

TOWN OF REDDING, CONNECTICUT

JUNE 30, 2008

TOWN OF REDDING, CONNECTICUT

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Independent Auditors' Report

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, 2008, 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, 2008, 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, 2008 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, 2008

TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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, 2008.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$37,764,605 (net assets). Of this amount, \$3,518,686 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$4,705,022 as a result of decreases in general government expenses of \$1,908,942 and highway and streets expenses of \$2,189,054.
- Actual Town-wide expenditures came in 8.7% under budget due to responsible spending within Town departments.
- On April 29, 2008, the Town issued a \$3,610,000 Bond Anticipation Note (BAN). This BAN bears interest at 2.25%, matures on January 28, 2009 and is for the Levine Property purchase, road and school improvements.
- On May 22, 2008, the Town issued a \$1,155,000 Bond Anticipation Note (BAN). This BAN bears interest at 2.5%, matures on January 28, 2009. This BAN is allocated for road and school improvements and open space purchase.

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 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 31 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 \$37,764,605 at the close of the most recent fiscal year.

TOWN OF REDDING NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 7,147,245	\$ 7,501,843	\$ 202,813	\$ 116,901	\$ 7,350,058	\$ 7,618,744
Capital assets	49,931,352	48,952,786	2,476,251	2,582,725	52,407,603	51,535,511
Total assets	<u>57,078,597</u>	<u>56,454,629</u>	<u>2,679,064</u>	<u>2,699,626</u>	<u>59,757,661</u>	<u>59,154,255</u>
Long-term debt outstanding	13,555,295	14,842,132			13,555,295	14,842,132
Other liabilities	8,416,314	5,787,279	21,447	20,558	8,437,761	5,807,837
Total liabilities	<u>21,971,609</u>	<u>20,629,411</u>	<u>21,447</u>	<u>20,558</u>	<u>21,993,056</u>	<u>20,649,969</u>
Net Assets:						
Invested in capital assets, net of debt	31,767,568	33,274,547	2,476,251	2,582,725	34,243,819	35,857,272
Restricted	2,100	2,100			2,100	2,100
Unrestricted	<u>3,337,320</u>	<u>2,548,571</u>	<u>181,366</u>	<u>96,343</u>	<u>3,518,686</u>	<u>2,644,914</u>
Total Net Assets	<u>\$ 35,106,988</u>	<u>\$ 35,825,218</u>	<u>\$ 2,657,617</u>	<u>\$ 2,679,068</u>	<u>\$ 37,764,605</u>	<u>\$ 38,504,286</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 \$739,681 during the current fiscal year. There was a decrease of \$21,451 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 \$6,707,661 offset by increases in tax revenue and operating and capital grants.

Governmental Activities. Governmental activities decreased the Town’s net assets by \$718,230.

Revenues

Governmental activities revenues totaled \$46,404,815 for fiscal year 2008. Property taxes are the largest revenue source for the Town and represent 77% of governmental revenues. Operating grants and contributions are the Town’s second largest revenue and account for 17.7% of governmental revenues. Charges for services revenues are the Town’s third largest revenue and account for 3.8% of governmental revenues for the year.

The most significant changes from the prior year were as follows:

- Operating grants and contributions increased due to a significant increase in the State of Connecticut's contribution to the State Teachers' Retirement Fund.
- Property taxes billed increased by \$2,049,146 due to an increase in property assessments.
- The Town realized a net gain of \$343,231 on the sale of the Heritage House and other capital assets.
- Total property tax revenue came in at 98.7% compared to the 99.5% budgeted. An additional \$84,000 interest and lien fees were collected.

Expenses

Governmental expenses totaled \$47,123,045 for the fiscal year. Of the expenses, \$36,280,994 or 77% is related to education. General government expenses amounted to \$3,003,150 or 6.4%. Highway and streets expenses were \$2,519,697 or 5.3%, and public safety expenses were \$2,397,305 or 5.1 %.

Decreases in Town-wide expenses of \$1,073,506 or 8.7% were a direct result of Town department underspending.

TOWN OF REDDING CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,752,856	\$ 1,602,278	\$ 514,568	\$ 249,808	\$ 2,267,424	\$ 1,852,086
Operating grants and contributions	7,758,433	2,894,041			7,758,433	2,894,041
Capital grants and contributions	95,682	19,091			95,682	19,091
General revenues:						
Property taxes	35,736,243	33,687,097			35,736,243	33,687,097
Grants and contributions not restricted to specific purposes	346,682	270,721			346,682	270,721
Investment income	371,688	547,942	3,194	526	374,882	548,468
Gain on sale of capital asset	343,231				343,231	
Total revenues	<u>46,404,815</u>	<u>39,021,170</u>	<u>517,762</u>	<u>250,334</u>	<u>46,922,577</u>	<u>39,271,504</u>
Program expenses:						
General government	3,003,150	4,912,092			3,003,150	4,912,092
Public safety	2,397,305	1,827,254			2,397,305	1,827,254
Highway and streets	2,519,697	4,708,751			2,519,697	4,708,751
Transfer station and recycling	405,945	314,508			405,945	314,508
Health and social services	149,935	117,985			149,935	117,985
Library	426,826	306,065			426,826	306,065
Parks and recreation	1,037,852	824,191			1,037,852	824,191
Education	36,280,994	29,573,333			36,280,994	29,573,333
Interest expense	901,341	805,220			901,341	805,220
Sewer department			539,213	325,355	539,213	325,355
Total expenses	<u>47,123,045</u>	<u>43,389,399</u>	<u>539,213</u>	<u>325,355</u>	<u>47,662,258</u>	<u>43,714,754</u>
Change in net assets	(718,230)	(4,368,229)	(21,451)	(75,021)	(739,681)	(4,443,250)
Net Assets at Beginning of Year (as Restated)	<u>35,825,218</u>	<u>40,193,447</u>	<u>2,679,068</u>	<u>2,754,089</u>	<u>38,504,286</u>	<u>42,947,536</u>
Net Assets at End of Year	<u>\$ 35,106,988</u>	<u>\$ 35,825,218</u>	<u>\$ 2,657,617</u>	<u>\$ 2,679,068</u>	<u>\$ 37,764,605</u>	<u>\$ 38,504,286</u>

Business-Type Activities. Business-type activities decreased the Town's net assets by \$21,451 which was substantially a result of depreciation expense \$106,474 and contracted services \$259,110. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$539,213 in the fiscal year ended June 30, 2008, 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 \$398,651.

An aggressive pursuit of current as well as past due taxes (plus interest and penalties) netted actual property tax revenue at \$36,129,173. Interest and lien fees were higher than budget by \$84,000. The Town had favorable under expenditure of various functions including general government of \$387,940, \$253,990 for employee benefits, \$189,623 for public safety and \$145,494 from parks and recreation. The Redding Board of Education had favorable under expenditures of \$302,687.

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 \$2,657,617 at year end. This represents a decrease of \$21,451 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 expenditures and the final budget of \$41,882,047.
- Several budget transfers reallocated resources as needed, the most significant of which are noted below:
 - Contingency account was reduced \$132,603.
 - Highway wages was increased \$30,776.
 - Total public safety was increased \$23,368.
 - Employee benefits were increased \$17,189.

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, 2008 amounts to \$52,407,603 (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.

TOWN OF REDDING CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Primary Government	
	2008	2007*	2008	2007	2008	2007*
Land	\$ 18,813,822	\$ 17,906,509	\$ 15,342	\$ 15,342	\$ 18,829,164	\$ 17,921,851
Buildings	15,264,782	14,986,391			15,264,782	14,986,391
Sewer plant			1,947,338	2,035,948	1,947,338	2,035,948
Sewer collection system			513,571	531,435	513,571	531,435
Machinery and equipment	981,945	933,288			981,945	933,288
Infrastructure	13,445,142	13,638,653			13,445,142	13,638,653
Vehicles	1,419,231	1,481,000			1,419,231	1,481,000
Furniture and fixtures	6,430	6,945			6,430	6,945
Total	\$ 49,931,352	\$ 48,952,786	\$ 2,476,251	\$ 2,582,725	\$ 52,407,603	\$ 51,535,511

*During fiscal year ended June 30, 2007, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 34 related to the recording of infrastructure. Upon further review of the assets, opening capital assets, net has been restated by an increase of \$5,444,703.

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

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$18,163,784. The entire amount is backed by the full faith and credit of the Town. During the year, debt increased due to the sale of bond anticipation notes. These BANs will be used for road and school improvements and open space.

TOWN OF REDDING OUTSTANDING DEBT
General Obligation Bonds and Notes

	Governmental Activities	
	2008	2007
General obligation bonds - Town improvements	\$ 9,392,000	\$ 10,159,750
General obligation bonds - school improvements	3,443,000	3,895,250
Clean Water Fund note	563,784	629,610
Bond anticipation note	4,765,000	2,160,000
Total	\$ 18,163,784	\$ 16,844,610

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 \$263,507,454 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 2.7%, which is a decrease from a rate of 2.8% a year ago. This compares favorably to the state's average unemployment rate of 5.8% and the national average rate of 5.7%.
- 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 2009 fiscal year.

At the end of the current fiscal year, unreserved and undesignated fund balance in the general fund is \$398,651.

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, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,471,586	\$ 88,739	\$ 5,560,325
Receivables, net	1,357,417	114,074	1,471,491
Other	292,510		292,510
Bond issuance costs	1,980		1,980
Total current assets	<u>7,123,493</u>	<u>202,813</u>	<u>7,326,306</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	18,813,822	15,342	18,829,164
Assets being depreciated, net	31,117,530	2,460,909	33,578,439
Total capital assets	<u>49,931,352</u>	<u>2,476,251</u>	<u>52,407,603</u>
Bond issuance costs	<u>23,752</u>		<u>23,752</u>
Total assets	<u>57,078,597</u>	<u>2,679,064</u>	<u>59,757,661</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	1,684,444	21,447	1,705,891
Due to other governments	65		65
Due to Regional School District No. 9	510,149		510,149
Unearned revenue	1,456,656		1,456,656
Bond anticipation notes	4,765,000		4,765,000
Total current liabilities	<u>8,416,314</u>	<u>21,447</u>	<u>8,437,761</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,341,557		1,341,557
Due in more than one year	12,213,738		12,213,738
Total noncurrent liabilities	<u>13,555,295</u>	<u>-</u>	<u>13,555,295</u>
Total liabilities	<u>21,971,609</u>	<u>21,447</u>	<u>21,993,056</u>
Net Assets:			
Invested in capital assets, net of related debt	31,767,568	2,476,251	34,243,819
Restricted for:			
Perpetual care:			
Nonexpendable	2,100		2,100
Unrestricted	3,337,320	181,366	3,518,686
Total Net Assets	<u>\$ 35,106,988</u>	<u>\$ 2,657,617</u>	<u>\$ 37,764,605</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, 2008

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	\$ 3,003,150	\$ 411,670	\$ 7,557	\$ (2,583,923)		\$ (2,583,923)	
Public safety	2,397,305	51,286		(2,346,019)		(2,346,019)	
Highway and streets	2,519,697	258,077	133,945	(2,127,675)		(2,127,675)	
Transfer station and recycling	405,945	178,334		(227,611)		(227,611)	
Health and welfare	149,935	11,525		(138,410)		(138,410)	
Library	426,826			(426,826)		(426,826)	
Education	36,280,994	210,491	7,616,931	(28,453,572)		(28,453,572)	
Parks and recreation	1,037,852	631,473		(406,379)		(406,379)	
Debt service	901,341			(805,659)		(805,659)	
Total governmental activities	47,123,045	1,752,856	7,758,433	95,682	(37,516,074)	-	(37,516,074)
Business-type activities:							
Georgetown sewer fund	539,213	514,568			(24,645)	(24,645)	
Total	\$ 47,662,258	\$ 2,267,424	\$ 7,758,433	\$ 95,682	(37,516,074)	(24,645)	(37,540,719)
General revenues:							
Property taxes				35,736,243		35,736,243	
Grants and contributions not restricted to specific programs				346,682		346,682	
Investment income				371,688	3,194	374,882	
Gain on sale of capital assets				343,231		343,231	
Total general revenues				36,797,844	3,194	36,801,038	
Change in net assets				(718,230)	(21,451)	(739,681)	
Net Assets - Beginning of Year, as Restated				35,825,218	2,679,068	38,504,286	
Net Assets - End of Year				\$ 35,106,988	\$ 2,657,617	\$ 37,764,605	

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General</u>	<u>Road Reconstruction</u>	<u>Reserve Fund for CNRE</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 4,258,347	\$ 2,579	\$ 374,395	\$ 452,838	\$ 5,088,159
Receivables:					
Property taxes	338,941				338,941
Sewer assessments				391,940	391,940
Intergovernmental	218,239			113,541	331,780
Other	60,112				60,112
Due from other funds	112,427	653,135	486,091	154,747	1,406,400
Other assets	254,199				254,199
Inventory	38,311				38,311
Total Assets	<u>\$ 5,280,576</u>	<u>\$ 655,714</u>	<u>\$ 860,486</u>	<u>\$ 1,113,066</u>	<u>\$ 7,909,842</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,210,596			\$ 81,757	\$ 1,292,353
Due to other governments	65				65
Due to Regional School District No. 9	510,149				510,149
Due to other funds	1,293,973			112,427	1,406,400
Deferred revenue	1,867,142			420,274	2,287,416
Bond anticipation notes payable		2,421,000	1,870,000	474,000	4,765,000
Total liabilities	<u>4,881,925</u>	<u>2,421,000</u>	<u>1,870,000</u>	<u>1,088,458</u>	<u>10,261,383</u>
Fund balances:					
Reserved for:					
Endowments				2,100	2,100
Unreserved, reported in:					
General fund	398,651				398,651
Special revenue funds				289,411	289,411
Capital projects funds		(1,765,286)	(1,009,514)	(267,836)	(3,042,636)
Permanent funds				933	933
Total fund balances	<u>398,651</u>	<u>(1,765,286)</u>	<u>(1,009,514)</u>	<u>24,608</u>	<u>(2,351,541)</u>
Total Liabilities and Fund Balances	<u>\$ 5,280,576</u>	<u>\$ 655,714</u>	<u>\$ 860,486</u>	<u>\$ 1,113,066</u>	<u>\$ 7,909,842</u>

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TOWN OF REDDING, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

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)	\$ (2,351,541)
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	50,566,195
Depreciation expense	(628,147)
Disposal of capital assets	(6,696)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Property tax interest and lien accrual	236,513
Property tax and sewer assessment receivable - accrual basis change	408,688
School building grant receivable	202,072
Bond issue costs	25,732
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	371,748
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 deductions	(13,398,784)
Long-term liability payments	(156,511)
Accrued interest payable	(162,281)
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 35,106,988</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, 2008

	General	Road Reconstruction Fund	Reserve Fund for CNRE	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 36,129,273	\$	\$	\$	\$ 36,129,273
Intergovernmental	7,845,406			565,882	8,411,288
Investment income	330,758	104	17,352	23,474	371,688
Charges for services	1,390,388			151,977	1,542,365
Total revenues	<u>45,695,825</u>	<u>104</u>	<u>17,352</u>	<u>741,333</u>	<u>46,454,614</u>
Expenditures:					
Current:					
General government	2,135,766			18,178	2,153,944
Public safety	1,835,747			51,777	1,887,524
Highway and streets	1,283,530	4,229	123,166	200,191	1,611,116
Transfer station and recycling	326,298				326,298
Health and welfare	109,783			1,055	110,838
Library	332,800				332,800
Parks and recreation	815,820			29,784	845,604
Employee benefits	1,880,517				1,880,517
Education	35,725,618			428,453	36,154,071
Capital outlay	439,908		1,388,627		1,828,535
Debt service	2,058,485			27,134	2,085,619
Total expenditures	<u>46,944,272</u>	<u>4,229</u>	<u>1,511,793</u>	<u>756,572</u>	<u>49,216,866</u>
Deficiency of Revenues over Expenditures	<u>(1,248,447)</u>	<u>(4,125)</u>	<u>(1,494,441)</u>	<u>(15,239)</u>	<u>(2,762,252)</u>
Other Financing Sources (Uses):					
Sale of property	349,927				349,927
Transfers in			254,800		254,800
Transfers out	(254,800)				(254,800)
Net other financing sources	<u>95,127</u>	<u>-</u>	<u>254,800</u>	<u>-</u>	<u>349,927</u>
Net Change in Fund Balances	(1,153,320)	(4,125)	(1,239,641)	(15,239)	(2,412,325)
Fund Balances - Beginning of Year	<u>1,551,971</u>	<u>(1,761,161)</u>	<u>230,127</u>	<u>39,847</u>	<u>60,784</u>
Fund Balances - End of Year	<u>\$ 398,651</u>	<u>\$ (1,765,286)</u>	<u>\$ (1,009,514)</u>	<u>\$ 24,608</u>	<u>\$ (2,351,541)</u>

(Continued on next page)

**TOWN OF REDDING, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ (2,412,325)

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	1,613,409
Depreciation expense	<u>(628,147)</u>
Total	<u>985,262</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.

(6,696)

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	(68,888)
Increase in property tax and sewer assessment receivable - accrual basis change	(153,565)
Increase in property tax interest and lien revenue	(244,465)
Decrease in property tax and sewer use allowance for doubtful accounts	5,000
Total	<u>(461,918)</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	1,220,000
Notes payable	65,826
Total	<u>1,285,826</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:

Landfill postclosure care	3,500
Compensated absences	(2,489)
Accrued interest payable	(30,680)
Amortization of issuance costs	(1,980)
Total	<u>(31,649)</u>

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

(76,730)

Change in Net Assets of Governmental Activities (Exhibit II)

\$ (718,230)

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets:		
Current assets:		
Cash and cash equivalents	\$ 88,739	\$ 383,427
Accounts receivable	114,074	123,827
Due from Regional School District No. 9		8,904
Due from Town of Easton		85,400
Total current assets	<u>202,813</u>	<u>601,558</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	1,947,338	
Sewer collection system	513,571	
Total capital assets, net	<u>2,476,251</u>	<u>-</u>
Total assets	<u>2,679,064</u>	<u>601,558</u>
Liabilities:		
Current liabilities:		
Accounts payable	21,447	
Claims payable		229,810
Total liabilities	<u>21,447</u>	<u>229,810</u>
Net Assets:		
Invested in capital assets	2,476,251	
Unrestricted	<u>181,366</u>	<u>371,748</u>
Total Net Assets	<u>\$ 2,657,617</u>	<u>\$ 371,748</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, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Operating Revenue:		
Premiums	\$	\$ 2,519,373
Charges for services	514,568	
Total operating revenues	<u>514,568</u>	<u>2,519,373</u>
Operating Expenses:		
Claims incurred		2,367,852
Administration	2,772	230,966
Contracted services	259,110	
Outside services	10,866	
Materials disposal	26,738	
Materials and supplies	57,928	
Utilities	75,325	
Depreciation	106,474	
Total operating expenses	<u>539,213</u>	<u>2,598,818</u>
Operating Loss	(24,645)	(79,445)
Nonoperating Revenues:		
Investment income	3,194	2,715
Change in Net Assets	(21,451)	(76,730)
Total Net Assets - Beginning of Year	<u>2,679,068</u>	<u>448,478</u>
Total Net Assets - End of Year	\$ <u><u>2,657,617</u></u>	\$ <u><u>371,748</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, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 442,956	\$
Payments to suppliers	(434,870)	
Claim payments		(2,353,383)
Premiums received		2,798,404
Administrative payments		(230,966)
Net cash provided by operating activities	8,086	214,055
Cash Flows From Investing Activities:		
Income from investments	3,194	2,715
Net Increase in Cash and Cash Equivalents	11,280	216,770
Cash and Cash Equivalents - Beginning of Year	77,459	166,657
Cash and Cash Equivalents - End of Year	\$ 88,739	\$ 383,427
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	\$ (24,645)	\$ (79,445)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	106,474	
(Increase) decrease:		
Accounts receivable	(71,612)	(123,827)
Due from other funds		210,960
Intergovernmental receivable:		
Due from Regional School District No. 9		141,490
Due from Town of Easton		50,408
Increase (decrease):		
Accounts payable	889	14,469
Due to other funds	(3,020)	
Net Cash Provided by Operating Activities	\$ 8,086	\$ 214,055

The accompany notes are an integral part of the financial statements

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

JUNE 30, 2008

	<u>Agency Funds</u>
Assets:	
Cash	\$ <u>120,698</u>
Liability:	
Due to others	\$ <u>120,698</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.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

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 goods 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 repair activities.

The Reserve for CNRE is used to account for various capital purchases.

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 and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 50% of outstanding receivable balances at June 30, 2008 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2008, 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 assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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 Fund (\$1,700).

C. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2008:

Major Fund:	
Road Reconstruction	\$ (1,765,286)
Reserve Fund for CNRE	(1,009,514)
Nonmajor Governmental Funds:	
Recycling	(22,034)
Capital Projects-Schools	(322,646)
FEMA Grant	(5,290)
Town Aid Road	(50)

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, 2008:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2008</u>
Road Reconstruction Fund	\$ 660,000	\$ 4,229	\$ 4,229	\$ 655,771
Capital projects - schools	75,000			75,000
Reserve Fund for CNRE:				
Revaluation	278,000	123,209	278,000	-
Open Space	420,000	420,000	420,000	-
Georgetown STEAP	1,227,953	7,290	158,885	1,069,068
Water wells and oil tanks	550,000		550,000	-

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, 2008:

Deposits:	
Demand accounts	\$ 4,588,801
Cash equivalents:	
State Short-Term Investment Fund (STIF)	902,920
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	82,456
State Tax-Exempt Proceeds Fund (TEPF)	<u>106,846</u>
Total Cash and Cash Equivalents	<u>\$ 5,681,023</u>

B. Deposits

At June 30, 2008, the carrying amount of the Town's deposits was \$4,588,801 and the bank balance was \$4,653,532. *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, 2008 bank balance, \$243,470 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 \$441,006, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$3,969,056 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, 2008, the Town's cash equivalents amounted to \$1,092,222. 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, proprietary funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 388,941	\$	\$	\$	\$ 388,941
Accounts	60,112		114,074	218,131	392,317
Sewer assessments		391,940			391,940
Intergovernmental	218,239	113,541			331,780
Gross receivables	<u>667,292</u>	<u>505,481</u>	<u>114,074</u>	<u>218,131</u>	<u>1,504,978</u>
Less allowance for uncollectibles	<u>50,000</u>				<u>50,000</u>
Net Total Receivables	<u>\$ 617,292</u>	<u>\$ 505,481</u>	<u>\$ 114,074</u>	<u>\$ 218,131</u>	<u>\$ 1,454,978</u>

* Accrued interest on property taxes in the amount of \$236,513 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	\$	\$ 1,410,797
Delinquent property taxes receivable	236,748	
Special assessments not yet due	391,940	
Grant drawdowns prior to meeting all eligibility requirements		28,334
School building grants	202,072	
Parks and recreation revenue not yet earned		<u>17,525</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 830,760</u>	<u>\$ 1,456,656</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,906,509	\$ 907,313	\$ _____	\$ 18,813,822
Capital assets being depreciated:				
Buildings	17,719,500	483,687	7,378	18,195,809
Machinery and equipment	1,155,946	90,800		1,246,746
Vehicles	2,421,972	89,948	16,000	2,495,920
Furniture and fixtures	93,090			93,090
Infrastructure	<u>19,270,660</u>	<u>41,661</u>		<u>19,312,321</u>
Total capital assets being depreciated	<u>40,661,168</u>	<u>706,096</u>	<u>23,378</u>	<u>41,343,886</u>
Less accumulated depreciation for:				
Buildings	2,733,109	202,120	4,202	2,931,027
Machinery and equipment	222,658	42,143		264,801
Vehicles	940,972	148,197	12,480	1,076,689
Furniture and fixtures	86,145	515		86,660
Infrastructure	<u>5,632,007</u>	<u>235,172</u>		<u>5,867,179</u>
Total accumulated depreciation	<u>9,614,891</u>	<u>628,147</u>	<u>16,682</u>	<u>10,226,356</u>
Total capital assets being depreciated, net *	<u>31,046,277</u>	<u>77,949</u>	<u>6,696</u>	<u>31,117,530</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,952,786</u>	<u>\$ 985,262</u>	<u>\$ 6,696</u>	<u>\$ 49,931,352</u>

* During fiscal year ended June 30, 2007, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 34 related to the recording of infrastructure. Upon further review of the assets, opening capital assets, net has been restated by an increase of \$5,444,703.

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</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>-</u>	<u>-</u>	<u>3,379,410</u>
Less accumulated depreciation for:				
Sewer plant	622,371	88,610		710,981
Sewer collection system	183,106	17,864		200,970
Machinery and equipment	6,550			6,550
Total accumulated depreciation	<u>812,027</u>	<u>106,474</u>	<u>-</u>	<u>918,501</u>
Total capital assets being depreciated, net	<u>2,567,383</u>	<u>(106,474)</u>	<u>-</u>	<u>2,460,909</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,582,725</u>	<u>\$ (106,474)</u>	<u>\$ -</u>	<u>\$ 2,476,251</u>

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

Governmental Activities:	
General government	\$ 85,787
Public safety	52,426
Highway and streets	337,017
Transfer station and recycling	7,926
Health and social services	1,686
Parks and recreation	3,380
Education	<u>139,925</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 628,147</u>
Business-Type Activities:	
Sewer	<u>\$ 106,474</u>

6. INTERFUND ACCOUNTS

At June 30, 2008, 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	\$ 112,427
Road Reconstruction	General Fund	653,135
Reserve Fund for CNRE	General Fund	486,091
Nonmajor Governmental Fund	General Fund	<u>154,747</u>
Total		<u>\$ 1,406,400</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	\$ 254,800

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. At June 30, 2008, the balance outstanding was \$4,765,000.

On December 20, 2007, the Town issued \$1,450,000 of notes bearing interest of 2.986% and maturing on April 29, 2008. These notes are for a land purchase. On April 29, 2008, the Town issued \$3,610,000 of bond anticipation notes. These notes bear interest at 2.25%, mature on January 28, 2009, and are for road and school construction. On May 22, 2008, the Town issued \$1,155,000 of bond anticipation notes, bearing interest of 2.5% and maturing on January 28, 2009. These notes are for open space, roads and school construction.

Short-term obligation activity for the year ended June 30, 2008 was as follows:

<u>Description</u>	<u>Balance,</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2008</u>
Bond Anticipation Notes	\$ 2,160,000	\$ 6,215,000	\$ (3,610,000)	\$ 4,765,000

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 of Maturity	Interest Rate (%)	Balance July 1, 2007	Additions	Deductions	Balance Outstanding June 30, 2008	Current Portion
Bond Notes:									
General purpose:									
Improvement bond	\$ 285,000	04/15/91	04/15/11	5.4-7.25	\$ 48,750	\$	\$ 15,750	\$ 33,000	\$ 15,750
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	5,421,000		417,000	5,004,000	417,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	4,690,000		335,000	4,355,000	335,000
Total general purpose					10,159,750	-	767,750	9,392,000	767,750
Schools:									
Improvement bond	3,975,000	04/15/91	04/15/11	5.4-7.25	836,250		209,250	627,000	209,250
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	3,059,000		243,000	2,816,000	243,000
Total schools					3,895,250	-	452,250	3,443,000	452,250
Sewer:									
Clean water note	1,293,905	10/01/96	04/01/16	2	629,610		65,826	563,784	67,155
Total bond/notes					14,684,610	-	1,285,826	13,398,784	1,287,155
Compensated absences					101,522	2,489		104,011	50,902
Landfill closure and postclosure care					56,000		3,500	52,500	3,500
Total General Long-Term Obligations					\$ 14,842,132	\$ 2,489	\$ 1,289,326	\$ 13,555,295	\$ 1,341,557

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
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	\$ 202,072	\$ 20,560	\$ 12,835,000	\$ 563,784	\$ 3,702,121	\$ 45,785

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, 2008, which matures through 2025, amounted to \$24,000,000. The related school building grant amounts due from the State of Connecticut were \$15,127 and \$782, respectively, for principal and interest. The Town's share of the debt, net of the related grant, was \$13,467,067.

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	\$ 84,698,825	\$ 33,488,260	\$ 51,210,565
Schools	169,397,649	17,181,995	152,215,654
Sewers	141,164,708		141,164,708
Urban renewal	122,342,747		122,342,747
Pension deficit	112,931,766		112,931,766

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$263,507,454.

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 \$202,072 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 15 years at \$3,500 per year are \$52,500. 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:

		<u>Claims Payable July 1</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claims Payments</u>		<u>Claims Payable June 30</u>
2006-2007	\$	241,601	\$	2,401,821	\$	2,428,081	\$	215,341
2007-2008		215,341		2,598,818		2,584,349		229,810

10. EMPLOYEE RETIREMENT FUND AND PENSION PLANS

Municipal Employees' Retirement Fund

A. Plan Description

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

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

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 at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission.

The required and actual contribution for the years ended June 30, 2006, 2007 and 2008, were \$367,670, \$403,623 and \$272,020, 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 \$6,693,218. The State significantly increased its contribution during fiscal year 2008.

11. OTHER POST-EMPLOYMENT BENEFITS

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

Police - The Town will pay insurance premiums for up to 8 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 \$12,736 for the year ended June 30, 2008.

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.

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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 35,229,083	\$ 36,456,338	\$ 35,912,173	\$ (544,165)
Interest and lien fees	133,100	133,100	217,100	84,000
Total property taxes	<u>35,362,183</u>	<u>36,589,438</u>	<u>36,129,273</u>	<u>(460,165)</u>
Intergovernmental:				
Educational assistance grants:				
ECS grant	349,892	349,892	499,333	149,441
School bond interest	82,805	82,805	95,682	12,877
Adult education	241	241	295	54
Regional School District No. 9	116,630	116,630	210,196	93,566
Total educational assistance	<u>549,568</u>	<u>549,568</u>	<u>805,506</u>	<u>255,938</u>
Town assistance grants:				
In lieu of taxes - State property	177,769	155,769	154,977	(792)
In lieu of taxes - business inventory	4,490	4,490	3,135	(1,355)
Local property tax relief (freeze)	6,000	6,000	2,204	(3,796)
Tax relief circuit breaker	20,625	20,625	15,632	(4,993)
Disability exemption	265	265	227	(38)
Veterans' exemption	397	397		(397)
Other State grants			18,796	18,796
Safe boating	2,972	2,972	2,972	-
Telephone access line grant	38,000	38,000	49,189	11,189
Local capital improvements	69,054	69,054		(69,054)
Mashantucket Pequot Grant	17,285	17,285	22,113	4,828
Unclassified revenue	3,000	3,000	77,437	74,437
Total Town assistance grants	<u>339,857</u>	<u>317,857</u>	<u>346,682</u>	<u>28,825</u>
Total intergovernmental	<u>889,425</u>	<u>867,425</u>	<u>1,152,188</u>	<u>284,763</u>
Investment Income	<u>600,000</u>	<u>600,000</u>	<u>330,758</u>	<u>(269,242)</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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services:				
Town clerk	\$ 471,500	\$ 471,500	\$ 306,874	\$ (164,626)
Conservation	4,000	4,000	7,001	3,001
Heritage Center	32,900	32,900	11,638	(21,262)
Planning Commission	7,200	7,200	10	(7,190)
Zoning Commission	300,000	300,000	51,070	(248,930)
Zoning Board of Appeals	1,700	1,700	1,338	(362)
Building inspection	889,000	889,000	165,134	(723,866)
Transfer station	160,650	160,650	172,884	12,234
Sanitarian	24,000	24,000	11,525	(12,475)
Parks and recreation	760,815	760,815	622,008	(138,807)
Fiber optics	13,853	23,853	32,206	8,353
Rental of Town property	6,480	6,480	6,480	-
Miscellaneous			2,220	2,220
Total charges for services	<u>2,672,098</u>	<u>2,682,098</u>	<u>1,390,388</u>	<u>(1,291,710)</u>
Other Financing Sources:				
Sale of property			349,927	349,927
Total Revenues	<u>\$ 39,523,706</u>	<u>\$ 40,738,961</u>	39,352,534	<u>\$ (1,386,427)</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

6,693,218

Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Exhibit IV

\$ 46,045,752

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 4,000	\$	\$ 4,000	\$ 1,873	\$ 2,127
Board of selectmen	142,750	6,337	149,087	145,623	3,464
Probate court	3,100		3,100	3,078	22
Registrar's office	35,000	290	35,290	34,860	430
Controller's office	197,476	6,707	204,183	203,840	343
Independent audit	37,425		37,425	37,316	109
Assessor's office	152,345	4,684	157,029	135,058	21,971
Board of assessment appeals	1,075		1,075	1,057	18
Tax collector	137,592	4,568	142,160	131,256	10,904
Town treasurer	30,078	484	30,562	28,242	2,320
Computer capability	51,000		51,000	49,677	1,323
Management services	25,000		25,000	21,920	3,080
Special legal	212,000		212,000	212,000	-
Town clerk	129,173	3,793	132,966	117,230	15,736
Vital statistics	600		600	184	416
Annual Town report	6,500		6,500	6,350	150
Board of ethics	500		500	4	496
Conservation	41,582		41,582	25,857	15,725
Heritage Center	127,697	4,951	132,648	132,089	559
Municipal agent for the elderly	11,879		11,879	10,814	1,065
Heritage Center senior bus	23,892		23,892	23,114	778
Town planning commission	63,085		63,085	20,630	42,455
Land use ordinance				1,967	(1,967)
Housatonic Valley council of elected officials	10,875		10,875	10,875	-
Zoning commission	147,321	1,327	148,648	75,799	72,849
Zoning board of appeals	3,650		3,650	1,411	2,239
Council of small towns	825		825	825	-
Land use services	110,137	3,776	113,913	93,391	20,522
Office of tree warden	1,865		1,865		1,865
Town office building	88,084		88,084	76,776	11,308
Old town house	12,557		12,557	8,986	3,571
Town office building annex	12,390		12,390	9,572	2,818
Community center	307,385	4,003	311,388	274,862	36,526
Police headquarters/communication center	28,855		28,855	23,199	5,656
Leases	2,000		2,000		2,000
Administrative services	80,320		80,320	47,469	32,851
Memorial Day observance	600		600	400	200
Cemeteries	10,776		10,776	7,640	3,136
Insurance	161,350		161,350	143,824	17,526
Miscellaneous	12,650		12,650	11,698	952
Agencies serving residents	5,000		5,000	5,000	-
Provision for contingencies	185,000		185,000		185,000
Total general government	<u>2,615,389</u>	<u>(132,603)</u>	<u>2,523,706</u>	<u>2,135,766</u>	<u>387,940</u>

(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, 2008

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police department - salaries and related exp	\$ 1,135,509	\$ 7,997	\$ 1,143,506	\$ 1,105,309	\$ 38,197
Police department - contractual serv and exp	114,325		114,325	100,199	14,126
Police department - maint of vehicles	82,400		82,400	24,442	57,958
Volunteer fire companies	121,000		121,000	91,705	29,295
Building inspections	275,622	7,992	283,614	250,894	32,720
Emergency Management	750		750	712	38
Communications Center	219,396	7,379	226,775	217,566	9,209
Dog licenses	53,000		53,000	44,920	8,080
Total public safety	<u>2,002,002</u>	<u>23,368</u>	<u>2,025,370</u>	<u>1,835,747</u>	<u>189,623</u>
Highway and Streets:					
Wages - regular, overtime and seasonal	711,242	30,776	742,018	792,596	(50,578)
General maintenance and repair	144,701		144,701	146,032	(1,331)
Snow removal and ice control	231,900		231,900	167,917	63,983
Equipment maintenance and repair	126,000		126,000	137,268	(11,268)
Town garage buildings	45,036		45,036	39,717	5,319
Total highway and streets	<u>1,258,879</u>	<u>30,776</u>	<u>1,289,655</u>	<u>1,283,530</u>	<u>6,125</u>
Transfer Station and Recycling:					
Salaries	189,535	8,517	198,052	205,389	(7,337)
General maintenance	134,412		134,412	108,605	25,807
Equipment maintenance	11,167		11,167	12,304	(1,137)
Total transfer station and recycling	<u>335,114</u>	<u>8,517</u>	<u>343,631</u>	<u>326,298</u>	<u>17,333</u>
Health and Social Services:					
Conservation of health	7,443		7,443	6,100	1,343
Sanitarian inspection	82,582	2,111	84,693	73,049	11,644
Social services	30,328		30,328	30,634	(306)
Total health and social services	<u>120,353</u>	<u>2,111</u>	<u>122,464</u>	<u>109,783</u>	<u>12,681</u>
Mark Twain Library:					
Operations	332,800		332,800	332,800	-
Parks and Recreation:					
Field maintenance	94,511		94,511	48,401	46,110
Administration	173,421	6,323	179,744	176,942	2,802
Summer camp	213,492		213,492	170,535	42,957
Recreation programs	252,100		252,100	185,156	66,944
Topstone park	71,290		71,290	82,712	(11,422)
Tennis courts	7,025		7,025	9,030	(2,005)
Extended day service	139,753	3,399	143,152	143,044	108
Total parks and recreation	<u>951,592</u>	<u>9,722</u>	<u>961,314</u>	<u>815,820</u>	<u>145,494</u>

(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, 2008

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,117,318	\$ 17,189	\$ 2,134,507	\$ 1,880,517	\$ 253,990
Capital Outlay:					
Selectmen's general maintenance	8,000		8,000		8,000
Highway pavement resurfacing	205,200		205,200	205,200	-
Other	253,800		253,800	234,708	19,092
Total capital outlay	<u>467,000</u>	<u>-</u>	<u>467,000</u>	<u>439,908</u>	<u>27,092</u>
Debt Service:					
Debt retirement	1,285,826		1,285,826	1,259,328	26,498
Interest payments	805,887		805,887	799,157	6,730
Total debt service	<u>2,091,713</u>	<u>-</u>	<u>2,091,713</u>	<u>2,058,485</u>	<u>33,228</u>
Total Town expenditures	<u>12,292,160</u>	<u>-</u>	<u>12,292,160</u>	<u>11,218,654</u>	<u>1,073,506</u>
Education:					
Redding Board of Education:					
General instruction	9,372,429	(247,315)	9,125,114	9,212,289	(87,175)
Kindergarten	21,300	(4,151)	17,149	16,944	205
Humanities	80,188	(12,199)	67,989	65,402	2,587
Integrated language arts	56,669	(6,403)	50,266	49,964	302
Curriculum	76,505	(7,380)	69,125	69,001	124
Industrial technology	4,468		4,468	4,156	312
Science/math technology	81,364	(6,687)	74,677	74,075	602
Physical education/health	15,082	(311)	14,771	14,205	566
Student activity co-curricular	35,758	1,809	37,567	34,044	3,523
Special services	32,247	(1,800)	30,447	32,483	(2,036)
Student activity summer school	1,547		1,547	1,432	115
Special education	3,615,599	(52,654)	3,562,945	3,586,734	(23,789)
Guidance	3,193		3,193	2,210	983
Health services	194,018	8,154	202,172	217,550	(15,378)
Psychological services	18,200		18,200	14,584	3,616
Speech services	14,400	(5,015)	9,385	4,683	4,702
Educational media services	75,320	(2,441)	72,879	68,414	4,465
Technology plan	334,918	(27,580)	307,338	295,201	12,137
Board of Education	112,830		112,830	116,405	(3,575)
Central administration	483,590	302,687	786,277	483,590	302,687
Magnet school	53,908		53,908	79,198	(25,290)
School administration	1,147,348	1,443	1,148,791	1,132,536	16,255
Operation/maintenance physical plant	1,854,578	79,313	1,933,891	1,912,925	20,966
Student transportation	1,022,894	(20,000)	1,002,894	917,161	85,733
Food service	4,300	530	4,830	4,780	50
Total Redding Board of Education	<u>18,712,653</u>	<u>-</u>	<u>18,712,653</u>	<u>18,409,966</u>	<u>302,687</u>
Regional School District No. 9	<u>10,622,434</u>	<u>-</u>	<u>10,622,434</u>	<u>10,622,434</u>	<u>-</u>
Total Education	<u>29,335,087</u>	<u>-</u>	<u>29,335,087</u>	<u>29,032,400</u>	<u>302,687</u>
Total Expenditures	<u>41,627,247</u>	<u>-</u>	<u>41,627,247</u>	<u>40,251,054</u>	<u>1,376,193</u>

(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, 2008

	<u>Original Budget</u>	<u>Transfers and Additional Appropriations</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Other Financing Uses:					
Transfers out:					
Reserve Fund for CNRE	\$ 254,800	\$ _____	\$ 254,800	\$ 254,800	\$ _____
Total Expenditures and Other Financing Uses	<u>\$ 41,882,047</u>	<u>\$ _____</u>	<u>\$ 41,882,047</u>	40,505,854	<u>\$ 1,376,193</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>6,693,218</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>\$ 47,199,072</u>	

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 4,258,347	\$ 3,986,397
Uncollected property taxes, net of allowance for uncollectible amounts	338,941	613,499
Due from State and Federal governments	218,239	299,945
Accounts receivable	60,112	129,261
Due from other funds	112,427	578,637
Other	254,199	45,798
Inventory	<u>38,311</u>	
Total Assets	<u>\$ 5,280,576</u>	<u>\$ 5,653,537</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 1,210,596	\$ 2,025,828
Due to other governments	65	43,735
Due to Regional School District No. 9	510,149	516,374
Due to other funds	1,293,973	332,168
Deferred revenue	<u>1,867,142</u>	<u>1,183,461</u>
Total liabilities	<u>4,881,925</u>	<u>4,101,566</u>
Fund balance:		
Unreserved:		
Designated for subsequent year's budget		1,156,088
Undesignated	<u>398,651</u>	<u>395,883</u>
Total fund balance	<u>398,651</u>	<u>1,551,971</u>
Total Liabilities and Fund Balance	<u>\$ 5,280,576</u>	<u>\$ 5,653,537</u>

**TOWN OF REDDING, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2008**

Grand List Year	Uncollected Taxes July 1, 2007	Current Year Levy	Lawful Corrections		Transfers to Suspende	Overcollections/ Bounced Checks	Adjusted Taxes Collectible	Taxes	Interest and Liens Fees	Total	Uncollected Taxes June 30, 2008
			Additions	Deductions							
2006	\$	\$ 36,756,260	\$ 319,896	\$ 1,333,945	\$	\$ 38,284	\$ 35,780,495	\$ 35,548,779	\$ 98,902	\$ 35,647,681	\$ 231,716
2005	371,742		2,717	24,192		12,394	362,661	309,857	61,531	371,388	52,804
2004	128,789		1,222	2,402	17,028	802	111,383	93,298	34,904	128,202	18,085
2003	28,712						28,712	22,114	12,049	34,163	6,598
2002	12,562		119	240			12,441	12,441	4,550	16,991	-
2001	4,055					(7,588)	(3,533)	(3,839)	24	(3,815)	306
2000	3,382						3,382	530	24	554	2,852
1999	557						557			-	557
1998	1,151						1,151			-	1,151
1997	2,967						2,967			-	2,967
1996	4,338						4,338	3,175	24	3,199	1,163
1995	5,065					(273)	4,792	1,783	24	1,807	3,009
1994	10,020			1,825			8,195			-	8,195
1993	20,746			1,787			18,959			-	18,959
1992	20,015			1,738			18,277			-	18,277
1991	23,982			1,680			22,302			-	22,302
Total	\$ 638,083	\$ 36,756,260	\$ 323,954	\$ 1,367,809	\$ 17,028	\$ 43,619	\$ 36,377,079	35,988,138	212,032	36,200,170	\$ 388,941
								Suspense collections	4,578	5,068	9,646
								Total	\$ 35,992,716	\$ 217,100	36,209,816
Property taxes receivable considered available											
June 30, 2007										(182,836)	
June 30, 2008										<u>102,193</u>	
Total Property Tax Revenue										\$ <u>36,129,173</u>	

**TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2008

Special Revenue Funds

		<u>Town Aid Road</u>	<u>Police Funds</u>	<u>Dog Fund</u>	<u>Federal Education Grants</u>	<u>Parking Permits/Lot Fund</u>	<u>Recycling</u>	<u>Sewer Assessments</u>	<u>Parks and Recreation Concerts</u>
ASSETS									
Cash	\$		\$ 35,300	\$ 37,867	\$ 2,086	\$ 15,439	\$ 45,420	\$ 165,033	\$ 3,678
Intergovernmental receivable									
Sewer assessments								391,940	
Due from other funds									
Total Assets	\$	<u>-</u>	<u>\$ 35,300</u>	<u>\$ 37,867</u>	<u>\$ 2,086</u>	<u>\$ 15,439</u>	<u>\$ 45,420</u>	<u>\$ 556,973</u>	<u>\$ 3,678</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	50	\$ 3,500	\$ 23	\$ 916	\$	\$ 67,454	\$ 2,261	\$
Due to other funds				7,449					
Deferred revenue								391,940	
Bond anticipation notes payable									
Total liabilities		<u>50</u>	<u>3,500</u>	<u>7,472</u>	<u>916</u>	<u>-</u>	<u>67,454</u>	<u>394,201</u>	<u>-</u>
Fund Balances:									
Reserved for endowments									
Unreserved and undesignated		<u>(50)</u>	<u>31,800</u>	<u>30,395</u>	<u>1,170</u>	<u>15,439</u>	<u>(22,034)</u>	<u>162,772</u>	<u>3,678</u>
Total fund balances		<u>(50)</u>	<u>31,800</u>	<u>30,395</u>	<u>1,170</u>	<u>15,439</u>	<u>(22,034)</u>	<u>162,772</u>	<u>3,678</u>
Total Liabilities and Fund Balances	\$	<u>-</u>	<u>\$ 35,300</u>	<u>\$ 37,867</u>	<u>\$ 2,086</u>	<u>\$ 15,439</u>	<u>\$ 45,420</u>	<u>\$ 556,973</u>	<u>\$ 3,678</u>

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

JUNE 30, 2008

Special Revenue Funds

	<u>Parks 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>
ASSETS								
Cash	\$ 2,352	\$ 2,137	\$ -	\$ 850	\$ 183	\$ 1,775	\$ 259	\$ 10,579
Intergovernmental receivable								
Sewer assessments								
Due from other funds								
Total Assets	<u>\$ 2,352</u>	<u>\$ 2,137</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 1,775</u>	<u>\$ 259</u>	<u>\$ 10,579</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 5,290					\$ 948
Due to other funds								
Deferred revenue								
Bond anticipation notes payable								
Total liabilities	<u>-</u>	<u>-</u>	<u>5,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948</u>
Fund Balances:								
Reserved for endowments								
Unreserved and undesignated	2,352	2,137	(5,290)	850	183	1,775	259	9,631
Total fund balances	<u>2,352</u>	<u>2,137</u>	<u>(5,290)</u>	<u>850</u>	<u>183</u>	<u>1,775</u>	<u>259</u>	<u>9,631</u>
Total Liabilities and Fund Balances	<u>\$ 2,352</u>	<u>\$ 2,137</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 1,775</u>	<u>\$ 259</u>	<u>\$ 10,579</u>

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(Continued on next page)

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

JUNE 30, 2008

	Special Revenue Funds				Capital Projects Fund		
	GIS	Gazebo	Misc Grants	Total	Capital Projects- Schools	Georgetown STEAP	Water Wells and Oil Tanks
ASSETS							
Cash	\$ 28,528	\$ 4,221	\$ 25,061	\$ 380,768	\$ 39,107	\$ 26,183	\$ 3,644
Intergovernmental receivable				-			
Sewer assessments				391,940			
Due from other funds				-	112,247		42,500
Total Assets	<u>\$ 28,528</u>	<u>\$ 4,221</u>	<u>\$ 25,061</u>	<u>\$ 772,708</u>	<u>\$ 151,354</u>	<u>\$ 26,183</u>	<u>\$ 46,144</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$ 1,315	\$ 81,757	\$	\$	\$
Due to other funds				7,449			
Deferred revenue			2,151	394,091		26,183	
Bond anticipation notes payable				-	474,000		
Total liabilities	<u>-</u>	<u>-</u>	<u>3,466</u>	<u>483,297</u>	<u>474,000</u>	<u>26,183</u>	<u>-</u>
Fund Balances:							
Reserved for endowments				-			
Unreserved and undesignated	28,528	4,221	21,595	289,411	(322,646)		46,144
Total fund balances	<u>28,528</u>	<u>4,221</u>	<u>21,595</u>	<u>289,411</u>	<u>(322,646)</u>	<u>-</u>	<u>46,144</u>
Total Liabilities and Fund Balances	<u>\$ 28,528</u>	<u>\$ 4,221</u>	<u>\$ 25,061</u>	<u>\$ 772,708</u>	<u>\$ 151,354</u>	<u>\$ 26,183</u>	<u>\$ 46,144</u>

(Continued on next page)

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

JUNE 30, 2008

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	<u>Capital Projects Fund</u>		<u>Permanent Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Bond Fund</u>	<u>Total</u>	<u>Permanent School</u>	<u>Cemetery Funds</u>	<u>Total</u>	
ASSETS						
Cash	\$ 103	\$ 69,037	\$ 622	\$ 2,411	\$ 3,033	\$ 452,838
Intergovernmental receivable	113,541	113,541	-	-	-	113,541
Sewer assessments	-	-	-	-	-	391,940
Due from other funds	-	154,747	-	-	-	154,747
Total Assets	<u>\$ 113,644</u>	<u>\$ 337,325</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 1,113,066</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,757
Due to other funds	104,978	104,978	-	-	-	112,427
Deferred revenue	-	26,183	-	-	-	420,274
Bond anticipation notes payable	-	474,000	-	-	-	474,000
Total liabilities	<u>104,978</u>	<u>605,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088,458</u>
Fund Balances:						
Reserved for endowments	-	-	400	1,700	2,100	2,100
Unreserved and undesignated	8,666	(267,836)	222	711	933	22,508
Total fund balances	<u>8,666</u>	<u>(267,836)</u>	<u>622</u>	<u>2,411</u>	<u>3,033</u>	<u>24,608</u>
Total Liabilities and Fund Balances	<u>\$ 113,644</u>	<u>\$ 337,325</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 1,113,066</u>

TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

Special Revenue Funds

	<u>Town Aid Road</u>	<u>Police Funds</u>	<u>Dog Fund</u>	<u>Federal Education Grants</u>	<u>Parking Permits/Lot Fund</u>	<u>Recycling</u>	<u>Sewer Assessments</u>	<u>Parks and Recreation Concerts</u>
Revenues:								
Intergovernmental	\$ 133,945			\$ 424,380				
Investment income		1,829			594	1,908	6,398	
Charges for services		33,591	17,695		15,331	5,450	40,525	8,240
Total revenues	<u>133,945</u>	<u>35,420</u>	<u>17,695</u>	<u>424,380</u>	<u>15,925</u>	<u>7,358</u>	<u>46,923</u>	<u>8,240</u>
Expenditures:								
Current:								
General government								
Public safety		32,932	18,845					
Highways and streets	179,475				11,159	9,557		
Health and social services								
Education				428,437				
Parks and recreation								8,239
Debt service							27,134	
Total expenditures	<u>179,475</u>	<u>32,932</u>	<u>18,845</u>	<u>428,437</u>	<u>11,159</u>	<u>9,557</u>	<u>27,134</u>	<u>8,239</u>
Net Change in Fund Balance	(45,530)	2,488	(1,150)	(4,057)	4,766	(2,199)	19,789	1
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ (50)</u>	<u>\$ 31,800</u>	<u>\$ 30,395</u>	<u>\$ 1,170</u>	<u>\$ 15,439</u>	<u>\$ (22,034)</u>	<u>\$ 162,772</u>	<u>\$ 3,678</u>

(Continued on next page)

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Special Revenue Funds</u>							
	<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	\$	\$	\$	\$	\$	\$	\$	\$ 7,557
Investment income								353
Charges for services	1,225					256		
Total revenues	<u>1,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256</u>	<u>-</u>	<u>7,910</u>
Expenditures:								
Current:								
General government								
Public safety								
Highways and streets								
Health and social services		1,035					20	
Education								
Parks and recreation	2,392							3,799
Debt service								
Total expenditures	<u>2,392</u>	<u>1,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>3,799</u>
Net Change in Fund Balance	(1,167)	(1,035)	-	-	-	256	(20)	4,111
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 2,352</u>	<u>\$ 2,137</u>	<u>\$ (5,290)</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 1,775</u>	<u>\$ 259</u>	<u>\$ 9,631</u>

(Continued on next page)

TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				Capital Projects Fund		
	GIS	Gazebo	Misc Grants	Total	Capital Projects- Schools	Georgetown STEAP	Water Wells and Oil Tanks
Revenues:							
Intergovernmental	\$	\$	\$	\$ 565,882	\$	\$	\$
Investment income				11,082	1,553	7,290	291
Charges for services	6,995	550	22,119	151,977			
Total revenues	<u>6,995</u>	<u>550</u>	<u>22,119</u>	<u>728,941</u>	<u>1,553</u>	<u>7,290</u>	<u>291</u>
Expenditures:							
Current:							
General government	6,967		3,770	10,737		7,290	
Public safety				51,777			
Highways and streets				200,191			
Health and social services				1,055			
Education				428,437			
Parks and recreation		15,354		29,784			
Debt service				27,134			
Total expenditures	<u>6,967</u>	<u>15,354</u>	<u>3,770</u>	<u>749,115</u>	<u>-</u>	<u>7,290</u>	<u>-</u>
Net Change in Fund Balance	28	(14,804)	18,349	(20,174)	1,553	-	291
Fund Balances - Beginning of Year	<u>28,500</u>	<u>19,025</u>	<u>3,246</u>	<u>309,585</u>	<u>(324,199)</u>	<u>-</u>	<u>45,853</u>
Fund Balances - End of Year	<u>\$ 28,528</u>	<u>\$ 4,221</u>	<u>\$ 21,595</u>	<u>\$ 289,411</u>	<u>\$ (322,646)</u>	<u>\$ -</u>	<u>\$ 46,144</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, 2008

	<u>Capital Projects Fund</u>		<u>Permanent Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Bond Fund</u>	<u>Total</u>	<u>Permanent School</u>	<u>Cemetery Funds</u>	<u>Total</u>	
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565,882
Investment income	3,258	12,392	-	-	-	23,474
Charges for services	-	-	-	-	-	151,977
Total revenues	<u>3,258</u>	<u>12,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,333</u>
Expenditures:						
Current:						
General government	-	7,290	-	151	151	18,178
Public safety	-	-	-	-	-	51,777
Highways and streets	-	-	-	-	-	200,191
Health and social services	-	-	-	-	-	1,055
Education	-	-	16	-	16	428,453
Parks and recreation	-	-	-	-	-	29,784
Debt service	-	-	-	-	-	27,134
Total expenditures	<u>-</u>	<u>7,290</u>	<u>16</u>	<u>151</u>	<u>167</u>	<u>756,572</u>
Net Change in Fund Balance	3,258	5,102	(16)	(151)	(167)	(15,239)
Fund Balances - Beginning of Year	<u>5,408</u>	<u>(272,938)</u>	<u>638</u>	<u>2,562</u>	<u>3,200</u>	<u>39,847</u>
Fund Balances - End of Year	<u>\$ 8,666</u>	<u>\$ (267,836)</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 24,608</u>

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TOWN OF REDDING, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
ASSETS				
Cash:				
Redding Elementary School	\$ 3,217	\$ 42,734	\$ 22,337	\$ 23,614
John Read Middle School	<u>75,298</u>	<u>55,944</u>	<u>34,158</u>	<u>97,084</u>
Total Assets	<u>\$ 78,515</u>	<u>\$ 98,678</u>	<u>\$ 56,495</u>	<u>\$ 120,698</u>
LIABILITIES				
Due to others:				
Redding Elementary School	\$ 3,217	\$ 42,734	\$ 22,337	\$ 23,614
John Read Middle School	<u>75,298</u>	<u>55,944</u>	<u>34,158</u>	<u>97,084</u>
Total Liabilities	<u>\$ 78,515</u>	<u>\$ 98,678</u>	<u>\$ 56,495</u>	<u>\$ 120,698</u>

TOWN OF REDDING, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2008

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2008:

Town of Redding	\$ 36,209,816
Fire District	1,431,902

Reimbursement for Revenue Loss:

Tax relief for elderly freeze	<u>2,204</u>
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Base for Debt Limitation Computation

\$ <u><u>37,643,922</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 84,698,825	\$	\$	\$	\$
4 1/2 times base		169,397,649			
3 3/4 times base			141,164,708		
3 1/4 times base				122,342,747	
3 times base					112,931,766
Total debt limitation	<u>84,698,825</u>	<u>169,397,649</u>	<u>141,164,708</u>	<u>122,342,747</u>	<u>112,931,766</u>
Indebtedness:					
Bonds payable	9,392,000	3,443,000			
Bond anticipation notes	4,291,000	474,000			
Fire District bonds	355,260				
Georgetown Special District	19,450,000				
School building grants		(202,072)			
Redding's portion of Regional School District No. 9 bonds, net of school building grants		<u>13,467,067</u>			
Net indebtedness	<u>33,488,260</u>	<u>17,181,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 51,210,565</u>	<u>\$ 152,215,654</u>	<u>\$ 141,164,708</u>	<u>\$ 122,342,747</u>	<u>\$ 112,931,766</u>

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

\$ <u><u>263,507,454</u></u>

TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by **\$37,764,605 (net assets)**. Of this amount, **\$3,518,686** (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets **increased by \$4,705,022 as a result of decreases in general government expenses of \$1,908,942 and highway and streets expenses of \$2,189,054.**
- Actual Town-wide expenditures came **in 8.7% under budget** due to responsible spending within Town departments.
- On January 28, 2009, the Town issued a \$4,765,000 Bond Anticipation Note (BAN). This BAN bears interest at .618%, matures on October 27, 2009. This BAN is allocated for road improvements and land purchase.
- On May 12, 2009, the Town issued a \$1,589,000 Bond Anticipation Note (BAN). This BAN bears interest at 1.5%, matures on October 27, 2009 and is for road and school improvements and the purchase of Highway trucks.

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).

STATE OF NEW YORK

OFFICE OF THE COMPTROLLER OF THE STATE

REPORT OF THE COMPTROLLER OF THE STATE ON THE ADMINISTRATION OF THE STATE DEPARTMENT OF TAXATION FOR THE YEAR 1909

CHAPTER I

The Department of Taxation has during the year 1909, under the direction of the Comptroller, been engaged in a study of the various questions connected with the administration of the State Tax Laws.

The first of these questions is the question of the collection of the State Tax.

The second question is the question of the assessment of the State Tax.

The third question is the question of the payment of the State Tax.

The fourth question is the question of the enforcement of the State Tax Laws.

CHAPTER II

The first question in this chapter is the question of the collection of the State Tax.

CHAPTER III

The first question in this chapter is the question of the assessment of the State Tax.

The second question in this chapter is the question of the payment of the State Tax.

The third question in this chapter is the question of the enforcement of the State Tax Laws.

The fourth question in this chapter is the question of the collection of the State Tax.

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 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 31 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.

The financial activities of the Town are conducted through the Town's business-
operations and are reported to the Board of Selectmen.

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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 \$37,764,605 at the close of the most recent fiscal year.

TOWN OF REDDING NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
	Current and other assets	\$ 7,147,245	\$ 7,501,843	\$ 202,813	\$ 116,901	\$ 7,350,058
Capital assets	49,931,352	48,952,786	2,476,251	2,582,725	52,407,603	51,535,511
Total assets	57,078,597	56,454,629	2,679,064	2,699,626	59,757,661	59,154,255
Long-term debt outstanding	13,555,295	14,842,132			13,555,295	14,842,132
Other liabilities	8,416,314	5,787,279	21,447	20,558	8,437,761	5,807,837
Total liabilities	21,971,609	20,629,411	21,447	20,558	21,993,056	20,649,969
Net Assets:						
Invested in capital assets, net of debt	31,767,568	33,274,547	2,476,251	2,582,725	34,243,819	35,857,272
Restricted	2,100	2,100			2,100	2,100
Unrestricted	3,337,320	2,548,571	181,366	96,343	3,518,686	2,644,914
Total Net Assets	\$ 35,106,988	\$ 35,825,218	\$ 2,657,617	\$ 2,679,068	\$ 37,764,605	\$ 38,504,286

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 \$739,681 during the current fiscal year. There was a decrease of \$21,451 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 \$6,707,661 offset by increases in tax revenue and operating and capital grants.

Governmental Activities. Governmental activities decreased the Town's net assets by \$718,230.

Revenues

Governmental activities revenues totaled \$46,404,815 for fiscal year 2009. Property taxes are the largest revenue source for the Town and represent 77% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 17.7% of governmental revenues. Charges for services revenues are the Town's third largest revenue and account for 3.8% of governmental revenues for the year.

The most significant changes from the prior year were as follows:

- Operating grants and contributions increased due to a significant increase in the State of Connecticut's contribution to the State Teachers' Retirement Fund.
- Property taxes billed increased by \$2,049,146 due to an increase in property assessments.
- The Town realized a net gain of \$343,231 on the sale of the Heritage House and other capital assets.
- Total property tax revenue came in at 98.7% compared to the 99.5% budgeted. An additional \$84,000 interest and lien fees were collected.

Expenses

Governmental expenses totaled \$47,123,045 for the fiscal year. Of the expenses, \$36,280,994 or 77% is related to education. General government expenses amounted to \$3,003,150 or 6.4%. Highway and streets expenses were \$2,519,697 or 5.3%, and public safety expenses were \$2,397,305 or 5.1 %.

Decreases in Town-wide expenses of \$1,073,506 or 8.7% were a direct result of Town department underspending.

TOWN OF REDDING CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,752,856	\$ 1,602,278	\$ 514,568	\$ 249,808	\$ 2,267,424	\$ 1,852,086
Operating grants and contributions	7,758,433	2,894,041			7,758,433	2,894,041
Capital grants and contributions	95,682	19,091			95,682	19,091
General revenues:						
Property taxes	35,736,243	33,687,097			35,736,243	33,687,097
Grants and contributions not restricted to specific purposes	346,682	270,721			346,682	270,721
Investment income	371,688	547,942	3,194	526	374,882	548,468
Gain on sale of capital asset	343,231				343,231	
Total revenues	46,404,815	39,021,170	517,762	250,334	46,922,577	39,271,504
Program expenses:						
General government	3,003,150	4,912,092			3,003,150	4,912,092
Public safety	2,397,305	1,827,254			2,397,305	1,827,254
Highway and streets	2,519,697	4,708,751			2,519,697	4,708,751
Transfer station and recycling	405,945	314,508			405,945	314,508
Health and social services	149,935	117,985			149,935	117,985
Library	426,826	306,065			426,826	306,065
Parks and recreation	1,037,852	824,191			1,037,852	824,191
Education	36,280,994	29,573,333			36,280,994	29,573,333
Interest expense	901,341	805,220			901,341	805,220
Sewer department			539,213	325,355	539,213	325,355
Total expenses	47,123,045	43,389,399	539,213	325,355	47,662,258	43,714,754
Change in net assets	(718,230)	(4,368,229)	(21,451)	(75,021)	(739,681)	(4,443,250)
Net Assets at Beginning of Year (as Restated)	35,825,218	40,193,447	2,679,068	2,754,089	38,504,286	42,947,536
Net Assets at End of Year	\$ 35,106,988	\$ 35,825,218	\$ 2,657,617	\$ 2,679,068	\$ 37,764,605	\$ 38,504,286

Business-Type Activities. Business-type activities decreased the Town's net assets by \$21,451 which was substantially a result of depreciation expense \$106,474 and contracted services \$259,110. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$539,213 in the fiscal year ended June 30, 2009, 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 \$1,100,000.

An aggressive pursuit of current as well as past due taxes (plus interest and penalties) netted actual property tax revenue at \$40,293,130.22. Interest and lien fees were higher than budget by \$94,000. The Town had favorable under expenditure of various functions including general government of \$387,940, \$253,990 for employee benefits, \$189,623 for public safety and \$145,494 from parks and recreation. The Redding Board of Education had favorable under expenditures of \$302,687.

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 \$2,657,617 at year end. This represents a decrease of \$21,451 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 expenditures and the final budget of \$41,882,047.
- Several budget transfers reallocated resources as needed, the most significant of which are noted below:
 - Contingency account was reduced \$132,603.
 - Highway wages was increased \$30,776.
 - Total public safety was increased \$23,368.
 - Employee benefits were increased \$17,189.
 -

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, 2009 amounts to \$52,407,603 (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.

TOWN OF REDDING CAPITAL ASSETS
(Net of Depreciation)

	Governmental		Business-Type		Primary Government	
	Activities		Activities			
	2008	2007*	2008	2007	2008	2007
Land	\$ 18,813,822	\$ 17,906,509	\$ 15,342	\$ 15,342	\$ 18,829,164	\$ 17,921,851
Buildings	15,264,782	14,986,391			15,264,782	14,986,391
Sewer plant			1,947,338	2,035,948	1,947,338	2,035,948
Sewer collection system			513,571	531,435	513,571	531,435
Machinery and equipment	981,945	881,440			981,945	881,440
Infrastructure	13,445,142	8,428,242			13,445,142	8,428,242
Vehicles	1,419,231	1,298,556			1,419,231	1,298,556
Furniture and fixtures	6,430	6,945			6,430	6,945
Total	\$ 49,931,352	\$ 43,508,083	\$ 2,476,251	\$ 2,582,725	\$ 52,407,603	\$ 46,090,808

*During fiscal year ended June 30, 2007, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 34 related to the recording of infrastructure. Upon further review of the assets, opening capital assets, net has been restated by an increase of \$5,444,703. **DELETE THIS**

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

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of **\$18,163,784**. The entire amount is backed by the full faith and credit of the Town. During the year, debt increased due to the sale of bond anticipation notes. These BANs will be used for road and school improvements and open space.

TOWN OF REDDING OUTSTANDING DEBT
General Obligation Bonds and Notes

	Governmental	
	Activities	
	2008	2007
General obligation bonds - Town improvements	\$ 9,392,000	\$ 10,159,750
General obligation bonds - school improvements	3,443,000	3,895,250
Clean Water Fund note	563,784	629,610
Bond anticipation note	4,765,000	2,160,000
Total	\$ 18,163,784	\$ 16,844,610

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 **\$263,507,454** 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 6.0%, which is an increase from a rate of 2.7% a year ago. This compares favorably to the state's average unemployment rate of 8.0% and the national average rate of 9.4%.
- 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 2010 fiscal year.

At the end of the current fiscal year, unreserved and undesignated fund balance in the general fund is **\$1,100,000**.

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.