

TOWN OF REDDING, CONNECTICUT

JUNE 30, 2007

TOWN OF REDDING, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Report of Independent Accountants

To the Board of Finance
Town of Redding
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, 2007, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 39 through 44 are not required parts of the basic financial statements but are supplementary information required by the 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.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2007 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, 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 conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

November 24, 2007

TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

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, 2007.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$33,059,583 (net assets). Of this amount, \$2,644,914 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$4,443,250 as a result of increases in education expenses of \$2,485,427 and general government expenses of \$2,138,699.
- Revenues were lower than expected due to both the downturn of the real estate market resulting in a delay of the Heritage House sale, as well as the timing of the state permit and approval process relating to the Georgetown Land Development Project.
- Actual Town-wide expenditures came in 4.7% under budget due to responsible spending within certain Town departments.
- On November 8, 2006, the Town issued a \$2,160,000 Bond Anticipation Note (BAN). This BAN bears interest at 3.875%, matured on July 31, 2007 and is for road and school improvements
- The \$5.4 Million Road Reconstruction Project has been reclassified from a nonmajor fund to a major fund. This project has been completed.

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.

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 are for the Georgetown Sewer Enterprise Fund operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 30 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 and the Road Reconstruction Fund, which are considered to be major funds. Data from the other 28 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. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

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

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

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

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

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

Other Information. 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 \$33,059,583 at the close of the most recent fiscal year.

TOWN OF REDDING NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 7,501,843	\$ 12,213,685	\$ 116,901	\$ 65,704	\$ 7,618,744	\$ 12,279,389
Capital assets	43,508,083	35,591,127	2,582,725	2,689,199	46,090,808	38,280,326
Total assets	<u>51,009,926</u>	<u>47,804,812</u>	<u>2,699,626</u>	<u>2,754,903</u>	<u>53,709,552</u>	<u>50,559,715</u>
Long-term debt outstanding	14,842,132	16,161,622			14,842,132	16,161,622
Other liabilities	5,787,279	5,077,297	20,558	814	5,807,837	5,078,111
Total liabilities	<u>20,629,411</u>	<u>21,238,919</u>	<u>20,558</u>	<u>814</u>	<u>20,649,969</u>	<u>21,239,733</u>
Net assets:						
Invested in capital assets, net of debt	27,829,844	19,676,685	2,582,725	2,689,199	30,412,569	22,365,884
Restricted	2,100	3,251			2,100	3,251
Unrestricted	<u>2,548,571</u>	<u>6,885,957</u>	<u>96,343</u>	<u>64,890</u>	<u>2,644,914</u>	<u>6,950,847</u>
Total Net Assets	<u>\$ 30,380,515</u>	<u>\$ 26,565,893</u>	<u>\$ 2,679,068</u>	<u>\$ 2,754,089</u>	<u>\$ 33,059,583</u>	<u>\$ 29,319,982</u>

By far the largest portion of the Town's net assets (84%) 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.

The Town's net assets decreased by \$4,443,250 during the current fiscal year. There was a decrease of \$75,021 in net assets reported in connection with the Town's business-type activities due to depreciation and increases in contracted services. This decrease is attributable to increases in expenses for education of \$2,485,427 and general government of \$2,138,699, offset by increases in tax revenue and operating and capital grants.

Governmental Activities. Governmental activities decreased the Town's net assets by \$4,368,229.

Revenues

Governmental activities revenues totaled \$39,021,170 for fiscal year 2007. Property taxes are the largest revenue source for the Town and represent 86% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 8.1% of governmental revenues. Charges for services revenues are the Town's second largest revenue and account for 4.1% of governmental revenues for the year. The most significant changes for the prior years were as follows:

- Operating grants and contributions increased by \$931,543 due to FEMA Grant and Small Cities Grant.
- Property taxes billed increased by \$548,951 due to an increase in property assessments.
- As a result of the non-sale of the Heritage House (sale is anticipated in the 2007/8 fiscal year), the timing of state permit and approval process relating to the Georgetown Land Development Project and the downturn of the real estate market, revenues were lower than expected.
- Total property tax revenue came in at 99.4% compared to the 99.5% budgeted. An additional \$33,688 interest and lien fees were collected.

Expenses

Governmental expenses totaled \$43,389,399 for the fiscal year. Of the expenses, \$29,573,333 or 68.1% is related to education. General government expenses amounted to \$4,912,092 or 11.3%. Highway and streets expenses were \$4,708,751 or 10.9%, and public safety expenses were \$1,827,254 or 4.2%.

Decreases in Town-wide expenses of \$540,162 or 4.7% were a direct result of Town department underspending.

TOWN OF REDDING CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 1,602,278	\$ 2,090,186	\$ 249,808	\$ 213,928	\$ 1,852,086	\$ 2,304,114
Operating grants and contributions	2,894,041	1,962,498			2,894,041	1,962,498
Capital grants and contributions	19,091	388,801			19,091	388,801
General revenues:						
Property taxes	33,687,097	33,138,146			33,687,097	33,138,146
Grants and contributions not restricted to specific purposes	270,721	194,823			270,721	194,823
Investment income	547,942	603,103	526		548,468	603,103
Total revenues	<u>39,021,170</u>	<u>38,377,557</u>	<u>250,334</u>	<u>213,928</u>	<u>39,271,504</u>	<u>38,591,485</u>
Program expenses:						
General government	4,912,092	2,773,393			4,912,092	2,773,393
Public safety	1,827,254	2,364,044			1,827,254	2,364,044
Highway and streets	4,708,751	5,180,336			4,708,751	5,180,336
Transfer station and recycling	314,508	358,460			314,508	358,460
Health and social services	117,985	296,790			117,985	296,790
Library	306,065	271,259			306,065	271,259
Parks and recreation	824,191	1,301,057			824,191	1,301,057
Education	29,573,333	27,087,906			29,573,333	27,087,906
Interest expense	805,220	759,285			805,220	759,285
Sewer department			325,355	308,673	325,355	308,673
Total expenses	<u>43,389,399</u>	<u>40,392,530</u>	<u>325,355</u>	<u>308,673</u>	<u>43,714,754</u>	<u>40,701,203</u>
Change in net assets	(4,368,229)	(2,014,973)	(75,021)	(94,745)	(4,443,250)	(2,109,718)
Net Assets - Beginning of Year (as Restated)	<u>34,748,744</u>	<u>28,580,866</u>	<u>2,754,089</u>	<u>2,848,834</u>	<u>37,502,833</u>	<u>31,429,700</u>
Net Assets - End of Year	<u>\$ 30,380,515</u>	<u>\$ 26,565,893</u>	<u>\$ 2,679,068</u>	<u>\$ 2,754,089</u>	<u>\$ 33,059,583</u>	<u>\$ 29,319,982</u>

Business-Type Activities. Business-type activities decreased the Town's net assets by \$75,021, which was substantially a result of depreciation expense \$106,474 and contracted services \$70,469. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$325,355 in the fiscal year ended June 30, 2007, 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.

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.

During the fiscal year, unreserved and undesignated fund balance in the general fund was \$1,551,971. The Town has designated \$1,156,088 for the 2008 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 2008 fiscal year.

Road Reconstruction Fund has been reclassified from a nonmajor fund to a major fund represented on the balance sheet.

An aggressive pursuit of current as well as past due taxes (plus interest and penalties) netted actual property tax revenue at \$33,704,103. Investment income was higher than budget by \$27,688. The Town had favorable under expenditure of various functions including general government of \$144,303, \$30,561 for employee benefits and \$80,406 from parks and recreation.

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 \$2,679,068 at year end. This represents a decrease of \$75,021 from the prior year, which was substantially a result of depreciation expense.

General Fund Budgetary Highlights

- There was no variance between the original budget for revenues and the final budget of \$39,444,480.
- Several budget transfers reallocated resources as needed, the most significant of which are noted below:
 - Contingency account was reduced \$140,844 from \$165,000 to \$24,156.
 - Total public safety was increased \$22,984 from \$1,788,930 to \$1,811,914.
 - Employee benefits was increased \$18,149 from \$1,905,293 to \$1,923,442.

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, 2007 amounts to \$46,090,808 (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 increase in the Town’s investment in capital assets for the current fiscal year was \$7,810,482. The majority of this was due to the implementation of the infrastructure provision of GASB Statement No. 34.

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

	Governmental Activities		Business-Type Activities		Primary Government	
	2007*	2006	2007	2006	2007	2006
Land	\$ 17,906,509	\$ 17,906,509	\$ 15,342	\$ 15,342	\$ 17,921,851	\$ 17,921,851
Construction in progress		176,310				176,310
Buildings	14,986,391	15,179,861			14,986,391	15,179,861
Sewer plant			2,035,948	2,124,558	2,035,948	2,124,558
Sewer collection system			531,435	549,299	531,435	549,299
Machinery and equipment	881,440	811,694			881,440	811,694
Infrastructure	8,428,242	1,177,078			8,428,242	1,177,078
Vehicles	1,298,556	7,720			1,298,556	7,720
Furniture and fixtures	6,945	331,955			6,945	331,955
Total	\$ 43,508,083	\$ 35,591,127	\$ 2,582,725	\$ 2,689,199	\$ 46,090,808	\$ 38,280,326

106,474

* The Town implemented the provisions of the Governmental Accounting Standards Board Statement No. 34 relating to recording infrastructure. The beginning balance of infrastructure has been increased by \$8,315,983.

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 \$16,844,610. The entire amount is backed by the full faith and credit of the Town. During the year, debt increased due to the addition of a \$2,160,000 BAN. This BAN will be used for road and school improvements.

TOWN OF REDDING OUTSTANDING DEBT
General Obligation Bonds and Notes

	Governmental Activities	
	2007	2006
General obligation bonds - Town improvements	\$ 10,159,750	\$ 10,902,500
General obligation bonds - school improvements	3,895,250	4,347,500
Clean Water Fund note	629,610	694,134
Bond anticipation notes	2,160,000	
Total	\$ 16,844,610	\$ 15,944,134

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 \$244,454,805, 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 8 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the Town is currently 2.8%, which is a decrease from a rate of 2.9% a year ago. This compares favorably to the state's average unemployment rate of 4.5% and the national average rate of 4.7%.
- 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 2008 fiscal year.

At the end of the current fiscal year, unreserved and undesignated fund balance in the general fund is \$395,883. The Town has designated \$1,156,088 for the 2008 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 2008 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.

TOWN OF REDDING, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,311,238	\$ 77,459	\$ 5,388,697
Receivables, net	2,114,075	42,462	2,156,537
Internal balances	3,020	(3,020)	-
Other	45,798		45,798
Bond issuance costs	1,980		1,980
Total current assets	<u>7,476,111</u>	<u>116,901</u>	<u>7,593,012</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	17,906,509	15,342	17,921,851
Assets being depreciated, net	25,601,574	2,567,383	28,168,957
Total capital assets	<u>43,508,083</u>	<u>2,582,725</u>	<u>46,090,808</u>
Bond issuance costs	25,732		25,732
Total assets	<u>51,009,926</u>	<u>2,699,626</u>	<u>53,709,552</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,528,970	20,558	2,549,528
Due to other governments	43,735		43,735
Due to Regional School District No. 9	516,374		516,374
Unearned revenue	538,200		538,200
Bond anticipation notes	2,160,000		2,160,000
Total current liabilities	<u>5,787,279</u>	<u>20,558</u>	<u>5,807,837</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,307,599		1,307,599
Due in more than one year	13,534,533		13,534,533
Total noncurrent liabilities	<u>14,842,132</u>	<u>-</u>	<u>14,842,132</u>
Total liabilities	<u>20,629,411</u>	<u>20,558</u>	<u>20,649,969</u>
Net Assets:			
Invested in capital assets, net of related debt	27,829,844	2,582,725	30,412,569
Restricted for:			
Perpetual care:			
Nonexpendable	2,100		2,100
Unrestricted	2,548,571	96,343	2,644,914
Total Net Assets	<u>\$ 30,380,515</u>	<u>\$ 2,679,068</u>	<u>33,059,583</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF REDDING, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,912,092	\$ 729,181	\$ 590,343	\$	\$ (3,592,568)	\$	\$ (3,592,568)
Public safety	1,827,254	44,036			(1,783,218)		(1,783,218)
Highway and streets	4,708,751	20,650	275,974	19,091	(4,393,036)		(4,393,036)
Transfer station and recycling	314,508	145,410			(169,098)		(169,098)
Health and welfare	117,985				(117,985)		(117,985)
Education	29,573,333		2,007,499		(27,565,834)		(27,565,834)
Library	306,065				(306,065)		(306,065)
Parks and recreation	824,191	597,761	20,225		(206,205)		(206,205)
Debt service	805,220	65,240			(739,980)		(739,980)
Total governmental activities	43,389,399	1,602,278	2,894,041	19,091	(38,873,989)		(38,873,989)
Business-type activities:							
Georgetown sewer fund	325,355	249,808				(75,547)	(75,547)
Total	\$ 43,714,754	\$ 1,852,086	\$ 2,894,041	\$ 19,091	(38,873,989)	(75,547)	(38,949,536)
General revenues:							
Property taxes					33,687,097		33,687,097
Grants and contributions not restricted to specific programs					270,721		270,721
Investment income					547,942	526	548,468
Total general revenues					34,505,760	526	34,506,286
Change in net assets					(4,368,229)	(75,021)	(4,443,250)
Net Assets - Beginning of Year, as Restated					34,748,744	2,754,089	37,502,833
Net Assets - End of Year					\$ 30,380,515	\$ 2,679,068	\$ 33,059,583

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>Road Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,986,397	\$ 2,133	\$ 1,156,051	\$ 5,144,581
Receivables:				
Property taxes	613,499			613,499
Sewer assessments			351,590	351,590
Intergovernmental	299,945	34,113	143,487	477,545
Other	129,261			129,261
Due from other funds	578,637		121,208	699,845
Other assets	45,798			45,798
Total Assets	<u>\$ 5,653,537</u>	<u>\$ 36,246</u>	<u>\$ 1,772,336</u>	<u>\$ 7,462,119</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,025,828		\$ 156,200	\$ 2,182,028
Due to other governments	43,735			43,735
Due to Regional School District No. 9	516,374			516,374
Due to other funds	332,168	36,407	539,210	907,785
Unearned revenue	1,183,461		407,952	1,591,413
Bond anticipation notes payable		1,761,000	399,000	2,160,000
Total liabilities	<u>4,101,566</u>	<u>1,797,407</u>	<u>1,502,362</u>	<u>7,401,335</u>
Fund balances:				
Reserved for:				
Endowments			2,100	2,100
Unreserved, reported in:				
General fund	1,551,971			1,551,971
Special revenue funds			309,585	309,585
Capital projects funds		(1,761,161)	(42,811)	(1,803,972)
Permanent funds			1,100	1,100
Total fund balances	<u>1,551,971</u>	<u>(1,761,161)</u>	<u>269,974</u>	<u>60,784</u>
Total Liabilities and Fund Balances	<u>\$ 5,653,537</u>	<u>\$ 36,246</u>	<u>\$ 1,772,336</u>	<u>\$ 7,462,119</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

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

Total fund balances (Exhibit III)	\$ 60,784
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	44,127,616
Depreciation expense	(578,504)
Disposal of capital assets	(41,029)
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	480,978
Property tax and sewer assessment receivable - accrual basis change	782,253
School building grant receivable	270,960
Allowance for doubtful accounts	(225,000)
Bond issue costs	27,712
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	448,478
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	(14,684,610)
Long-term liability payments	(157,522)
Accrued interest payable	(131,601)
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 30,380,515</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Road Reconstruction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 33,704,103	\$	\$	\$ 33,704,103
Intergovernmental	1,970,997		1,192,106	3,163,103
Investment income	527,688	29	20,192	547,909
Charges for services	1,411,343		184,514	1,595,857
Contributions			20,750	20,750
Total revenues	<u>37,614,131</u>	<u>29</u>	<u>1,417,562</u>	<u>39,031,722</u>
Expenditures:				
Current:				
General government	2,305,225		27,756	2,332,981
Public safety	1,777,609		16,929	1,794,538
Highway and streets	1,082,093		320,455	1,402,548
Transfer station and recycling	307,876			307,876
Health and welfare	117,078		150	117,228
Library	306,065			306,065
Parks and recreation	804,282		17,087	821,369
Employee benefits	1,892,881			1,892,881
Education	28,727,401		309,164	29,036,565
Capital outlay	518,232	2,001,368	1,792,086	4,311,686
Debt service	1,957,986		47,546	2,005,532
Total expenditures	<u>39,796,728</u>	<u>2,001,368</u>	<u>2,531,173</u>	<u>44,329,269</u>
Deficiency of Revenues over Expenditures	<u>(2,182,597)</u>	<u>(2,001,339)</u>	<u>(1,113,611)</u>	<u>(5,297,547)</u>
Other Financing Sources (Uses):				
Transfers in			160,000	160,000
Transfers out	(160,000)			(160,000)
Net other financing sources (uses)	<u>(160,000)</u>	<u>-</u>	<u>160,000</u>	<u>-</u>
Net Change in Fund Balances	(2,342,597)	(2,001,339)	(953,611)	(5,297,547)
Fund Balances - Beginning of Year	<u>3,894,568</u>	<u>240,178</u>	<u>1,223,585</u>	<u>5,358,331</u>
Fund Balances - End of Year	<u>\$ 1,551,971</u>	<u>\$ (1,761,161)</u>	<u>\$ 269,974</u>	<u>\$ 60,784</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ (5,297,547)

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 depreciation exceeded capital outlay in the current period:

Capital outlay	353,638
Depreciation expense	<u>(578,504)</u>
Total	<u>(224,866)</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(41,029)

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	(120,773)
Increase in property tax and sewer assessment receivable - accrual basis change	(96,875)
Increase in property tax and sewer assessment interest and lien revenue	33,387
Increase in property tax and sewer use allowance for doubtful accounts	<u>52,936</u>
Total	<u>(131,325)</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, 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:

Principal repayments:	
General obligation bonds	1,195,000
Notes payable	<u>64,524</u>
Total	<u>1,259,524</u>

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

Early retirement incentives	23,500
Landfill postclosure care	3,500
Compensated absences	32,966
Accrued interest payable	60,041
Amortization of issuance costs	<u>(1,980)</u>
Total	<u>118,027</u>

Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments

(54,550)

The net revenue of the activities of the Internal Service Fund is reported with governmental activities

3,537

Change in Net Assets of Governmental Activities (Exhibit II)

\$ (4,368,229)

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2007

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 77,459	\$ 166,657
Accounts receivable	42,462	
Due from Town of Easton		135,808
Due from Regional School District No. 9		150,394
Due from other funds		210,960
Total current assets	<u>119,921</u>	<u>663,819</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	2,035,948	
Sewer collection system	531,435	
Total capital assets, net	<u>2,582,725</u>	<u>-</u>
Total assets	<u>2,702,646</u>	<u>663,819</u>
Liabilities:		
Current liabilities:		
Accounts payable	20,558	
Claims payable		215,341
Due to other funds	3,020	
Total liabilities	<u>23,578</u>	<u>215,341</u>
Net Assets:		
Invested in capital assets	2,582,725	
Unrestricted	<u>96,343</u>	<u>448,478</u>
Total Net Assets	\$ <u>2,679,068</u>	\$ <u>448,478</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Operating Revenue:		
Premiums	\$	\$ 2,562,663
Charges for services	249,808	
Total operating revenues	<u>249,808</u>	<u>2,562,663</u>
Operating Expenses:		
Claims incurred		2,401,821
Administration	5,702	215,392
Contracted services	70,469	
Outside services	7,341	
Materials disposal	54,647	
Materials and supplies	46,802	
Utilities	33,920	
Depreciation	106,474	
Total operating expenses	<u>325,355</u>	<u>2,617,213</u>
Operating Loss	(75,547)	(54,550)
Nonoperating Revenues:		
Investment income	<u>526</u>	<u>3,537</u>
Change in Net Assets	(75,021)	(51,013)
Total Net Assets - Beginning of Year	<u>2,754,089</u>	<u>499,491</u>
Total Net Assets - End of Year	\$ <u><u>2,679,068</u></u>	\$ <u><u>448,478</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 222,387	\$
Payments to suppliers	(198,703)	
Claim payments		(2,428,081)
Premiums received		2,452,136
Administrative payments		(215,392)
Net cash provided by (used in) operating activities	23,684	(191,337)
Cash Flows From Investing Activities:		
Income from investments	526	3,537
Net Increase (Decrease) in Cash and Cash Equivalents	24,210	(187,800)
Cash and Cash Equivalents - Beginning of Year	53,249	354,457
Cash and Cash Equivalents - End of Year	\$ 77,459	\$ 166,657
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	\$ (75,547)	\$ (54,550)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	106,474	
(Increase) decrease:		
Accounts receivable	(28,837)	
Intergovernmental receivable:		
Due from Regional School District No. 9		(150,394)
Due from Town of Easton		39,867
Increase (decrease):		
Accounts payable	19,744	(26,260)
Due to other funds	1,850	
Net Cash Provided by (Used in) Operating Activities	\$ 23,684	\$ (191,337)

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Agency Funds</u>
Assets:	
Cash	\$ <u>78,515</u>
Liability:	
Due to others	\$ <u>78,515</u>

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Redding (the 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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.

The various types included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Georgetown Sewer Fund is the Town's enterprise fund.

Internal Service Funds account for the financing of good or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Health Insurance Fund is the Town's only internal service fund.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The Fiduciary fund is as follows:

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Town's Agency Funds consist of student activity funds for Redding Elementary and John Read Middle School.

C. 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 of 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.

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 Road Reconstruction Fund is used to account for the various road repairs activities.

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 enterprise 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 property taxes.

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

Receivables and Payables

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

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% of outstanding receivable balances at June 30, 2007 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2007, 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. Assessments for real and personal property, including motor vehicles, are computed at 70% of market value. Taxes not paid within 30 days of the due date are subject to an interest charge of 1½% per month.

Restricted Assets

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

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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.

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.

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 noncapital 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.

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.

Reclassifications

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

2. 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. During the year, there were no additional appropriations from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as a reservation of fund balance on a GAAP basis.
- State of Connecticut payments on behalf of Town of Redding teachers for the State Teachers' Retirement System are reported for GAAP purposes only.

B. 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 (\$400) and cemetery funds (\$1,700).

C. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2007:

Major Fund:	
Road Reconstruction	\$ (1,761,161)
Nonmajor Governmental Funds:	
Recycling	(19,835)
Capital Projects-Schools	(324,199)
FEMA Grant	(5,290)

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

D. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2007:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2007</u>
Road Reconstruction Fund	\$ 5,400,000	\$ 2,001,368	\$ 5,400,000	\$ -
Capital projects - schools	7,416,450	367,036	7,298,526	117,924
Reserve Fund for CNRE:				
Truck purchase	94,800	94,800	94,800	-
GIS	74,740		11,400	63,340
Revaluation	278,000	21,449	154,791	123,209
Chimney repair at Redding Elementary	30,000		21,800	8,200
Window replacement at JRMS	165,000	164,710	164,710	290
Georgetown STEAP	1,227,953	19,091	151,595	1,076,358
Water wells and oil tanks	550,000	471,890	504,296	45,704
Community center	6,713,789		6,733,160	(19,371)

3. CASH AND CASH EQUIVALENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:	
Demand accounts	\$ 2,611,951
Petty cash	2,335
Cash equivalents:	
State Short-Term Investment Fund (STIF)	337,690
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	1,059,711
State Tax-Exempt Proceeds Fund (TEPF)	<u>1,455,525</u>
Total Cash and Cash Equivalents	<u>\$ 5,467,212</u>

B. Deposits

At June 30, 2007, the carrying amount of the Town's deposits was \$2,611,951, and the bank balance was \$2,294,979.

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. Of the June 30, 2007 bank balance, \$274,408 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$202,057, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$1,818,514 was uninsured and uncollateralized.

C. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007, the Town's cash equivalents amounted to \$2,852,926. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA
State Tax-exempt Proceeds Fund (TEPF)*	

*Fund not rated

4. RECEIVABLES

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

	<u>General</u>	<u>Road Reconstruction</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest*				
Taxes	\$ 666,847	\$	\$	\$ 666,847
Accounts	129,261			129,261
Sewer assessments			351,590	351,590
Intergovernmental	299,945	34,113	143,487	477,545
Gross receivables	<u>1,096,053</u>	<u>34,113</u>	<u>495,077</u>	<u>1,625,243</u>
Less allowance for uncollectibles	<u>(53,348)</u>			<u>(53,348)</u>
Net Total Receivables	<u>\$ 1,042,705</u>	<u>\$ 34,113</u>	<u>\$ 495,077</u>	<u>\$ 1,571,895</u>

*Accrued interest on property taxes in the amount of \$480,978 is not included in the fund financial statements.

Governmental funds report deferred 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 deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes collected in advance	\$	\$ 481,838
Delinquent property taxes receivable	430,663	
Special assessments not yet due	351,590	
Grant drawdowns prior to meeting all eligibility requirements		56,362
School building grants	<u>270,960</u>	
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,053,213</u>	<u>\$ 538,200</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,906,509	\$ _____	\$ _____	\$ 17,906,509
Capital assets being depreciated:				
Buildings	17,719,500			17,719,500
Machinery and equipment	938,416	145,326		1,083,742
Vehicles	1,926,373	208,312	91,094	2,043,591
Furniture and fixtures	93,090			93,090
Infrastructure*	19,270,660			19,270,660
Total capital assets being depreciated	<u>39,948,039</u>	<u>353,638</u>	<u>91,094</u>	<u>40,210,583</u>
Less accumulated depreciation for:				
Buildings	2,533,750	199,359		2,733,109
Machinery and equipment	166,597	35,705		202,302
Vehicles	672,131	122,969	50,065	745,035
Furniture and fixtures	85,370	775		86,145
Infrastructure*	10,622,722	219,696		10,842,418
Total accumulated depreciation	<u>14,080,570</u>	<u>578,504</u>	<u>50,065</u>	<u>14,609,009</u>
Total capital assets being depreciated, net	<u>25,867,469</u>	<u>(224,866)</u>	<u>41,029</u>	<u>25,601,574</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,773,978</u>	<u>\$ (224,866)</u>	<u>\$ 41,029</u>	<u>\$ 43,508,083</u>

* The Town implemented the provisions of Governmental Accounting Standards Board Statement No. 34 which relate to recording infrastructure acquired prior to July 1, 2002, which is the implementation date of the standard. The beginning balance of the infrastructure account was increased by \$18,884,665 and accumulated depreciation for infrastructure by \$10,568,682.

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,342	\$	\$	\$ 15,342
Capital assets being depreciated:				
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	<u>3,379,410</u>			<u>3,379,410</u>
Less accumulated depreciation for:				
Sewer plant	533,761	88,610		622,371
Sewer collection system	165,242	17,864		183,106
Machinery and equipment	6,550			6,550
Total accumulated depreciation	<u>705,553</u>	<u>106,474</u>		<u>812,027</u>
Total capital assets being depreciated, net	<u>2,673,857</u>	<u>(106,474)</u>		<u>2,567,383</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,689,199</u>	<u>\$ (106,474)</u>	<u>\$ -</u>	<u>\$ 2,582,725</u>

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

Governmental Activities:	
General government	\$ 78,308
Public safety	39,899
Highway and streets	308,975
Transfer station and recycling	6,632
Health and social services	1,125
Parks and recreation	3,380
Education	<u>140,185</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 578,504</u>
Business-Type Activities:	
Sewer	<u>\$ 106,474</u>

6. INTERFUND ACCOUNTS

At June 30, 2007, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 539,210
General Fund	Enterprise Fund	3,020
General Fund	Road Reconstruction	36,407
Nonmajor Governmental Fund	General Fund	121,208
Internal Service Fund	General Fund	<u>210,960</u>
Total		<u>\$ 910,805</u>

All interfund receivables and payables represent routine recurring transactions that are temporary in nature.

Interfund transfers:

	<u>Transfer In</u> <u>Capital</u> <u>Projects</u> <u>Fund</u>
Transfer out: General Fund	\$ 160,000

All transfers represent routine recurring transactions to move resources from one fund to another.

7. BOND ANTICIPATION NOTES

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

On November 8, 2006, the Town issued \$2,160,000 of bond anticipation notes. These bond anticipation notes bear interest at 3.875%, mature on July 31, 2007, and are for road and school improvements.

Short-term obligation activity for the year ended June 30, 2007 was as follows:

<u>Description</u>	<u>Balance,</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Balance,</u> <u>June 30, 2007</u>
Bond Anticipation Notes	\$ -	\$ 2,160,000	\$ 2,160,000

8. LONG-TERM DEBT

A. Changes in Long-Term Obligations

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 Maturity	Interest Rate (%)	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Current Portion
Bonds/notes:									
General purpose:									
Improvement bond	\$ 285,000	04/15/91	04/15/11	5.4-7.25	\$ 64,500	\$	\$ 15,750	\$ 48,750	\$ 15,750
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	5,838,000		417,000	5,421,000	417,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	5,000,000		310,000	4,690,000	335,000
Total general purpose					<u>10,902,500</u>		<u>742,750</u>	<u>10,159,750</u>	<u>767,750</u>
Schools:									
Improvement bond	3,975,000	04/15/91	04/15/11	5.4-7.25	1,045,500		209,250	836,250	209,250
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	3,302,000		243,000	3,059,000	243,000
Total schools					<u>4,347,500</u>		<u>452,250</u>	<u>3,895,250</u>	<u>452,250</u>
Sewer:									
Clean water note	1,293,905	10/01/96	04/01/16	2	694,134		64,524	629,610	65,826
Total bonds/notes					<u>15,944,134</u>	<u>-</u>	<u>1,259,524</u>	<u>14,684,610</u>	<u>1,285,826</u>
Compensated absences					134,488	6,082	39,048	101,522	18,273
Early retirement incentive					23,500		23,500	-	
Landfill closure and post closure care					59,500		3,500	56,000	3,500
Total General Long-Term Obligations					<u>\$ 16,161,622</u>	<u>\$ 6,082</u>	<u>\$ 1,325,572</u>	<u>\$ 14,842,132</u>	<u>\$ 1,307,599</u>

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

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	
	For Principal	For Interest	Bonds	Clean Water Loan	Bonds	Clean Water Loan
2008	\$ 68,888	\$ 13,917	\$ 1,220,000	\$ 65,826	\$ 652,748	\$ 11,991
2009	68,888	10,398	1,220,000	67,155	595,354	10,662
2010	68,888	6,854	1,220,000	68,510	537,017	9,307
2011	64,296	3,308	1,195,000	69,893	478,104	7,924
2012			985,000	71,304	419,275	6,513
2013			985,000	72,743	373,656	5,074
2014			985,000	74,212	327,806	3,606
2015			985,000	75,712	281,178	2,108
2016			985,000	64,255	233,806	591
2017			985,000		185,819	
2018			985,000		137,087	
2019			985,000		87,938	
2020			985,000		38,381	
2021			335,000		6,700	
Total	<u>\$ 270,960</u>	<u>\$ 34,477</u>	<u>\$ 14,055,000</u>	<u>\$ 629,610</u>	<u>\$ 4,354,869</u>	<u>\$ 57,776</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, 2007, which matures through 2025, amounted to \$25,575,000. The related school building grant amounts due from the State of Connecticut were \$28,977 and \$1,563, respectively, for principal and interest. The Town's share of the debt, net of the related grant, was \$14,343,215.

B. Legal Debt Limit

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 78,574,759	\$ 29,965,010	\$ 48,609,749
Schools	157,149,518	17,967,505	139,182,013
Sewers	130,957,931		130,957,931
Urban renewal	113,496,874		113,496,874
Pension deficit	104,766,345		104,766,345

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$244,454,805.

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 \$270,960 for bond principal is reflected as deductions in the computation of net indebtedness.

C. 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 16 years at \$3,500 per year are \$56,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net assets, since the liability will be funded from future financial resources, not from expendable available financial resources.

D. Authorized/Unissued Bonds

The amount of authorized/unissued bonds for general purposes is \$1,761,215.

9. RISK MANAGEMENT

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

service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Board of Education's medical benefits claims.

The Redding Board of Education, along with the Easton Board of Education and 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.

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

		Current			
	Claims	Year Claims		Claims	Claims
	Payable	And Changes		Payments	Payable
	July 1	In Estimates			June 30
2005-2006	\$ 187,836	\$ 2,287,288	\$ 2,233,523	\$ 241,601	
2006-2007	241,601	2,401,821	2,428,081	215,341	

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. 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 5 years of continuous service. Members who retire after age 55 with 5 years of continuous service or after 25 years of service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life.

B. 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, 2005, 2006 and 2007 were \$297,940, \$367,670 and \$403,623, respectively.

C. Teachers' Retirement

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 \$1,052,410.

11. OTHER POST-EMPLOYMENTS 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 \$20,339 for the year ended June 30, 2007.

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.

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12. CONTINGENT LIABILITIES

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

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

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 33,660,871	\$ 33,660,871	\$ 33,537,315	\$ (123,556)
Interest and lien fees	133,100	133,100	166,788	33,688
Total property taxes	<u>33,793,971</u>	<u>33,793,971</u>	<u>33,704,103</u>	<u>(89,868)</u>
Intergovernmental:				
Educational assistance grants:				
ECS grant	349,892	349,892	357,544	7,652
School bond interest	86,296	86,296	92,866	6,570
Adult education	241	241	379	138
Education for the blind			2,979	2,979
Regional School District No. 9	116,630	116,630	194,281	77,651
Total educational assistance	<u>553,059</u>	<u>553,059</u>	<u>648,049</u>	<u>94,990</u>
Town assistance grants:				
In lieu of taxes - State property	155,769	155,769	163,931	8,162
In lieu of taxes - business inventory	4,490	4,490	5,605	1,115
Local property tax relief (freeze)	6,000	6,000	5,956	(44)
Tax relief circuit breaker	20,625	20,625	15,627	(4,998)
Disability exemption	265	265	273	8
Veterans' exemption	397	397		(397)
Other property tax relief			4,901	4,901
Safe boating	2,972	2,972	2,972	-
Telephone access line grant	38,000	38,000	47,598	9,598
Local capital improvements	69,054	69,054		(69,054)
Mashantucket Pequot Grant	17,285	17,285	23,675	6,390
Total Town assistance grants	<u>314,857</u>	<u>314,857</u>	<u>270,538</u>	<u>(44,319)</u>
Total intergovernmental	<u>867,916</u>	<u>867,916</u>	<u>918,587</u>	<u>50,671</u>
Investment Income	<u>500,000</u>	<u>500,000</u>	<u>527,688</u>	<u>27,688</u>

(Continued on next page)

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services:				
Town clerk	\$ 555,000	\$ 555,000	\$ 368,877	\$ (186,123)
Conservation	4,000	4,000	5,836	1,836
Heritage Center	32,900	32,900	8,528	(24,372)
Planning Commission	6,400	6,400	1,856	(4,544)
Zoning Commission	120,000	120,000	51,945	(68,055)
Zoning Board of Appeals	1,700	1,700	2,000	300
Building inspection	400,000	400,000	175,053	(224,947)
Transfer station	170,042	170,042	145,410	(24,632)
Sanitarian	22,000	22,000	14,670	(7,330)
Parks and recreation	721,039	721,039	577,992	(143,047)
Fiber optics	23,853	23,853	36,416	12,563
Rental of Town property	6,480	6,480	13,380	6,900
Miscellaneous	503,000	503,000	9,380	(493,620)
Total charges for services	<u>2,566,414</u>	<u>2,566,414</u>	<u>1,411,343</u>	<u>(1,155,071)</u>
 Total Revenues	 <u>\$ 37,728,301</u>	 <u>\$ 37,728,301</u>	 36,561,721	 <u>\$ (1,166,580)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf payments to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

1,052,410Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Exhibit IV\$ 37,614,131

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 3,300	\$	\$ 3,300	\$ 1,692	\$ 1,608
Board of selectmen	135,939	6,311	142,250	137,829	4,421
Probate court	2,940		2,940	2,914	26
Registrar's office	33,400	458	33,858	25,082	8,776
Controller's office	183,990	5,224	189,214	188,132	1,082
Independent audit	41,053		41,053	36,326	4,727
Assessor's office	226,673	4,462	231,135	229,480	1,655
Board of assessment appeals	1,075		1,075	568	507
Tax collector	130,872	4,345	135,217	127,669	7,548
Town treasurer	24,617	461	25,078	22,422	2,656
Computer capability	36,750		36,750	36,669	81
Management services	25,000	34,800	59,800	57,555	2,245
Town counsel	12,000		12,000	12,000	-
Special legal	200,000		200,000	194,693	5,307
Town clerk	128,360	3,613	131,973	113,687	18,286
Vital statistics	500		500	1,054	(554)
Annual Town report	6,500		6,500	5,910	590
Board of ethics	500		500	4	496
Conservation	41,582		41,582	38,286	3,296
Heritage Center	118,255	4,716	122,971	127,325	(4,354)
Municipal agent for the elderly	11,879		11,879	10,883	996
Heritage center senior bus	21,720		21,720	18,368	3,352
Town planning commission	48,693		48,693	47,914	779
Land use ordinance				210	(210)
Housatonic valley council of elected officials	10,875		10,875	10,875	-
Zoning commission	132,509	2,660	135,169	99,944	35,225
Zoning board of appeals	3,650		3,650	2,506	1,144
Council of small towns	825		825	825	-
Land use services	110,924	3,597	114,521	104,556	9,965
Office of tree warden	1,865		1,865	719	1,146
Town office building	71,400		71,400	71,226	174
Old town house	7,816		7,816	5,899	1,917
Town office building annex	10,950		10,950	9,760	1,190
Community center	287,929	2,376	290,305	270,486	19,819
Police headquarters/communication center	24,862		24,862	24,791	71
Leases	2,000		2,000	1,300	700
Administrative services	73,320		73,320	70,343	2,977
Memorial Day observance	600		600	500	100
Cemeteries	10,776		10,776	9,215	1,561
Insurance	148,800		148,800	148,201	599

(Continued on next page)

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government (continued):					
Miscellaneous	\$ 12,650	\$	\$ 12,650	\$ 13,907	\$ (1,257)
Agencies serving residents	5,000		5,000	5,000	-
Provision for contingencies	165,000	(140,844)	24,156	18,500	5,656
Total general government	<u>2,517,349</u>	<u>(67,821)</u>	<u>2,449,528</u>	<u>2,305,225</u>	<u>144,303</u>
Public Safety:					
Police department	1,273,684	7,635	1,281,319	→ 1,263,392	17,927
Volunteer fire companies	59,150		59,150	54,451	4,699
Building inspections	219,449	7,612	227,061	211,050	16,011
Civil preparedness	750		750	767	(17)
Communications Center	182,897	7,737	190,634	200,701	(10,067)
Dog licenses	53,000		53,000	47,248	5,752
Total public safety	<u>1,788,930</u>	<u>22,984</u>	<u>1,811,914</u>	<u>1,777,609</u>	<u>34,305</u>
Highway and Streets:					
Wages - regular, overtime and seasonal	696,636	3,106	699,742	676,977	22,765
General maintenance and repair	116,530		116,530	101,465	15,065
Snow removal and ice control	231,900		231,900	127,948	103,952
Equipment maintenance and repair	120,000		120,000	137,882	(17,882)
Town garage buildings	36,900		36,900	37,821	(921)
Total highway and streets	<u>1,201,966</u>	<u>3,106</u>	<u>1,205,072</u>	<u>1,082,093</u>	<u>122,979</u>
Transfer Station and Recycling:					
Salaries	180,732	6,891	187,623	189,472	(1,849)
General maintenance	127,672		127,672	108,721	18,951
Equipment maintenance	10,202		10,202	9,683	519
Total transfer station and recycling	<u>318,606</u>	<u>6,891</u>	<u>325,497</u>	<u>307,876</u>	<u>17,621</u>
Health and Social Services:					
Conservation of health	7,443		7,443	6,775	668
Sanitarian inspection	80,507	2,011	82,518	80,165	2,353
Social services	30,228		30,228	30,138	90
Total health and social services	<u>118,178</u>	<u>2,011</u>	<u>120,189</u>	<u>117,078</u>	<u>3,111</u>
Mark Twain Library:					
Operations	<u>306,065</u>		<u>306,065</u>	<u>306,065</u>	<u>-</u>
Parks and Recreation:					
Field maintenance	80,311		80,311	45,065	35,246
Administration	164,864	8,559	173,423	169,785	3,638
Summer camp	196,790		196,790	165,594	31,196

(Continued on next page)

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Parks and Recreation (continued):					
Recreation programs	\$ 226,100	\$	\$ 226,100	\$ 213,893	\$ 12,207
Topstone park	69,130		69,130	62,589	6,541
Tennis courts	6,675		6,675	8,507	(1,832)
Extended day service	126,138	6,121	132,259	138,849	(6,590)
Total parks and recreation	<u>870,008</u>	<u>14,680</u>	<u>884,688</u>	<u>804,282</u>	<u>80,406</u>
Employee Benefits	<u>1,905,293</u>	<u>18,149</u>	<u>1,923,442</u>	<u>1,892,881</u>	<u>30,561</u>
Capital Outlay:					
Selectmen's general maintenance	8,000		8,000	8,562	(562)
Highway pavement resurfacing	240,000		240,000	229,170	10,830
Other	282,495		282,495	280,500	1,995
Total capital outlay	<u>530,495</u>	<u>-</u>	<u>530,495</u>	<u>518,232</u>	<u>12,263</u>
Debt Service:					
Debt retirement	1,259,524		1,259,524	1,237,024	22,500
Interest payments	793,075		793,075	720,962	72,113
Total debt service	<u>2,052,599</u>	<u>-</u>	<u>2,052,599</u>	<u>1,957,986</u>	<u>94,613</u>
Total Town expenditures	<u>11,609,489</u>	<u>-</u>	<u>11,609,489</u>	<u>11,069,327</u>	<u>540,162</u>
Education:					
Redding Board of Education:					
General instruction	9,007,170	(221,200)	8,785,970	8,736,656	49,314
Kindergarten	22,575		22,575	21,901	674
Humanities	73,293	10,850	84,143	79,999	4,144
Integrated language arts	51,729		51,729	48,880	2,849
Curriculum	63,360		63,360	53,479	9,881
Industrial technology	4,791		4,791	4,599	192
Science/math technology	62,040		62,040	58,493	3,547
Physical education/health	16,344		16,344	14,159	2,185
Student activity co-curricular	30,621	3,000	33,621	33,550	71
Special services	28,665		28,665	16,927	11,738
Student activity summer school	1,512		1,512	1,391	121
Special education	3,416,429	(42)	3,416,387	3,462,403	(46,016)
Guidance	1,989		1,989	1,979	10
Health services	201,124	(500)	200,624	190,158	10,466
Psychological services	18,200		18,200	13,874	4,326
Speech services	15,000		15,000	8,804	6,196
Educational media services	72,244	(1,055)	71,189	64,173	7,016
Technology plan	265,709	15,075	280,784	265,449	15,335
Board of Education	119,816	(4,458)	115,358	127,198	(11,840)
Central administration	441,938		441,938	441,938	-
Magnet school				9,674	(9,674)
School administration	1,116,285	1,897	1,118,182	1,121,472	(3,290)

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TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Education (continued):					
Redding Board of Education (continued):					
Operation/maintenance physical plant	\$ 1,748,239	\$ 133,158	\$ 1,881,397	\$ 1,974,959	\$ (93,562)
Student transportation	932,740	63,275	996,015	960,940	35,075
Food service	4,100		4,100	2,858	1,242
Total Redding Board of Education	<u>17,715,913</u>	<u>-</u>	<u>17,715,913</u>	<u>17,715,913</u>	<u>-</u>
Regional School District No. 9	<u>9,959,078</u>	<u>-</u>	<u>9,959,078</u>	<u>9,959,078</u>	<u>-</u>
Total Education	<u>27,674,991</u>	<u>-</u>	<u>27,674,991</u>	<u>27,674,991</u>	<u>-</u>
Total Expenditures	39,284,480	-	39,284,480	38,744,318	540,162
Other Financing Uses:					
Transfers out:					
Reserve Fund for CNRE	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 39,444,480</u>	<u>\$ -</u>	<u>\$ 39,444,480</u>	38,904,318	<u>\$ 540,162</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted				<u>1,052,410</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 39,956,728</u>	

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 3,986,397	\$ 8,403,368
Uncollected property taxes, net of allowance for uncollectible amounts	613,499	551,750
Due from State and Federal governments	299,945	397,944
Accounts receivable	129,261	55,785
Due from other funds	578,637	560,779
Other	<u>45,798</u>	<u>77,099</u>
Total Assets	<u>\$ 5,653,537</u>	<u>\$ 10,046,725</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 2,025,828	\$ 1,572,476
Due to other governments	43,735	
Due to Regional School District No. 9	516,374	404,014
Due to other funds	332,168	1,531,404
Deferred revenue	1,183,461	2,644,263
Total liabilities	<u>4,101,566</u>	<u>6,152,157</u>
Fund balance:		
Unreserved:		
Designated for subsequent year's budget	1,156,088	1,716,179
Undesignated	<u>395,883</u>	<u>2,178,389</u>
Total fund balance	<u>1,551,971</u>	<u>3,894,568</u>
Total Liabilities and Fund Balance	<u>\$ 5,653,537</u>	<u>\$ 10,046,725</u>

TOWN OF REDDING, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2007

Grand List Year	Uncollected Taxes July 1, 2006	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Taxes	Interest and Liens Fees	Total	Uncollected Taxes June 30, 2007
			Additions	Deductions						
2005	\$	\$ 34,344,509	\$ 383,037	\$ 1,165,626	\$	\$ 33,561,920	\$ 33,245,174	\$ 86,749	\$ 33,331,923	\$ 371,742
2004	269,132		3,278	9,582		262,828	97,045	29,165	126,210	128,789
2003	105,122		987	3,088	12,492	90,529	60,389	20,655	81,044	28,712
2002	24,718			5,949		18,769	507	4,305	4,812	12,562
2001	14,058					14,058	9,311	7,099	16,410	4,055
2000	9,159					9,159	5,491	4,394	9,885	3,382
1999	3,922					3,922	3,365	1,649	5,014	557
1998	2,604					2,604	1,453	1,811	3,264	1,151
1997	6,046					6,046	3,079	2,642	5,721	2,967
1996	7,606					7,606	3,268	2,876	6,144	4,338
1995	5,126					5,126	605	24	629	5,065
1994	11,081					11,081	1,061	24	1,085	10,020
1993	20,415					20,415	(331)		(331)	20,746
1992	20,015					20,015			-	20,015
1991	23,982					23,982			-	23,982
1990	28,764					28,764			-	28,764
Total	\$ 551,750	\$ 34,344,509	\$ 387,302	\$ 1,184,245	\$ 12,492	\$ 34,086,824	\$ 33,430,417	161,393	33,591,810	\$ 666,847
						Suspense collections	4,881	5,395	10,276	
						Total	\$ 33,435,298	\$ 166,788	33,602,086	
						Property taxes receivable considered available:				
						June 30, 2006			(80,819)	
						June 30, 2007			182,836	
						Total Property Tax Revenue			\$ 33,704,103	

TOWN OF REDDING, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET

JUNE 30, 2007

	Special Revenue Funds							
	22 Town Aid Road	72 Police Funds	21 Dog Fund	Federal Education Grants	42 Parking Permits/Lot Fund	43 Recycling	Sewer Assessments	44 Parks and Recreation Concerts
ASSETS								
Cash	\$ 51,130 ✓	\$ 29,334 ✓	\$ 30,335 ✓	16,455	\$ 12,893 ✓	\$ 47,619 ✓	145,483 ✓	4,675 ✓
Intergovernmental receivable								
Sewer assessments							351,590	
Due from other funds			1,460 ✓					
Total Assets	<u>\$ 51,130</u>	<u>\$ 29,334</u>	<u>\$ 31,795</u>	<u>\$ 16,455</u>	<u>\$ 12,893</u>	<u>\$ 47,619</u>	<u>\$ 497,073</u>	<u>\$ 4,675</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 5,650	\$ 22 ✓	250	\$ 11,228	\$ 1,220 ✓	\$ 67,454 ✓	\$ 2,500 ✓	998
Due to other funds					1,000 ✓			
Deferred revenue							351,590	
Bond anticipation notes payable								
Total liabilities	<u>5,650</u>	<u>22</u>	<u>250</u>	<u>11,228</u>	<u>2,220</u>	<u>67,454</u>	<u>354,090</u>	<u>998</u>
Fund Balances:								
Reserved for endowments								
Unreserved and undesignated	45,480	29,312 ✓	31,545	5,227	10,673	(19,835) ✓	142,983	3,677
Total fund balances	<u>45,480</u>	<u>29,312</u>	<u>31,545</u>	<u>5,227</u>	<u>10,673</u>	<u>(19,835)</u>	<u>142,983</u>	<u>3,677</u>
Total Liabilities and Fund Balances	<u>\$ 51,130</u>	<u>\$ 29,334</u>	<u>\$ 31,795</u>	<u>\$ 16,455</u>	<u>\$ 12,893</u>	<u>\$ 47,619</u>	<u>\$ 497,073</u>	<u>\$ 4,675</u>

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

JUNE 30, 2007

	Special Revenue Funds							
	45 Parks and Recreation Basketball	48 Senior Center Escrow	FEMA Grant	51 Benedictine Grange	47 Canine Control	Planning Commission	Adopt-A- Road	52 Parade Path
ASSETS								
Cash	\$ 3,519	\$ 3,172		\$ 850	\$ 183	\$ 1,519	\$ 279	\$ 5,520
Intergovernmental receivable			141,998					
Sewer assessments								
Due from other funds								
Total Assets	<u>\$ 3,519</u>	<u>\$ 3,172</u>	<u>\$ 141,998</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 1,519</u>	<u>\$ 279</u>	<u>\$ 5,520</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds			147,288					
Deferred revenue								
Bond anticipation notes payable								
Total liabilities	<u>-</u>	<u>-</u>	<u>147,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for endowments								
Unreserved and undesignated	3,519	3,172	(5,290)	850	183	1,519	279	5,520
Total fund balances	<u>3,519</u>	<u>3,172</u>	<u>(5,290)</u>	<u>850</u>	<u>183</u>	<u>1,519</u>	<u>279</u>	<u>5,520</u>
Total Liabilities and Fund Balances	<u>\$ 3,519</u>	<u>\$ 3,172</u>	<u>\$ 141,998</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 1,519</u>	<u>\$ 279</u>	<u>\$ 5,520</u>

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

JUNE 30, 2007

	Special Revenue Funds					Capital Projects Fund		
	35 Small Cities	55 GIS	56 Gazebo	Misc Grants	Total	31 Capital Projects- Schools	32 Reserve Fund for CNRE	34 Georgetown STEAP
ASSETS								
Cash	\$ 21	\$ 29,090 ✓	\$ 19,089	\$ 3,385	\$ 404,551	\$ 37,553	\$ 331,666	\$ 19,683
Intergovernmental receivable	1,489				143,487			
Sewer assessments					351,590			
Due from other funds					1,460	37,248		
Total Assets	\$ 1,510	\$ 29,090	\$ 19,089	\$ 3,385	\$ 901,088	\$ 74,801	\$ 331,666	\$ 19,683
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,489	\$ 590 ✓	\$ 64	\$ 139	\$ 89,104		\$ 3,739	
Due to other funds	21				150,809		97,800	
Deferred revenue					351,590			19,683
Bond anticipation notes payable					-	399,000		
Total liabilities	1,510	590	64	139	591,503	399,000	101,539	19,683
Fund Balances:								
Reserved for endowments								
Unreserved and undesignated		28,500 ✓	19,025	3,246	309,585	(324,199)	230,127	
Total fund balances	-	28,500	19,025	3,246	309,585	(324,199) ✓	230,127	-
Total Liabilities and Fund Balances	\$ 1,510	\$ 29,090	\$ 19,089	\$ 3,385	\$ 901,088	\$ 74,801	\$ 331,666	\$ 19,683

(Continued on next page)

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

JUNE 30, 2007

	Capital Projects Fund				Permanent Funds			Total Nonmajor Governmental Funds
	75 Water Wells and Oil Tanks	al Bond Fund	33 Community Center	Total	el Permanent School	Cemetery Funds	Total	
ASSETS								
Cash	\$ 26,710 ✓	\$ 111,318 ✓	\$ 221,370 ✓	\$ 748,300	\$ 638 ✓	\$ 2,562	\$ 3,200	\$ 1,156,051
Intergovernmental receivable				-			-	143,487
Sewer assessments				-			-	351,590
Due from other funds	82,500 ✓			119,748			-	121,208
Total Assets	\$ 109,210	\$ 111,318	\$ 221,370	\$ 868,048	\$ 638	\$ 2,562	\$ 3,200	\$ 1,772,336
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 63,357 ✓			\$ 67,096			\$ -	\$ 156,200
Due to other funds		69,231 ✓	221,370 ✓	388,401			-	539,210
Deferred revenue		36,679 ✓		56,362			-	407,952
Bond anticipation notes payable				399,000			-	399,000
Total liabilities	63,357	105,910	221,370	910,859	-	-	-	1,502,362
Fund Balances:								
Reserved for endowments				-	400	1,700	2,100	2,100
Unreserved and undesignated	45,853	5,408 ✓		(42,811)	238	862	1,100	267,874
Total fund balances	45,853	5,408	-	(42,811)	638	2,562	3,200	269,974
Total Liabilities and Fund Balances	\$ 109,210	\$ 111,318	\$ 221,370	\$ 868,048	\$ 638	\$ 2,562	\$ 3,200	\$ 1,772,336

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TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue Funds

	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants	Parking Permits/Lot Fund	Recycling	93 Sewer Assessments	Parks and Recreation Concerts
Revenues:								
Intergovernmental	\$ 133,976			\$ 307,040				
Investment income		134		397	64	658	659	
Charges for services		14,110	15,256		20,650	17,224	65,240	8,170
Contributions				183				
Total revenues	<u>133,976</u>	<u>14,244</u>	<u>15,256</u>	<u>307,620</u>	<u>20,714</u>	<u>17,882</u>	<u>65,899</u>	<u>8,170</u>
Expenditures:								
Current:								
General government						26,683		
Public safety		5,624	11,305					
Highways and streets	162,552				10,615			
Health and social services								
Education				309,154				
Parks and recreation								8,325
Capital outlay								
Debt service							47,546	
Total expenditures	<u>162,552</u>	<u>5,624</u>	<u>11,305</u>	<u>309,154</u>	<u>10,615</u>	<u>26,683</u>	<u>47,546</u>	<u>8,325</u>
Excess (Deficiency) of Revenues over Expenditures	(28,576)	8,620	3,951	(1,534)	10,099	(8,801)	18,353	(155)
Other financing sources:								
Operating transfers in								
Net Change in Fund Balance	(28,576)	8,620	3,951	(1,534)	10,099	(8,801)	18,353	(155)
Fund Balances - Beginning of Year	<u>74,056</u>	<u>20,692</u>	<u>27,594</u>	<u>6,761</u>	<u>574</u>	<u>(11,034)</u>	<u>124,630</u>	<u>3,832</u>
Fund Balances - End of Year	<u>\$ 45,480</u>	<u>\$ 29,312</u>	<u>\$ 31,545</u>	<u>\$ 5,227</u>	<u>\$ 10,673</u>	<u>\$ (19,835)</u>	<u>\$ 142,983</u>	<u>\$ 3,677</u>

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TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue Funds

	<u>Park and Recreation Basketball</u>	<u>Senior Center Escrow</u>	<u>FEMA Grant</u>	<u>Benedictine Grange</u>	<u>Canine Control</u>	<u>Planning Commission</u>	<u>Adopt-A- Road</u>	<u>Parade Path</u>
Revenues:								
Intergovernmental	\$	\$	\$ 141,998	\$	\$	\$	\$	\$
Investment income								28
Charges for services	1,400					12		10,199
Contributions								
Total revenues	<u>1,400</u>	<u>-</u>	<u>141,998</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>10,227</u>
Expenditures:								
Current:								
General government						183		
Public safety								
Highways and streets			147,288					
Health and social services		150						
Education								
Parks and recreation	2,020							5,542
Capital outlay								
Debt service								
Total expenditures	<u>2,020</u>	<u>150</u>	<u>147,288</u>	<u>-</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>5,542</u>
Excess (Deficiency) of Revenues over Expenditures	(620)	(150)	(5,290)	-	-	(171)	-	4,685
Other financing sources:								
Operating transfers in								
Net Change in Fund Balance	(620)	(150)	(5,290)	-	-	(171)	-	4,685
Fund Balances - Beginning of Year	<u>4,139</u>	<u>3,322</u>	<u>-</u>	<u>850</u>	<u>183</u>	<u>1,690</u>	<u>279</u>	<u>835</u>
Fund Balances - End of Year	<u>\$ 3,519</u>	<u>\$ 3,172</u>	<u>\$ (5,290)</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 1,519</u>	<u>\$ 279</u>	<u>\$ 5,520</u>

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

FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					Capital Projects Fund		
	Small Cities	GIS	Gazebo	Misc Grants	Total	Capital Projects- Schools	Reserve Fund for CNRE	Georgetown STEAP
Revenues:								
Intergovernmental	\$ 590,001				\$ 1,173,015			\$ 19,091
Investment income					1,940	1,828	10,892	
Charges for services		29,090		3,163	184,514			
Contributions			20,225	342	20,750			
Total revenues	590,001	29,090	20,225	3,505	1,380,219	1,828	10,892	19,091
Expenditures:								
Current:								
General government		590		259	27,715			
Public safety					16,929			
Highways and streets					320,455			
Health and social services					150			
Education					309,154			
Parks and recreation			1,200		17,087			
Capital outlay	590,001				590,001	367,036	344,068	19,091
Debt service					47,546			
Total expenditures	590,001	590	1,200	259	1,329,037	367,036	344,068	19,091
Excess (Deficiency) of Revenues over Expenditures	-	28,500	19,025	3,246	51,182	(365,208)	(333,176)	-
Other financing sources:								
Operating transfers in					-		160,000	
Net Change in Fund Balance	-	28,500	19,025	3,246	51,182	(365,208)	(173,176)	-
Fund Balances - Beginning of Year					258,403	41,009	403,303	
Fund Balances - End of Year	\$ -	\$ 28,500	\$ 19,025	\$ 3,246	\$ 309,585	\$ (324,199)	\$ 230,127	\$ -

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

FOR THE YEAR ENDED JUNE 30, 2007

	Capital Projects Fund				Permanent Funds			Total Nonmajor Governmental Funds
	Water Wells and Oil Tanks	Bond Fund	Community Center	Total	Permanent School	Cemetery Funds	Total	
Revenues:								
Intergovernmental	\$	\$	\$	\$ 19,091	\$	\$	\$ -	\$ 1,192,106
Investment income	124	5,408		18,252			-	20,192
Charges for services				-			-	184,514
Contributions				-			-	20,750
Total revenues	124	5,408	-	37,343	-	-	-	1,417,562
Expenditures:								
Current:								
General government				-		41	41	27,756
Public safety				-			-	16,929
Highways and streets				-			-	320,455
Health and social services				-			-	150
Education				-	10		10	309,164
Parks and recreation				-			-	17,087
Capital outlay	471,890			1,202,085			-	1,792,086
Debt service				-			-	47,546
Total expenditures	471,890	-	-	1,202,085	10	41	51	2,531,173
Excess (Deficiency) of Revenues over Expenditures	(471,766)	5,408	-	(1,164,742)	(10)	(41)	(51)	(1,113,611)
Other financing sources:								
Operating transfers in				160,000				160,000
Net Change in Fund Balance	(471,766)	5,408	-	(1,004,742)	(10)	(41)	(51)	(953,611)
Fund Balances - Beginning of Year	517,619			961,931	648	2,603	3,251	1,223,585
Fund Balances - End of Year	\$ 45,853	\$ 5,408	\$ -	\$ (42,811)	\$ 638	\$ 2,562	\$ 3,200	\$ 269,974

TOWN OF REDDING, CONNECTICUT

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
ASSETS				
Cash:				
Redding Elementary School	\$ 2,287	\$ 40,277	\$ 39,347	\$ 3,217
John Read Middle School	<u>55,020</u>	<u>165,896</u>	<u>145,618</u>	<u>75,298</u>
Total Assets	<u>\$ 57,307</u>	<u>\$ 206,173</u>	<u>\$ 184,965</u>	<u>\$ 78,515</u>
LIABILITIES				
Due to others:				
Redding Elementary School	\$ 2,287	\$ 40,277	\$ 39,347	\$ 3,217
John Read Middle School	<u>55,020</u>	<u>165,896</u>	<u>145,618</u>	<u>75,298</u>
Total Liabilities	<u>\$ 57,307</u>	<u>\$ 206,173</u>	<u>\$ 184,965</u>	<u>\$ 78,515</u>

TOWN OF REDDING, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2007

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2007:

Town of Redding	\$ 33,602,086
Fire District	1,314,073

Reimbursement for Revenue Loss:

Tax relief for elderly freeze	<u>5,956</u>
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Base for Debt Limitation Computation

	<u><u>\$ 34,922,115</u></u>
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	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 78,574,759	\$	\$	\$	\$
4 1/2 times base		157,149,518			
3 3/4 times base			130,957,931		
3 1/4 times base				113,496,874	
3 times base					104,766,345
Total debt limitation	<u>78,574,759</u>	<u>157,149,518</u>	<u>130,957,931</u>	<u>113,496,874</u>	<u>104,766,345</u>
Indebtedness:					
Bonds payable	10,159,750	3,895,250			
Fire District bonds	355,260				
Georgetown Special District	19,450,000				
School building grants		(270,960)			
Redding's portion of Regional School District No. 9 bonds, net of school building grants		<u>14,343,215</u>			
Net indebtedness	<u>29,965,010</u>	<u>17,967,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u><u>\$ 48,609,749</u></u>	<u><u>\$ 139,182,013</u></u>	<u><u>\$ 130,957,931</u></u>	<u><u>\$ 113,496,874</u></u>	<u><u>\$ 104,766,345</u></u>

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

	<u><u>\$ 244,454,805</u></u>
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