERVICES:</b>				
Building inspection fees and permits.....	300,000	300,000	250,005	(49,995)
Transfer station.....	153,340	153,340	154,286	946
Fiber optics.....	47,706	47,706	39,172	(8,534)
<b>Service charges:</b>				
Town clerk.....	461,000	461,000	469,464	8,464
Planning commission.....	6,600	6,600	4,403	(2,197)
ZBA.....	1,700	1,700	2,550	850
Zoning commission.....	70,000	70,000	67,426	(2,574)
Rental of Town-owned properties.....	4,500	4,500	24,609	20,109
Sanitarian.....	20,000	20,000	20,625	625
Parks and recreation.....	607,445	607,445	598,365	(9,080)
Police.....	500	500	35	(465)
Conservation commission.....	4,000	4,000	7,309	3,309
Commission for the elderly.....	20,700	20,700	9,618	(11,082)
Regional School District No. 9 tuition.....			3,935	3,935
Unclassified revenue.....	9,000	9,000		(9,000)
<b>TOTAL CHARGES FOR SERVICES.....</b>	<b>1,706,491</b>	<b>1,706,491</b>	<b>1,651,802</b>	<b>(54,689)</b>
<b>TOTAL REVENUES.....</b>	<b>33,314,240</b>	<b>33,314,240</b>	<b>34,063,518</b>	<b>749,278</b>
<b>OTHER FINANCING SOURCES:</b>				
Appropriation of fund balance.....	1,300,000	1,300,000		(1,300,000)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES.....</b>	<b>\$ 34,614,240</b>	<b>\$ 34,614,240</b>	<b>\$ 34,063,518</b>	<b>\$ (550,722)</b>

TOWN OF REDDING, CONNECTICUT

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005

	ORIGINAL BUDGET	TRANSFERS AND ADDITIONAL APPROPRIATIONS	FINAL BUDGET	EXPENDITURES	VARIANCE WITH FINAL BUDGET
<b>GENERAL GOVERNMENT:</b>					
Town meetings.....	\$ 4,200	\$	\$ 4,200	\$ 1,621	\$ 2,579
Board of selectmen.....	122,682	933	123,615	123,261	354
Probate court.....	2,650		2,650	2,634	16
Registrar's office.....	33,352		33,352	28,050	5,302
Controller's office.....	162,626	3,480	166,106	162,964	3,142
Independent audit.....	35,050		35,050	35,000	50
Assessor's office.....	116,024	2,617	118,641	113,749	4,892
Board of assessment appeals.....	1,075		1,075	665	410
Tax collector.....	110,084	945	111,029	106,765	4,264
Town treasurer.....	19,040		19,040	14,682	4,358
Computer capability.....	29,209		29,209	28,538	671
Management services.....	20,000		20,000	19,736	264
Town counsel.....	12,000		12,000	12,000	-
Special legal.....	150,000	54,965	204,965	206,736	(1,771)
Town clerk.....	122,042	833	122,875	118,616	4,259
Vital statistics.....	500		500	454	46
Annual Town report.....	6,000		6,000	4,955	1,045
Board of ethics.....	500		500	4	496
Conservation.....	40,991	591	41,582	32,236	9,346
Commission for the elderly.....	100,081	8,313	108,394	98,277	10,117
Municipal agent for the elderly.....	11,412		11,412	10,513	899
Heritage center senior bus.....	5,000		5,000	8,863	(3,863)
Town planning commission.....	38,695		38,695	28,092	10,603
Housatonic valley council of elected officials.....	10,558		10,558	10,558	-
Zoning commission.....	63,367	1,218	64,585	57,262	7,323
Zoning board of appeals.....	3,500		3,500	2,059	1,441
Council of small towns.....	825		825	825	-
Land use services.....	95,088	1,980	97,068	94,630	2,438
Office of tree warden.....	1,865		1,865	(215)	2,080
Town office building.....	55,280		55,280	54,819	461
Old town house.....	5,598		5,598	4,702	896
Town office building annex.....	6,473		6,473	5,654	819
Community center.....	201,201	1,258	202,459	202,685	(226)
Police headquarters/communication center.....	17,000		17,000	19,809	(2,809)
Senior center/heritage house.....	6,000		6,000	6,000	-
Leases.....	2,000		2,000	400	1,600
Administrative services.....	69,720		69,720	67,322	2,398
Memorial day observance.....	600		600	490	110
Cemeteries.....	9,804		9,804	9,804	-
Insurance.....	124,400		124,400	117,655	6,745
Miscellaneous.....	15,550		15,550	12,854	2,696
Agencies Serving Residents.....	5,000		5,000	5,000	-
Provision for contingencies.....	200,000	(200,000)	-	-	-
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>2,037,042</b>	<b>(122,867)</b>	<b>1,914,175</b>	<b>1,830,724</b>	<b>83,451</b>
<b>PUBLIC SAFETY:</b>					
Police department.....	1,059,972	44,806	1,104,778	1,049,250	55,528
Volunteer fire companies.....	53,750		53,750	56,838	(3,088)
Building inspection.....	144,381	4,423	148,804	147,662	1,142
Civil preparedness.....	700		700	397	303
Communications Center.....	178,783		178,783	181,359	(2,576)
Dog license.....	53,000		53,000	51,070	1,930
<b>TOTAL PUBLIC SAFETY.....</b>	<b>1,490,586</b>	<b>49,229</b>	<b>1,539,815</b>	<b>1,486,576</b>	<b>53,239</b>

(Continued)

TOWN OF REDDING, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	TRANSFERS AND ADDITIONAL APPROPRIATIONS	FINAL BUDGET	EXPENDITURES	VARIANCE WITH FINAL BUDGET
<b>HIGHWAY AND STREETS:</b>					
Wages - regular, overtime and seasonal.....	\$ 659,127	\$ 31,727	\$ 690,854	\$ 700,602	\$ (9,748)
General maintenance and repair.....	103,630		103,630	106,683	(3,053)
Snow removal and ice control.....	150,100	47,000	197,100	202,647	(5,547)
Equipment maintenance and repair.....	104,600	37,888	142,488	118,757	23,731
Town garage buildings.....	25,950		25,950	31,611	(5,661)
<b>TOTAL HIGHWAY AND STREETS.....</b>	<b>1,043,407</b>	<b>116,615</b>	<b>1,160,022</b>	<b>1,160,300</b>	<b>(278)</b>
<b>TRANSFER STATION AND RECYCLING:</b>					
Salaries.....	136,119	15,024	151,143	153,874	(2,731)
General maintenance.....	109,162		109,162	104,370	4,792
Equipment maintenance.....	8,500		8,500	10,565	(2,065)
<b>TOTAL TRANSFER STATION AND RECYCLING.....</b>	<b>253,781</b>	<b>15,024</b>	<b>268,805</b>	<b>268,809</b>	<b>(4)</b>
<b>HEALTH AND SOCIAL SERVICES:</b>					
Conservation of Health.....	5,910		5,910	6,239	(329)
Sanitarian inspection.....	79,338	1,441	80,779	74,627	6,152
Social services.....	25,453		25,453	25,187	266
<b>TOTAL HEALTH AND SOCIAL SERVICES.....</b>	<b>110,701</b>	<b>1,441</b>	<b>112,142</b>	<b>106,053</b>	<b>6,089</b>
<b>MARK TWAIN LIBRARY:</b>					
Operations.....	254,132		254,132	254,132	-
<b>PARKS AND RECREATION:</b>					
Field maintenance.....	61,454		61,454	56,224	5,230
Administration.....	160,828	3,680	164,508	158,660	5,848
Summer camp.....	168,250		168,250	164,972	3,278
Recreation programs.....	180,600		180,600	192,808	(12,208)
Topstone park.....	62,700		62,700	69,524	(6,824)
Tennis courts.....	6,550		6,550	4,620	1,930
Extended day service.....	118,468	2,749	121,217	113,880	7,337
<b>TOTAL PARKS AND RECREATION.....</b>	<b>758,850</b>	<b>6,429</b>	<b>765,279</b>	<b>760,688</b>	<b>4,591</b>
<b>EMPLOYEE BENEFITS.....</b>	<b>1,605,518</b>	<b>(65,871)</b>	<b>1,539,647</b>	<b>1,504,001</b>	<b>35,646</b>
<b>CAPITAL OUTLAY:</b>					
Selectmen's general maintenance.....	8,000		8,000	8,023	(23)
Departmental requests.....	442,050		442,050	438,520	3,530
<b>TOTAL CAPITAL OUTLAY.....</b>	<b>450,050</b>	<b>-</b>	<b>450,050</b>	<b>446,543</b>	<b>3,507</b>

(Continued)

TOWN OF REDDING, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	TRANSFERS AND ADDITIONAL APPROPRIATIONS	FINAL BUDGET	EXPENDITURES	VARIANCE WITH FINAL BUDGET
<b>DEBT SERVICE:</b>					
Debt retirement.....	\$ 1,046,996	\$ -	\$ 1,046,996	\$ 934,438	\$ 112,558
Interest payments.....	683,656	-	683,656	640,343	43,313
<b>TOTAL DEBT SERVICE.....</b>	<b>1,730,652</b>	<b>-</b>	<b>1,730,652</b>	<b>1,574,781</b>	<b>155,871</b>
<b>TOTAL TOWN EXPENDITURES.....</b>	<b>9,734,719</b>	<b>-</b>	<b>9,734,719</b>	<b>9,392,607</b>	<b>342,112</b>
<b>EDUCATION:</b>					
Redding Board of Education:					
General instruction.....	7,697,510	-	7,697,510	7,843,484	(145,974)
Kindergarten.....	12,550	-	12,550	11,551	999
Humanities.....	72,578	-	72,578	66,484	6,094
Integrated language arts.....	42,238	-	42,238	37,467	4,771
Curriculum.....	63,820	-	63,820	46,606	17,214
Industrial technology.....	4,806	-	4,806	4,733	73
Science/math technology.....	63,364	-	63,364	132,258	(68,894)
Physical education/health.....	11,600	-	11,600	10,294	1,306
Student activity co-curricular.....	12,865	-	12,865	4,310	8,555
Special services.....	25,400	-	25,400	20,883	4,517
Student activity summer school.....	1,405	-	1,405	-	1,405
Special education.....	3,586,518	-	3,586,518	3,462,213	124,305
Guidance.....	2,148	-	2,148	1,642	506
Health services.....	186,066	-	186,066	173,557	12,509
Psychological services.....	23,680	-	23,680	21,444	2,236
Speech services.....	26,200	-	26,200	20,238	5,962
Educational media services.....	63,570	-	63,570	58,012	5,558
Technology plan.....	280,626	-	280,626	242,316	38,310
Board of education.....	123,424	-	123,424	70,323	53,101
Central administration.....	372,262	-	372,262	372,262	-
School administration.....	991,780	-	991,780	980,567	11,213
Operation/maintenance physical plant.....	1,480,333	-	1,480,333	1,484,520	(4,187)
Student transportation.....	713,087	-	713,087	792,786	(79,699)
Food service.....	3,300	-	3,300	3,180	120
<b>Total Redding Board of Education.....</b>	<b>15,861,130</b>	<b>-</b>	<b>15,861,130</b>	<b>15,861,130</b>	<b>-</b>
Regional School District No. 9.....	8,858,391	-	8,858,391	8,858,391	-
<b>TOTAL EDUCATION.....</b>	<b>24,719,521</b>	<b>-</b>	<b>24,719,521</b>	<b>24,719,521</b>	<b>-</b>
<b>TOTAL EXPENDITURES.....</b>	<b>34,454,240</b>	<b>-</b>	<b>34,454,240</b>	<b>34,112,128</b>	<b>342,112</b>
<b>OTHER FINANCING USES:</b>					
Transfers out:					
Reserve fund for CNRE.....	160,000	-	160,000	160,000	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES.....</b>	<b>\$ 34,614,240</b>	<b>\$ -</b>	<b>\$ 34,614,240</b>	<b>\$ 34,272,128</b>	<b>\$ 342,112</b>

(Concluded)

TOWN OF REDDING, CONNECTICUT

REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2005

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2004	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2005
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST AND LIEN FEES	TOTAL	
1988	\$ 24,897	\$	\$	\$ 24,897	\$	\$ -	\$	\$	\$ -	\$ -
1989	27,100					27,100			-	27,100
1990	28,764					28,764			-	28,764
1991	23,982					23,982			-	23,982
1992	20,015					20,015			-	20,015
1993	20,415					20,415			-	20,415
1994	12,367					12,367	1,286	2,012	3,298	11,081
1995	9,479			272		9,207	2,600	3,690	6,290	6,607
1996	12,340					12,340	3,699	3,391	7,090	8,641
1997	8,906					8,906	2,860	3,027	5,887	6,046
1998	5,487			18		5,469	2,865	2,532	5,397	2,604
1999	11,294					11,294	7,372	2,385	9,757	3,922
2000	15,483			692		14,791	5,632	3,198	8,830	9,159
2001	109,583		858	1,454	17,645	91,342	76,634	20,927	97,561	14,708
2002	271,633		1,421	9,224		263,830	181,877	35,740	217,617	81,953
TOTAL PRIOR YEARS	601,745	-	2,279	36,557	17,645	549,822	284,825	76,902	361,727	264,997
2003		30,976,777	111,450	118,254		30,969,973	30,658,397	143,173	30,801,570	311,576
TOTAL	\$ 601,745	\$ 30,976,777	\$ 113,729	\$ 154,811	\$ 17,645	\$ 31,519,795	30,943,222	220,075	31,163,297	\$ 576,573
Suspense collections							1,952	3,060	5,012	
TOTAL COLLECTIONS							\$ 30,945,174	\$ 223,135	\$ 31,168,309	

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# Nonmajor Governmental Funds

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## **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

## **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

## **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

TOWN OF REDDING, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2005

TRUST AGENCY

	SPECIAL REVENUE FUNDS							
	TOWN AID ROAD	POLICE FUND	DOG FUND	FEDERAL EDUCATION GRANTS	PARKING PERMITS/LOT FUND	RECYCLING	SEWER ASSESSMENTS	PARKS AND RECREATION CONCERTS
<b>ASSETS</b>								
Cash.....	\$ 2,552	\$ 14,095	\$ 25,246	\$ 35,147	\$ 1,353	\$ 47,221	\$ 190,077	\$ 8,593
Receivables:								
Sewer assessments.....							456,047	
Due from other funds.....			950					
<b>TOTAL ASSETS.....</b>	<b>\$ 2,552</b>	<b>\$ 14,095</b>	<b>\$ 26,196</b>	<b>\$ 35,147</b>	<b>\$ 1,353</b>	<b>\$ 47,221</b>	<b>\$ 646,124</b>	<b>\$ 8,593</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts payable.....	\$	\$	\$ 240	\$ 15,124	\$ 293	\$	\$	\$ 197
Unearned revenue.....				9,532			456,047	
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>24,656</b>	<b>293</b>	<b>-</b>	<b>456,047</b>	<b>197</b>
<b>FUND BALANCES:</b>								
Unreserved and undesignated.....	2,552	14,095	25,956	10,491	1,060	47,221	190,077	8,396
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 2,552</b>	<b>\$ 14,095</b>	<b>\$ 26,196</b>	<b>\$ 35,147</b>	<b>\$ 1,353</b>	<b>\$ 47,221</b>	<b>\$ 646,124</b>	<b>\$ 8,593</b>

(Continued)

TOWN OF REDDING, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

SPECIAL REVENUE FUNDS

	PARKS AND RECREATION BASKETBALL	SENIOR CENTER ESCROW	BENEDICTINE GRANGE	CANINE CONTROL	PLANNING COMMISSION	ADOPT - A - ROAD	PARADE PATH	TOTAL
<b>ASSETS</b>								
Cash.....	\$ 2,539	\$ 26,914	\$ 850	\$ 183	\$ 1,646	\$ 279	\$ 708	\$ 357,403
Receivables:								
Sewer assessments.....								456,047
Due from other funds.....								950
<b>TOTAL ASSETS.....</b>	<b>\$ 2,539</b>	<b>\$ 26,914</b>	<b>\$ 850</b>	<b>\$ 183</b>	<b>\$ 1,646</b>	<b>\$ 279</b>	<b>\$ 708</b>	<b>\$ 814,400</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts payable.....	\$	\$	\$	\$	\$	\$	\$ 1,245	\$ 17,099
Unearned revenue.....								465,579
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,245</b>	<b>482,678</b>
<b>FUND BALANCES:</b>								
Unreserved and undesignated.....	2,539	26,914	850	183	1,646	279	(537)	331,722
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 2,539</b>	<b>\$ 26,914</b>	<b>\$ 850</b>	<b>\$ 183</b>	<b>\$ 1,646</b>	<b>\$ 279</b>	<b>\$ 708</b>	<b>\$ 814,400</b>

(Continued)

TOWN OF REDDING, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONCLUDED)

	CAPITAL PROJECTS				PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CAPITAL PROJECTS - SCHOOLS	RESERVE FUND FOR CNRE	GEORGETOWN STEAP	TOTAL	PERMANENT SCHOOL	CEMETERY FUNDS	TOTAL	
<b>ASSETS</b>								
Cash.....	\$ 8,622	\$ 170,638	\$	\$ 179,260	\$ 651	\$ 2,632	\$ 3,283	\$ 539,946
Investments.....	31,402	177,793	81,463	290,658			-	290,658
Receivables:								
Sewer assessments.....				-			-	456,047
Due from other funds.....		351,000		351,000			-	351,950
<b>TOTAL ASSETS.....</b>	<b>\$ 40,024</b>	<b>\$ 699,431</b>	<b>\$ 81,463</b>	<b>\$ 820,918</b>	<b>\$ 651</b>	<b>\$ 2,632</b>	<b>\$ 3,283</b>	<b>\$ 1,638,601</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts payable.....	\$	\$	\$ 24,332	\$ 24,332	\$	\$	\$ -	\$ 41,431
Due to other funds.....		115,464		115,464				115,464
Unearned revenue.....			57,131	57,131				522,710
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>115,464</b>	<b>81,463</b>	<b>196,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,605</b>
<b>FUND BALANCES:</b>								
Reserved for endowments.....				-	400	1,700	2,100	2,100
Unreserved and undesignated.....	40,024	583,967		623,991	251	932	1,183	956,896
<b>TOTAL FUND BALANCES.....</b>	<b>40,024</b>	<b>583,967</b>	<b>-</b>	<b>623,991</b>	<b>651</b>	<b>2,632</b>	<b>3,283</b>	<b>958,996</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 40,024</b>	<b>\$ 699,431</b>	<b>\$ 81,463</b>	<b>\$ 820,918</b>	<b>\$ 651</b>	<b>\$ 2,632</b>	<b>\$ 3,283</b>	<b>\$ 1,638,601</b>

(Concluded)

TOWN OF REDDING, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE FUNDS								
	TOWN AID ROAD	POLICE FUND	DOG FUND	FEDERAL EDUCATION GRANTS	PARKING PERMITS/LOT FUND	RECYCLING	SEWER ASSESSMENTS	MISCELLANEOUS GRANTS FUND	PARKS AND RECREATION CONCERTS
REVENUES:									
Intergovernmental.....	\$ 84,680	\$	\$	\$ 360,700	\$	\$	\$	\$ 72,051	\$
Investment income.....				241					
Charges for services.....		11,660	14,566		17,113	48,257	44,927		10,665
Contributions.....				30,304					
TOTAL REVENUES.....	84,680	11,660	14,566	391,245	17,113	48,257	44,927	72,051	10,665
EXPENDITURES:									
Current:									
General government.....						7,144	2,500	7,000	
Public safety.....		8,555	4,542					16,815	
Highways and streets.....	92,391				16,736			41,069	
Health and social services.....								4,167	
Parks and recreation.....								3,000	8,648
Education.....				372,324					
Debt service.....							25,133		
TOTAL EXPENDITURES.....	92,391	8,555	4,542	372,324	16,736	7,144	27,633	72,051	8,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(7,711)	3,105	10,024	18,921	377	41,113	17,294	-	2,017
FUND BALANCES - JULY 1, 2004.....	10,263	10,990	15,932	(8,430)	683	6,108	172,783		6,379
FUND BALANCES - JUNE 30, 2005.....	\$ 2,552	\$ 14,095	\$ 25,956	\$ 10,491	\$ 1,060	\$ 47,221	\$ 190,077	\$ -	\$ 8,396

(Continued)

TOWN OF REDDING, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

	SPECIAL REVENUE FUNDS								TOTAL	
	PARKS AND RECREATION BASKETBALL	SENIOR CENTER ESCROW	SOCIAL SERVICES	BENEDICTINE GRANGE	CANINE CONTROL	PLANNING COMMISSION	ADOPT - A - ROAD	PARADE PATH		
<b>REVENUES:</b>										
Intergovernmental.....	\$	\$	\$	\$	\$	\$	\$	\$	\$	517,431
Investment income.....										241
Charges for services.....	1,800					100		7,648		156,736
Contributions.....										30,304
<b>TOTAL REVENUES.....</b>	<b>1,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>7,648</b>	<b>-</b>	<b>704,712</b>
<b>EXPENDITURES:</b>										
Current:										
General government.....										16,644
Public safety.....										29,912
Highways and streets.....										150,196
Health and social services.....		2,165	633							6,965
Parks and recreation.....								11,479		23,127
Education.....										372,324
Debt service.....										25,133
<b>TOTAL EXPENDITURES.....</b>	<b>-</b>	<b>2,165</b>	<b>633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,479</b>	<b>-</b>	<b>624,301</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>1,800</b>	<b>(2,165)</b>	<b>(633)</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>(3,831)</b>	<b>-</b>	<b>80,411</b>
FUND BALANCES - JULY 1, 2004.....	739	29,079	633	850	183	1,546	279	3,294		251,311
FUND BALANCES - JUNE 30, 2005.....	\$ 2,539	\$ 26,914	\$ -	\$ 850	\$ 183	\$ 1,646	\$ 279	\$ (537)	\$	331,722

(Continued)

TOWN OF REDDING, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)

STREETSCAPE

	CAPITAL PROJECTS				PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CAPITAL PROJECTS - SCHOOLS	RESERVE FUND FOR CNRE	GEORGETOWN STEAP	TOTAL	PERMANENT SCHOOL	CEMETERY FUNDS	TOTAL	
<b>REVENUES:</b>								
Intergovernmental.....	\$	\$	\$	\$	\$	\$	\$	\$
Investment income.....	713	4,032	77,080	77,080			-	594,511
Charges for services.....				4,745			-	4,986
Contributions.....				-			-	156,736
<b>TOTAL REVENUES.....</b>	<b>713</b>	<b>4,032</b>	<b>77,080</b>	<b>81,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,304</b>
<b>EXPENDITURES:</b>								
Current:								
General government.....				-	14	113	127	16,771
Public safety.....				-			-	29,912
Highways and streets.....				-			-	150,196
Health and social services.....				-			-	6,965
Parks and recreation.....				-			-	23,127
Education.....				-			-	372,324
Capital outlay.....	1,560		77,080	78,640			-	78,640
Debt service.....				-			-	25,133
<b>TOTAL EXPENDITURES.....</b>	<b>1,560</b>	<b>-</b>	<b>77,080</b>	<b>78,640</b>	<b>14</b>	<b>113</b>	<b>127</b>	<b>703,068</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(847)</b>	<b>4,032</b>	<b>-</b>	<b>3,185</b>	<b>(14)</b>	<b>(113)</b>	<b>(127)</b>	<b>83,469</b>
<b>OTHER FINANCING SOURCES:</b>								
Transfers in.....		160,000		160,000			-	160,000
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(847)</b>	<b>164,032</b>	<b>-</b>	<b>163,185</b>	<b>(14)</b>	<b>(113)</b>	<b>(127)</b>	<b>243,469</b>
<b>FUND BALANCES - JULY 1, 2004.....</b>	<b>40,871</b>	<b>419,935</b>		<b>460,806</b>	<b>665</b>	<b>2,745</b>	<b>3,410</b>	<b>715,527</b>
<b>FUND BALANCES - JUNE 30, 2005.....</b>	<b>\$ 40,024</b>	<b>\$ 583,967</b>	<b>\$ -</b>	<b>\$ 623,991</b>	<b>\$ 651</b>	<b>\$ 2,632</b>	<b>\$ 3,283</b>	<b>\$ 958,996</b>

(Concluded)

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# Fiduciary Funds

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Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

## Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

TOWN OF REDDING, CONNECTICUT

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2005

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u>ASSETS</u>				
CASH:				
Redding Elementary School.....	\$ 1,412	\$ 32,829	\$ 32,924	\$ 1,317
John Read Middle School.....	79,522	176,965	193,913	62,574
TOTAL ASSETS.....	\$ 80,934	\$ 209,794	\$ 226,837	\$ 63,891
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
Redding Elementary School.....	\$ 1,412	\$ 32,829	\$ 32,924	\$ 1,317
John Read Middle School.....	79,522	176,965	193,913	62,574
TOTAL LIABILITIES.....	\$ 80,934	\$ 209,794	\$ 226,837	\$ 63,891

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## **Trend Information**

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**TABLE 1****TOWN OF REDDING, CONNECTICUT****NET ASSETS BY COMPONENT  
LAST THREE YEARS  
(UNAUDITED)**

	FISCAL YEAR		
	2005	2004	2003
<b>Governmental activities:</b>			
Invested in capital assets, net of related debt.....	\$ 21,835,452	\$ 22,470,851	\$ 19,629,650
Restricted for:			
Perpetual care:			
Nonexpendable.....	2,100	2,100	2,100
Expendable.....	1,183	1,310	1,479
Other.....	51,896		
Unrestricted.....	5,934,728	4,309,326	6,788,883
<b>Total Governmental activities net assets.....</b>	<b>27,825,359</b>	<b>26,783,587</b>	<b>26,422,112</b>
<b>Business-type activities:</b>			
Invested in capital assets, net of related debt.....	2,795,673	2,902,147	3,008,621
Unrestricted.....	33,326	8,208	(8,578)
<b>Total Business-type activities net assets.....</b>	<b>2,828,999</b>	<b>2,910,355</b>	<b>3,000,043</b>
<b>Total Net Assets:</b>			
Invested in capital assets, net of related debt.....	24,631,125	25,372,998	22,638,271
Restricted for:			
Perpetual care:			
Nonexpendable.....	2,100	2,100	2,100
Expendable.....	1,183	1,310	1,479
Other.....	51,896		
Unrestricted.....	5,968,054	4,317,534	6,780,305
<b>Total Net Assets.....</b>	<b>\$ 30,654,358</b>	<b>\$ 29,693,942</b>	<b>\$ 29,422,155</b>

**TABLE 2**  
(1 of 2)

**TOWN OF REDDING, CONNECTICUT**

**CHANGES IN NET ASSETS  
LAST THREE YEARS  
(UNAUDITED)**

	FISCAL YEAR		
	2005	2004	2003
<b>Expenses:</b>			
<b>Governmental activities:</b>			
General government.....	\$ 2,413,890	\$ 2,348,239	\$ 2,347,490
Public safety.....	2,032,218	1,856,976	1,879,795
Highway and streets.....	1,944,364	2,129,015	2,030,518
Transfer station and recycling.....	374,637	308,892	316,036
Health and social services.....	133,738	143,008	138,667
Library.....	254,132	240,140	240,140
Parks and recreation.....	907,467	778,961	717,546
Education.....	25,432,395	23,511,269	23,428,533
Interest expense.....	653,503	696,968	782,147
<b>Total Governmental activities expenses.....</b>	<b>34,146,344</b>	<b>32,013,468</b>	<b>31,880,872</b>
<b>Business-type activities:</b>			
Georgetown sewer fund.....	267,626	236,122	227,874
<b>Total expenses.....</b>	<b>34,413,970</b>	<b>32,249,590</b>	<b>32,108,746</b>
<b>Program Revenues:</b>			
<b>Governmental activities:</b>			
<b>Charges for services:</b>			
General government.....	585,479	705,316	489,360
Public safety.....	315,438	360,564	363,951
Highway and streets.....	29,320	94,656	37,858
Transfer station and recycling.....	202,543	149,110	141,724
Health and social services.....	20,625	22,000	18,356
Parks and recreation.....	618,478	578,205	540,591
Education.....	3,935		11,735
Operating grants and contributions.....	1,508,003	1,309,272	1,085,977
Capital grants and contributions.....	77,080	36,969	737,747
<b>Total governmental activities program revenues.....</b>	<b>3,360,901</b>	<b>3,256,092</b>	<b>3,427,299</b>
<b>Business-type activities:</b>			
<b>Charges for services:</b>			
Georgetown sewer fund.....	186,270	146,434	140,913
<b>Total Program revenues.....</b>	<b>3,547,171</b>	<b>3,402,526</b>	<b>3,568,212</b>
<b>Net Expense:</b>			
Governmental activities.....	(30,785,443)	(28,757,376)	(28,453,573)
Business-type activities.....	(81,356)	(89,688)	(86,961)
<b>Total Net Expense.....</b>	<b>(30,866,799)</b>	<b>(28,847,064)</b>	<b>(28,540,534)</b>

(Continued)

**TABLE 2**  
(2 of 2)

**TOWN OF REDDING, CONNECTICUT**

**CHANGES IN NET ASSETS  
LAST TWO YEARS  
(UNAUDITED)**

	FISCAL YEAR		
	2005	2004	2003
<b>General Revenues and Other Changes in Net Assets:</b>			
<b>Governmental activities:</b>			
Property taxes.....	\$ 31,417,043	\$ 28,884,869	\$ 28,359,105
Grants and contributions not restricted to specific programs..	182,796	143,492	168,951
Investment income.....	227,376	90,490	200,074
Gain on sale of capital assets.....			1,750
<b>Total Governmental Activities and Total General Revenues and Other Changes in Net Assets.....</b>	<b>31,827,215</b>	<b>29,118,851</b>	<b>28,729,880</b>
<b>Change in Net Assets:</b>			
Governmental activities.....	1,041,772	361,475	276,307
Business-type activities.....	(81,356)	(89,688)	(86,961)
<b>Total Change in Net Assets.....</b>	<b>\$ 960,416</b>	<b>\$ 271,787</b>	<b>\$ 2,107,875</b>

(Concluded)

**TOWN OF REDDING, CONNECTICUT**

**TABLE 3**

**SCHEDULE OF DEBT LIMITATION  
JUNE 30, 2005**

**TOTAL TAX COLLECTIONS (including interest and lien fees) for the year ended June 30, 2005:**

Town of Redding.....	\$ 31,168,309
Fire District.....	999,204

**REIMBURSEMENT FOR REVENUE LOSS:**

Tax relief for elderly freeze.....	<u>6,000</u>
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<b>BASE FOR DEBT LIMITATION COMPUTATION.....</b>	<b><u>\$ 32,173,513</u></b>
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	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
<b>DEBT LIMITATION:</b>					
2 1/4 times base.....	\$ 72,390,404	\$	\$	\$	\$
4 1/2 times base.....		144,780,809			
3 3/4 times base.....			120,650,674		
3 1/4 times base.....				104,563,917	
3 times base.....					96,520,539
<b>TOTAL DEBT LIMITATION.....</b>	<b><u>72,390,404</u></b>	<b><u>144,780,809</u></b>	<b><u>120,650,674</u></b>	<b><u>104,563,917</u></b>	<b><u>96,520,539</u></b>
<b>INDEBTEDNESS:</b>					
Bonds payable.....	6,335,250	4,799,750			
Bond anticipation notes payable.....	1,450,000				
Fire District bonds.....	561,427				
School building grants.....		(408,736)			
Redding's portion of Regional School District No. 9 bonds, net of school building grants.....		11,032,183			
<b>NET INDEBTEDNESS (1).....</b>	<b><u>8,346,677</u></b>	<b><u>15,423,197</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>DEBT LIMITATION IN EXCESS OF INDEBTEDNESS.....</b>	<b><u>\$ 64,043,727</u></b>	<b><u>\$ 129,357,612</u></b>	<b><u>\$ 120,650,674</u></b>	<b><u>\$ 104,563,917</u></b>	<b><u>\$ 96,520,539</u></b>

(1) The total of the above net indebtedness amounts to:	<u>\$ 23,769,874</u>
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In no event shall total indebtedness exceed seven times the base for debt limitation computation:	<u>\$ 225,214,591</u>
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**State  
Single  
Audit**

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**TOWN OF REDDING, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>STATE GRANT PROGRAM IDENTIFICATION NUMBER</b>	<b>STATE PROJECT NUMBER</b>	<b>EXPENDITURES</b>
<b><u>OFFICE OF POLICY AND MANAGEMENT:</u></b>			
CAMA Grant.....	12052-OPM20600-40291		\$ 27,500
Property Tax Relief for Totally Disabled Homeowners.....	11000-OPM20600-17011		174
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		18,211
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		6,000
Property Tax Relief for Veterans.....	11000-OPM20600-17024		397
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles.....	11000-OPM20600-17031		3,736
<b><u>STATE DEPARTMENT OF EDUCATION:</u></b>			
Adult Education.....	11000-SDE64000-17030	11000-17030-2005-84003-170013	110
<b><u>STATE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</u></b>			
Small Town Economic Assistance Program (STEAP).....	12052-ECD46000-42411-075		77,080
<b><u>STATE DEPARTMENT OF TRANSPORTATION:</u></b>			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		84,680
<b><u>BOARD OF EDUCATION AND SERVICES TO THE BLIND:</u></b>			
Education of Handicapped Blind Children.....	11000-ESB65020-12060		9,507
<b><u>OFFICE OF THE STATE COMPTROLLER:</u></b>			
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OSC15910-17004		127,374
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		23,932
Boat Grant.....	12027-OSC15910-40211		2,972
<b><u>CONNECTICUT STATE LIBRARY:</u></b>			
Historical Preservation Grant.....	12060-CSL66091-35150		7,000
<b><u>STATE DEPARTMENT OF PUBLIC HEALTH:</u></b>			
Local and District Departments of Health.....	11000-DPH48500-17009		4,167
<b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS.....</b>			<b>392,840</b>
<b><u>EXEMPT PROGRAMS:</u></b>			
<b><u>STATE DEPARTMENT OF EDUCATION:</u></b>			
Public School Transportation.....	11000-SDE64000-17027	11000-17027-2005-82010-170005	754
Education Cost Sharing.....	11000-SDE64000-17041	11000-17041-2005-82010-170002	468,318
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-2005-82018	222,406
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-2005-82003-170001	68,888
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-2005-82004-170063	24,310
<b>TOTAL EXEMPT PROGRAMS.....</b>			<b>784,676</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE.....</b>			<b>\$ 1,177,516</b>

**TOWN OF REDDING, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Redding, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board ("GASB"). The following is the significant policy relating to state financial assistance.

**Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-5), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**2. LOAN PROGRAMS**

In accordance with the State Single Audit Act, loan program participation constitutes state financial assistance (C.G.S. Section 4-236-5). The following is a summary of the various loan program activity for the year ended June 30, 2005.

**DEPARTMENT OF ENVIRONMENTAL PROTECTION:**

Clean Water Funds (6865-3100-888):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2004</u>	<u>Retired</u>	<u>Balance June 30, 2005</u>
10/01/96	2%	\$ 1,293,905	\$ 819,377	\$ 61,996	\$ 757,381

**TOWN OF REDDING, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**Summary Schedule of Prior Audit Findings**

There were no prior year audit findings or questioned costs.

TOWN OF REDDING, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005

**I. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditors' report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?  yes  no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
OFFICE OF THE STATE COMPTROLLER: Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	\$ 127,374
DEPARTMENT OF TRANSPORTATION: Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	84,680

**II. SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

- We issued report dated November 30, 2005, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
- Our report on compliance indicated no reportable instances of noncompliance
- Our report on internal control over financial reporting indicated no reportable conditions.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs are reported relating to State financial assistance programs.



**KOSTIN,  
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& COMPANY, LLC**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Finance  
Town of Redding, Connecticut

We have audited the basic financial statements of the Town of Redding, Connecticut, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting and its operation that we have reported to the management of the Town in a separate report dated November 30, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Finance, the State Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
November 30, 2005



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
THE STATE SINGLE AUDIT ACT AND ON THE SCHEDULE OF  
EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

Board of Finance  
Town of Redding, Connecticut

**Compliance**

We have audited the compliance of the Town of Redding, Connecticut, with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2005. The major state programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act.



Town of Redding, Connecticut  
Page Two

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Finance, the State Office of Policy and Management and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
November 30, 2005