

TOWN OF REDDING, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2010

TOWN OF REDDING, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Redding

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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010 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.

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 38 through 43 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Blum, Shapiro & Company, P.C.

December 1, 2010

**TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$39,918,285 (net assets). Of this amount, \$4,852,175 (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 \$1,400,244 due to improved tax collections and responsible spending.
- The unreserved and undesignated General Fund Balance was \$3,489,368, which represents an increase of \$1,702,592 over the prior year end. This amount is 7.8% of the 2010-11 budgeted expenditures.
- Actual Town expenditures (excluding Education) came in 3.4% under budget due to responsible spending within Town departments.
- On October 27, 2009, the Town issued \$5,996,000 of bond anticipation notes. These notes bear interest at .6159%, mature on July 26, 2010, and are for open space, road reconstruction and school water treatment.
- The Town was upgraded to an "AAA" credit rating from Standard & Poors for its general obligation debt.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

The statement of net 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 28 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 27 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. Assets exceeded liabilities by \$39,918,285 at the close of the most recent fiscal year.

NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 9,840,380	\$ 10,727,447	\$ 100,006	\$ 191,829	\$ 9,940,386	\$ 10,919,276
Capital assets	49,619,826	49,660,460	2,263,303	2,369,777	51,883,129	52,030,237
Total assets	<u>59,460,206</u>	<u>60,387,907</u>	<u>2,363,309</u>	<u>2,561,606</u>	<u>61,823,515</u>	<u>62,949,513</u>
Long-term debt outstanding	11,852,880	12,709,977			11,852,880	12,709,977
Other liabilities	9,960,805	11,655,737	91,545	65,758	10,052,350	11,721,495
Total liabilities	<u>21,813,685</u>	<u>24,365,714</u>	<u>91,545</u>	<u>65,758</u>	<u>21,905,230</u>	<u>24,431,472</u>
Net Assets:						
Invested in capital assets, net of debt	32,800,707	31,194,831	2,263,303	2,369,777	35,064,010	33,564,608
Restricted	2,100	2,100			2,100	2,100
Unrestricted	<u>4,843,714</u>	<u>4,825,262</u>	<u>8,461</u>	<u>126,071</u>	<u>4,852,175</u>	<u>4,951,333</u>
Total Net Assets	<u>\$ 37,646,521</u>	<u>\$ 36,022,193</u>	<u>\$ 2,271,764</u>	<u>\$ 2,495,848</u>	<u>\$ 39,918,285</u>	<u>\$ 38,518,041</u>

By far, the largest portion of the Town's net assets (88%) 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.

Governmental Activities. Governmental activities increased the Town's net assets by \$1,624,328.

Revenues

Governmental activities revenues totaled \$47,617,670 for fiscal year 2010. Property taxes are the largest revenue source for the Town and represent 88% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 6% of governmental revenues. Charges for services revenues are the Town's third largest revenue and account for 3% of governmental revenues for the year.

Total property tax revenue came in at 100.4% compared to budgeted. An additional \$129,755 interest and lien fees were collected. This increase is due to more aggressive tax collection procedures.

Expenses

Governmental expenses totaled \$45,993,342 for the fiscal year. Of the expenses, \$33,235,635 or 72.3% is related to education. Public safety expenses amounted \$3,294,031 or 7.2%. General government expenses amounted to \$3,355,338 or 7.3% and highway and streets expenses were \$3,075,738 or 6.7%.

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,615,613	\$ 1,805,534	\$ 427,038	\$ 500,314	\$ 2,042,651	\$ 2,305,848
Operating grants and contributions	3,003,654	3,839,318			3,003,654	3,839,318
Capital grants and contributions	75,746	80,203			75,746	80,203
General revenues:						
Property taxes	42,120,967	40,507,798			42,120,967	40,507,798
Grants and contributions not restricted to specific purposes	286,709	252,104			286,709	252,104
Investment income	153,349	187,656	218	2,003	153,567	189,659
Miscellaneous	361,632				361,632	
Total revenues	<u>47,617,670</u>	<u>46,672,613</u>	<u>427,256</u>	<u>502,317</u>	<u>48,044,926</u>	<u>47,174,930</u>
Program expenses:						
General government	3,355,338	3,136,079			3,355,338	3,136,079
Public safety	3,294,031	3,393,531			3,294,031	3,393,531
Highway and streets	3,075,738	2,886,756			3,075,738	2,886,756
Transfer station and recycling	399,680	397,409			399,680	397,409
Health and social services	132,919	152,151			132,919	152,151
Library	471,883	451,458			471,883	451,458
Parks and recreation	1,279,394	1,098,551			1,279,394	1,098,551
Education	33,235,635	33,500,937			33,235,635	33,500,937
Interest expense	748,724	740,536			748,724	740,536
Sewer department			651,340	664,086	651,340	664,086
Total expenses	<u>45,993,342</u>	<u>45,757,408</u>	<u>651,340</u>	<u>664,086</u>	<u>46,644,682</u>	<u>46,421,494</u>
Change in net assets	1,624,328	915,205	(224,084)	(161,769)	1,400,244	753,436
Net Assets at Beginning of Year	<u>36,022,193</u>	<u>35,106,988</u>	<u>2,495,848</u>	<u>2,657,617</u>	<u>38,518,041</u>	<u>37,764,605</u>
Net Assets at End of Year	<u>\$ 37,646,521</u>	<u>\$ 36,022,193</u>	<u>\$ 2,271,764</u>	<u>\$ 2,495,848</u>	<u>\$ 39,918,285</u>	<u>\$ 38,518,041</u>

Business-Type Activities. Business-type activities decreased the Town's net assets by \$224,084, which was substantially a result of depreciation expense \$106,474 and contracted services \$288,525. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$651,340 in the fiscal year ended June 30, 2010, 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.

At year-end, unreserved and undesignated fund balance in the General Fund was \$3,494,069. An analysis of fund balance is presented below:

Fund balance, July 1, 2009	\$ 1,942,938
Budgeted increase	607,856
Actual revenue greater than budgeted	189,589
Actual expenditures less than budgeted	905,147
Unreserved Fund Balance, June 30, 2010	<u>3,645,530</u>
Change in encumbrances	<u>(151,461)</u>
Total Fund Balance	<u>\$ 3,494,069</u>

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 \$2,271,764 at year end. This represents a decrease of \$224,084 from the prior year, which was substantially a result of depreciation expense.

General Fund Budgetary Highlights

An aggressive pursuit of current as well as past due taxes (plus interest and penalties) netted actual property tax revenue at \$41,485,361. Interest and lien fees were higher than budget by \$52,755. The Town had favorable under expenditure of various functions including general government of \$409,825, \$53,115 for highways and streets, \$53,500 from parks and recreation and \$69,566 from employee benefits. Overall, Town and Board of Education departments under spent their budgets by 2.1%, contributing to the increase in fund balance.

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, 2010 amounts to \$51,883,129 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture and fixtures and infrastructure.

**CAPITAL ASSETS
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Buildings	14,865,801	15,070,313			14,865,801	15,070,313
Sewer plant			1,770,118	1,858,728	1,770,118	1,858,728
Sewer collection system			477,843	495,707	477,843	495,707
Machinery and equipment	900,660	930,480			900,660	930,480
Infrastructure	12,981,611	13,218,059			12,981,611	13,218,059
Vehicles	1,656,615	1,225,565			1,656,615	1,225,565
Furniture and fixtures	11,317	12,221			11,317	12,221
Total	\$ 49,619,826	\$ 49,660,460	\$ 2,263,303	\$ 2,369,777	\$ 51,883,129	\$ 52,030,237

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 \$16,819,119. 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.

**OUTSTANDING DEBT
General Obligation Bonds and Notes**

	Governmental Activities	
	2010	2009
General obligation bonds - Town improvements	\$ 7,856,500	\$ 8,624,250
General obligation bonds - school improvements	2,538,500	2,990,750
Clean Water Fund note	428,119	496,629
Bond anticipation note	5,996,000	6,354,000
Total	\$ 16,819,119	\$ 18,465,629

The Town was upgraded to an "AAA" credit rating from Standard & Poors for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$305,718,406 which is significantly in excess of the Town's outstanding general obligation debt.

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2010, which matures through 2026, amounted to \$21,210,000. The Town's share of the debt, net of the related grant, was \$11,326,140.

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 7.4%, which is an increase from a rate of 1.4% a year ago. This compares favorably to the state's average unemployment rate of 9.1% and the national average rate of 9.6%.
- 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 2011 fiscal year.

At the end of the current fiscal year, unreserved and undesignated fund balance in the general fund is \$3,494,069.

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, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 8,376,510	\$ 14,890	\$ 8,391,400
Receivables, net	1,287,353	85,116	1,372,469
Other	154,745		154,745
Bond issuance costs	21,772		21,772
Total current assets	<u>9,840,380</u>	<u>100,006</u>	<u>9,940,386</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	19,203,822	15,342	19,219,164
Assets being depreciated, net	30,416,004	2,247,961	32,663,965
Total capital assets	<u>49,619,826</u>	<u>2,263,303</u>	<u>51,883,129</u>
Total assets	<u>59,460,206</u>	<u>2,363,309</u>	<u>61,823,515</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	1,895,458	91,545	1,987,003
Due to other governments	1,596		1,596
Due to Regional School District No. 9	847,817		847,817
Unearned revenue	1,219,934		1,219,934
Bond anticipation notes	5,996,000		5,996,000
Total current liabilities	<u>9,960,805</u>	<u>91,545</u>	<u>10,052,350</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,336,647		1,336,647
Due in more than one year	10,516,233		10,516,233
Total noncurrent liabilities	<u>11,852,880</u>	<u>-</u>	<u>11,852,880</u>
Total liabilities	<u>21,813,685</u>	<u>91,545</u>	<u>21,905,230</u>
Net Assets:			
Invested in capital assets, net of related debt	32,800,707	2,263,303	35,064,010
Restricted for:			
Perpetual care:			
Nonexpendable	2,100		2,100
Unrestricted	4,843,714	8,461	4,852,175
Total Net Assets	<u>\$ 37,646,521</u>	<u>\$ 2,271,764</u>	<u>\$ 39,918,285</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, 2010**

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	\$ 3,355,338	\$ 349,312	\$ 3,519	\$	\$ (3,002,507)	\$	\$ (3,002,507)
Public safety	3,294,031	35,373	303,351		(2,955,307)		(2,955,307)
Highway and streets	3,075,738	164,664	132,592		(2,778,482)		(2,778,482)
Transfer station and recycling	399,680	168,850			(230,830)		(230,830)
Health and welfare	132,919	14,785	2,181		(115,953)		(115,953)
Library	471,883				(471,883)		(471,883)
Education	33,235,635	171,601	2,562,011		(30,502,023)		(30,502,023)
Parks and recreation	1,279,394	711,028			(568,366)		(568,366)
Interest and fiscal charges	748,724			75,746	(672,978)		(672,978)
Total governmental activities	45,993,342	1,615,613	3,003,654	75,746	(41,298,329)	-	(41,298,329)
Business-type activities:							
Georgetown sewer fund	651,340	427,038				(224,302)	(224,302)
Total	\$ 46,644,682	\$ 2,042,651	\$ 3,003,654	\$ 75,746	(41,298,329)	(224,302)	(41,522,631)
General revenues:							
Property taxes					42,120,967		42,120,967
Grants and contributions not restricted to specific programs					286,709		286,709
Investment income					153,349	218	153,567
Miscellaneous					361,632		361,632
Total general revenues					42,922,657	218	42,922,875
Change in net assets					1,624,328	(224,084)	1,400,244
Net Assets - Beginning of Year					36,022,193	2,495,848	38,518,041
Net Assets - End of Year					\$ 37,646,521	\$ 2,271,764	\$ 39,918,285

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Road Reconstruction</u>	<u>Reserve Fund for CNRE</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,904,547	\$ 309,396	\$ 381,884	\$ 643,532	\$ 8,239,359
Receivables:					
Property taxes	988,230				988,230
Sewer assessments				4,056	4,056
Intergovernmental	214,448				214,448
Other	76,137				76,137
Due from other funds	175,167		237,266	137,507	549,940
Other assets	154,585				154,585
Inventory	160				160
Total Assets	<u>\$ 8,513,274</u>	<u>\$ 309,396</u>	<u>\$ 619,150</u>	<u>\$ 785,095</u>	<u>\$ 10,226,915</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,415,651	\$ 5,474		\$ 94,175	\$ 1,515,300
Due to other governments	1,596				1,596
Due to Regional School District No. 9	847,817				847,817
Due to other funds	631,218	72,951		102,216	806,385
Deferred revenue	2,122,923			42,886	2,165,809
Bond anticipation notes payable		3,337,675	2,115,275	543,050	5,996,000
Total liabilities	<u>5,019,205</u>	<u>3,416,100</u>	<u>2,115,275</u>	<u>782,327</u>	<u>11,332,907</u>
Fund balances:					
Reserved for:					
Endowments				2,100	2,100
Encumbrances	4,701				4,701
Unreserved, reported in:					
General fund	3,489,368				3,489,368
Special revenue funds				407,703	407,703
Capital projects funds		(3,106,704)	(1,496,125)	(407,968)	(5,010,797)
Permanent funds				933	933
Total fund balances	<u>3,494,069</u>	<u>(3,106,704)</u>	<u>(1,496,125)</u>	<u>2,768</u>	<u>(1,105,992)</u>
Total Liabilities and Fund Balances	<u>\$ 8,513,274</u>	<u>\$ 309,396</u>	<u>\$ 619,150</u>	<u>\$ 785,095</u>	<u>\$ 10,226,915</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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)	\$ (1,105,992)
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Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds:

Governmental capital assets	60,682,450
Less accumulated depreciation	<u>(11,062,624)</u>
Net capital assets	<u>49,619,826</u>

Other long-term assets are not available to pay for current-period
 expenditures and, therefore, are deferred in the funds:

Property tax and sewer assessment interest and lien accrual	64,482
Property tax and sewer assessment receivable - accrual basis change	821,579
School building grant receivable	64,296
Bond issue costs	21,772

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	146,527
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Long-term liabilities, including bonds payable, are not due and payable in
 the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(10,823,119)
Compensated absences	(120,180)
Accrued interest payable	(133,089)
Net OPEB obligation	(864,081)
Landfill closure and post closure care	<u>(45,500)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 37,646,521</u>
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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, 2010

	General	Road Reconstruction Fund	Reserve Fund for CNRE	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 41,615,116	\$	\$	\$	\$ 41,615,116
Intergovernmental	2,805,735			1,124,356	3,930,091
Investment income	40,224	2,291	1,627	1,814	45,956
Charges for services	1,349,018			114,766	1,463,784
Total revenues	<u>45,810,093</u>	<u>2,291</u>	<u>1,627</u>	<u>1,240,936</u>	<u>47,054,947</u>
Expenditures:					
Current:					
General government	2,277,140			60,853	2,337,993
Public safety	2,027,729			457,063	2,484,792
Highway and streets	1,589,874			151,447	1,741,321
Transfer station and recycling	313,413				313,413
Health and welfare	102,835			78	102,913
Library	378,000				378,000
Parks and recreation	881,317			31,450	912,767
Employee benefits	2,054,303				2,054,303
Education	32,678,942			558,234	33,237,176
Capital outlay	1,497	552,459	495,275	176,236	1,225,467
Debt service	1,953,912			27,135	1,981,047
Total expenditures	<u>44,258,962</u>	<u>552,459</u>	<u>495,275</u>	<u>1,462,496</u>	<u>46,769,192</u>
Net Change in Fund Balances	1,551,131	(550,168)	(493,648)	(221,560)	285,755
Fund Balances - Beginning of Year	<u>1,942,938</u>	<u>(2,556,536)</u>	<u>(1,002,477)</u>	<u>224,328</u>	<u>(1,391,747)</u>
Fund Balances - End of Year	<u>\$ 3,494,069</u>	<u>\$ (3,106,704)</u>	<u>\$ (1,496,125)</u>	<u>\$ 2,768</u>	<u>\$ (1,105,992)</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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

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) \$ 285,755

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	664,381
Depreciation expense	<u>(641,354)</u>
Total	<u>23,027</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.

(63,661)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue 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	387,960
Increase in property tax and sewer assessment interest and lien revenue	<u>117,891</u>
Total	<u>436,963</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	<u>68,510</u>
Total	<u>1,288,510</u>

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

Net OPEB expense	(438,719)
Landfill post closure care	3,500
Compensated absences	3,806
Accrued interest payable	14,681
Amortization of issuance costs	<u>(1,980)</u>
Total	<u>(418,712)</u>

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

72,446

Change in Net Assets of Governmental Activities (Exhibit II)

\$ 1,624,328

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 14,890	\$ 137,151
Accounts receivable	85,116	
Due from other funds		256,445
Total current assets	100,006	393,596
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	1,770,118	
Sewer collection system	477,843	
Total capital assets, net	2,263,303	-
Total assets	2,363,309	393,596
Liabilities:		
Current liabilities:		
Accounts payable	91,545	
Claims payable		247,069
Total liabilities	91,545	247,069
Net Assets:		
Invested in capital assets	2,263,303	
Unrestricted	8,461	146,527
Total Net Assets	\$ 2,271,764	\$ 146,527

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, 2010

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Operating Revenue:		
Premiums	\$	\$ 2,881,181
Charges for services	427,038	
Total operating revenues	<u>427,038</u>	<u>2,881,181</u>
Operating Expenses:		
Claims incurred		2,578,194
Administration	17,480	232,313
Contracted services	288,525	
Outside services	15,206	
Materials disposal	11,475	
Materials and supplies	107,324	
Utilities	104,856	
Depreciation	106,474	
Total operating expenses	<u>651,340</u>	<u>2,810,507</u>
Operating Income (Loss)	(224,302)	70,674
Nonoperating Revenues:		
Investment income	218	1,772
Change in Net Assets	(224,084)	72,446
Total Net Assets - Beginning of Year	<u>2,495,848</u>	<u>74,081</u>
Total Net Assets - End of Year	\$ <u><u>2,271,764</u></u>	\$ <u><u>146,527</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, 2010

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 471,436	\$
Payments to suppliers	(519,079)	
Claim payments		(2,639,280)
Premiums received		2,664,043
Administrative payments		(232,313)
Net cash used in operating activities	(47,643)	(207,550)
Cash Flows from Investing Activities:		
Income from investments	218	1,772
Net Decrease in Cash and Cash Equivalents	(47,425)	(205,778)
Cash and Cash Equivalents - Beginning of Year	62,315	342,929
Cash and Cash Equivalents - End of Year	\$ 14,890	\$ 137,151
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:		
Operating income (loss)	\$ (224,302)	\$ 70,674
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	106,474	
(Increase) decrease:		
Accounts receivable	44,398	
Due from other funds		(256,445)
Due from Town of Easton		39,307
Increase (decrease):		
Accounts payable	25,787	(61,086)
Net Cash Used in Operating Activities	\$ (47,643)	\$ (207,550)

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>129,420</u>
Liability:	
Due to others	\$ <u>129,420</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.

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 the Governmental Accounting Standards Board (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 GASB. 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, 2010 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2010, 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 (GAAP) 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.
- Special education excess cost grant is reported gross for GAAP.
- 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, 2010:

Major Fund:	
Road Reconstruction	\$ 3,106,704
Reserve Fund for CNRE	1,496,125
Nonmajor Governmental Funds:	
FEMA Grant	7,673
Capital Projects-Schools	453,452
Georgetown STEAP	10,866

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, 2010:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2010</u>
Road Reconstruction Fund	\$ 3,337,675	\$ 552,459	\$ 1,348,578	\$ 1,989,097
Capital projects - schools	164,000	89,000	131,752	32,248
Georgetown STEAP	1,227,953	87,236	277,368	950,585

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. Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$4,268,929 of the Town's bank balance of \$4,898,349 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	3,792,036
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name		<u>476,893</u>
Total Cash and Cash Equivalents	\$	<u><u>4,268,929</u></u>

B. Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$2,618,736. 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. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Tax-Exempt Proceeds Fund (TEPF)*	
State Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset Management	
- Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m

*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>Total</u>
Receivables:				
Taxes	\$ 1,048,230	\$	\$	\$ 1,048,230
Accounts	76,137		85,116	161,253
Sewer assessments		4,056		4,056
Intergovernmental	214,448			214,448
Gross receivables	<u>1,338,815</u>	<u>4,056</u>	<u>85,116</u>	<u>1,427,987</u>
Less allowance for uncollectibles	<u>60,000</u>			<u>60,000</u>
Net Total Receivables	<u>\$ 1,278,815</u>	<u>\$ 4,056</u>	<u>\$ 85,116</u>	<u>\$ 1,367,987</u>

* Accrued interest on property taxes in the amount of \$133,089 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	\$	\$ 1,140,669
Delinquent property taxes receivable	877,523	
Special assessments not yet due	4,056	
Grant drawdowns prior to meeting all eligibility requirements		62,365
School building grants	64,296	
Parks and recreation revenue not yet earned		<u>16,900</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 945,875</u>	<u>\$ 1,219,934</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,203,822	\$ _____	\$ _____	\$ 19,203,822
Capital assets being depreciated:				
Buildings	18,205,809			18,205,809
Machinery and equipment	1,227,246	16,452		1,243,698
Vehicles	2,220,930	647,929	260,786	2,608,073
Furniture and fixtures	99,590			99,590
Infrastructure	19,321,458			19,321,458
Total capital assets being depreciated	<u>41,075,033</u>	<u>664,381</u>	<u>260,786</u>	<u>41,478,628</u>
Less accumulated depreciation for:				
Buildings	3,135,496	204,512		3,340,008
Machinery and equipment	296,766	46,272		343,038
Vehicles	995,365	153,218	197,125	951,458
Furniture and fixtures	87,369	904		88,273
Infrastructure	6,103,399	236,448		6,339,847
Total accumulated depreciation	<u>10,618,395</u>	<u>641,354</u>	<u>197,125</u>	<u>11,062,624</u>
Total capital assets being depreciated, net	<u>30,456,638</u>	<u>23,027</u>	<u>63,661</u>	<u>30,416,004</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,660,460</u>	<u>\$ 23,027</u>	<u>\$ 63,661</u>	<u>\$ 49,619,826</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	799,591	88,610		888,201
Sewer collection system	218,834	17,864		236,698
Machinery and equipment	6,550			6,550
Total accumulated depreciation	<u>1,024,975</u>	<u>106,474</u>	<u>-</u>	<u>1,131,449</u>
Total capital assets being depreciated, net	<u>2,354,435</u>	<u>(106,474)</u>	<u>-</u>	<u>2,247,961</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,369,777</u>	<u>\$ (106,474)</u>	<u>\$ -</u>	<u>\$ 2,263,303</u>

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

Governmental Activities:	
General government	\$ 97,486
Public safety	46,506
Highway and streets	342,279
Transfer station and recycling	7,793
Health and social services	3,595
Parks and recreation	3,770
Education	<u>139,925</u>
Total Depreciation Expense - Governmental Activities	\$ <u>641,354</u>
Business-Type Activities:	
Sewer	\$ <u>106,474</u>

6. INTERFUND ACCOUNTS

At June 30, 2010, 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	\$ 102,216
General Fund	Road Reconstruction	72,951
Internal Service Fund	General Fund	256,445
Reserve Fund for CNRE	General Fund	237,266
Nonmajor Governmental Fund	General Fund	<u>137,507</u>
Total		\$ <u>806,385</u>

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

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, 2010, the balance outstanding was \$5,996,000.

On October 27, 2009, the Town issued \$5,996,000 of bond anticipation notes. These notes bear interest at .6159%, mature on July 26, 2010, and are for open space, road reconstruction and school water treatment systems.

Short-term obligation activity for the year ended June 30, 2010 was as follows:

<u>Description</u>	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2010</u>
Bond Anticipation Notes	\$ 6,354,000	\$ 5,996,000	\$ (6,354,000)	\$ 5,996,000

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:

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2009	Additions	Deductions	Balance Outstanding June 30, 2010	Current Portion
Bond Notes:									
General purpose:									
Improvement bond	\$ 285,000	04/15/91	04/15/11	5.4-7.25	\$ 17,250	\$	\$ 15,750	\$ 1,500	\$ 1,500
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	4,587,000		417,000	4,170,000	417,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	4,020,000		335,000	3,685,000	335,000
Total general purpose					8,624,250	-	767,750	7,856,500	753,500
Schools:									
Improvement bond	3,975,000	04/15/91	04/15/11	5.4-7.25	417,750		209,250	208,500	208,500
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	2,573,000		243,000	2,330,000	243,000
Total schools					2,990,750	-	452,250	2,538,500	451,500
Sewer:									
Clean water note	1,293,905	10/01/96	04/01/16	2	496,629		68,510	428,119	69,893
Total bond/notes					12,111,629		1,288,510	10,823,119	1,274,893
Compensated absences					123,986		3,806	120,180	58,254
Net OPEB obligation					425,362	438,719		864,081	
Landfill closure and post closure care					49,000		3,500	45,500	3,500
Total General Long-Term Obligations					\$ 12,709,977	\$ 438,719	\$ 1,295,816	\$ 11,852,880	\$ 1,336,647

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
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	\$ 64,296	\$ 3,308	\$ 10,395,000	\$ 428,119	\$ 2,569,750	\$ 25,816

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, 2010, which matures through 2026, amounted to \$21,210,000. The Town's share of the debt was \$11,326,140.

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	\$ 98,266,631	\$ 19,207,198	\$ 79,059,433
Schools	196,533,261	14,343,394	182,189,867
Sewers	163,777,718		163,777,718
Urban renewal	141,940,689		141,940,689
Pension deficit	131,022,174		131,022,174

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$305,718,406.

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 \$64,296 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 13 years at \$3,500 per year are \$45,500. 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

At June 30, 2010, the amount of authorized/unissued bonds for general purposes is \$4,319,000. This amount was authorized on May 24, 2010 as part of a \$10,315,000 general obligation bond, which was issued on July 15, 2010.

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

The medical claims fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The 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>
2008-2009	\$ 229,810	\$ 2,521,818	\$ 2,443,473	\$ 308,155
2009-2010	308,155	2,004,888	2,560,112	247,069

10. EMPLOYEE RETIREMENT FUND AND PENSION PLANS

Municipal Employees' Retirement Fund

A. Plan Description

All permanent Town employees who work at least 20 hours a week, 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 2.25% 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, 2008, 2009 and 2010 were \$272,020, \$282,249 and \$319,620, respectively.

C. Teachers' Retirement

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers was \$1,550,082.

11. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

In addition to the pension benefits described in Note 10, certain employees retiring under the Town of Redding's Retiree Medical Program are provided post-employment benefits. The level of these benefits provided is as follows:

Police

Eligibility for Medical and Dental Coverage

Retirement on or after age 50 with 18 years of service

Retiree/Spouse Cost of Medical and Dental Coverage

Town pays a share of cost until the retiree is eligible for Medicare. For retirees who retire after age 50 with 18 years of service, the retiree pays 50% of the cost for the retiree and spouse. For retirees who retire after the age 55 with 20 years of service, the retiree pays the same rate as active employees at the time of retirement (this amount is 11% of the premium beginning July 1, 2009 and 13% beginning July 1, 2010). For ages 65 and above, the retiree pays 100% of the cost.

Plan of Coverage

Anthem - fully insured medical and dental plans.

Highway

Eligibility for Medical and Dental Coverage

Retirement on or after age 62 with 18 years of service

Retiree/Spouse Cost of Medical and Dental Coverage

Retiree pays 40% of the cost of insurance for the retiree only until age 65. For ages 65 and above, the retiree pays 100% of the cost.

Plan of Coverage

Anthem - fully insured medical and dental plans.

Board of Education

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years of 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	100% of the contribution, depending on the plan selected, up to age 65.
Plan of Coverage	Self-insured medical plan with fully insured dental plan.

BOE Support Staff and Custodians

Eligibility for Medical and Dental Coverage	Retirement with 15 years of service
Retiree/Spouse Cost of Medical and Dental Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan with fully insured dental plan.

B. Membership

Membership in the plan consisted of the following at July 1, 2008:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	22
Number of active participants	<u>246</u>
Total	<u><u>268</u></u>

C. Description of Actuarial Assumptions and Methods

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<u>Retiree Medical Program</u>
Actuarial valuation date	July 1, 2008
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	29 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum

D. Annual OPEB Cost and Net OPEB Obligations

The Town's OPEB cost and net OPEB obligation for the current year were as follows:

		<u>Retiree Medical Program</u>
Annual required contribution	\$	438,976
Interest on net OPEB obligation		19,141
Adjustment to annual required contribution		<u>(24,992)</u>
Annual OPEB cost		433,125
Contribution made		<u>5,594</u>
Increase in net OPEB obligation		438,719
Net OPEB obligation, July 1, 2009		<u>425,362</u>
Net OPEB obligation, June 30, 2010	\$	<u><u>864,081</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2010 is presented below.

	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/09	\$ 431,218	\$ 5,856	\$ 1.4%	\$ 425,362
6/30/10	433,125	(5,594)	(1.0)%	864,081

Schedule of Funding Progress

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll ((b-a)/c)</u>
7/1/2008	\$ -	\$ 4,309,183	\$ 4,309,183	0%	\$ 13,985,304	30.8%

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.

13. SUBSEQUENT EVENTS

On July 15, 2010, the Town issued \$10,315,000 in general obligation bonds to retire outstanding bond anticipation notes of \$5,996,000. The bonds mature beginning in 2011 through 2030 and carry interest rates from 2% - 4%, for a 3.04% total interest cost. The bonds were issued for road improvements and school projects.

**TOWN OF REDDING, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

Variance With Final Budget	Actual	Final Budget	Original Budget	
	\$ 41,485,361	\$ 41,322,123	\$ 41,399,123	Property Taxes:
	163,238	41,322,123	41,399,123	Property taxes, current and prior
	52,755	77,000	77,000	Interest and lien fees
	215,993	41,615,116	41,399,123	Total property taxes
				Intergovernmental:
	450,037	417,685	515,800	ECS grant
	75,746	75,742	75,742	School building grants
	4	397	397	Adult education
	27	171,933	171,933	Regional School District No. 9
	31,627	665,757	763,872	Total educational assistance
				Town assistance grants:
	191,705	191,381	191,381	In lieu of taxes - State property
	2,178	4,425	4,425	In lieu of taxes - business inventory
	936	669	669	Local property tax relief (freeze)
	19,930	16,354	16,354	Tax relief circuit breaker
	218	189	189	Disability exemption
	1,523	2,972	2,972	Safe boating
	27,399	36,860	36,860	Telephone access line grant
	(1,449)	4,000	4,000	Local capital improvements
	(9,461)	13,255	13,255	Mashantucket Pequot Grant
	(3,815)	200	200	Unclassified Revenue
	180	270,305	270,305	Total Town assistance grants
	253,509	936,062	1,034,177	Total intergovernmental
	40,224	100,000	100,000	Investment Income
	(59,776)	14,831	(59,776)	

(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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services:				
Town clerk	\$ 186,500	\$ 186,500	\$ 280,704	\$ 94,204
Conservation	4,000	4,000	5,419	1,419
Heritage Center	25,700	25,700	14,945	(10,755)
Planning Commission	4,200	4,200	7,211	3,011
Zoning Commission	53,000	53,000	24,537	(28,463)
Zoning Board of Appeals	1,700	1,700	200	(1,500)
Building inspection	150,000	150,000	118,315	(31,685)
Transfer station	161,000	161,000	165,787	4,787
Sanitarian	14,000	14,000	14,785	785
Parks and recreation	699,760	699,760	682,253	(17,507)
Fiber optics	23,137	23,137	26,720	3,583
Rental of Town property	6,480	6,480	6,480	-
Miscellaneous	1,000	1,000	1,662	662
Total charges for services	<u>1,330,477</u>	<u>1,330,477</u>	<u>1,349,018</u>	<u>18,541</u>
Total Revenues	\$ <u>43,863,777</u>	\$ <u>43,765,662</u>	43,955,251	\$ <u>189,589</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf payments to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

1,550,082

Special education excess cost grant is recorded gross for GAAP

304,760

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

\$ 45,810,093

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 2,800	\$	\$ 2,800	\$ 1,908	\$ 892
Board of selectmen	151,786	1,027	152,813	151,741	1,072
Probate court	3,400		3,400	4,411	(1,011)
Registrar's office	48,200	360	48,560	34,116	14,444
Controller's office	218,813	8,175	226,988	213,990	12,998
Independent audit	39,050		39,050	39,000	50
Assessor's office	163,609	2,023	165,632	136,331	29,301
Assessor's other	13,000		13,000		13,000
Board of assessment appeals	1,225		1,225	956	269
Tax collector	146,410	2,280	148,690	140,278	8,412
Town treasurer	30,867	210	31,077	30,675	402
Computer capability	57,208		57,208	55,203	2,005
Management services	26,953		26,953	21,518	5,435
Special legal	220,000		220,000	198,244	21,756
Town clerk	124,743	1,682	126,425	122,033	4,392
Vital statistics	500		500	352	148
Annual town report	6,000		6,000	5,805	195
Board of ethics	500		500	10	490
Conservation	29,562	340	29,902	22,381	7,521
Heritage Center	137,583	1,380	138,963	127,805	11,158
Municipal agent for the elderly	12,174	209	12,383	10,417	1,966
Heritage center senior bus	35,803		35,803	47,064	(11,261)
Town planning commission	38,287		38,287	46,475	(8,188)
Housatonic Valley Council of Elected Officials	10,875		10,875	10,875	-
Zoning commission	82,834	1,087	83,921	61,568	22,353
Zoning board of appeals	4,690		4,690	531	4,159
Council of small towns	825		825	825	-
Land use services	95,305	1,634	96,939	94,298	2,641
Office of tree warden	1,765		1,765		1,765
Town office building	92,348		92,348	74,324	18,024
Old town house	8,706	11,000	19,706	17,822	1,884
Town office building annex	10,758		10,758	7,774	2,984
Community center	283,172	1,618	284,790	234,367	50,423
Police headquarters/communication center	32,000		32,000	29,511	2,489
Leases	2,000		2,000		2,000
Administrative services	86,010		86,010	57,765	28,245
Memorial Day observance	600		600	600	-
Cemeteries	10,776		10,776	8,300	2,476
Insurance	164,498		164,498	117,999	46,499
Miscellaneous	13,900		13,900	6,627	7,273
Agencies serving residents	5,000		5,000	5,000	-
Provision for contingencies	165,000	(66,601)	98,399		98,399
Total general government	<u>2,579,535</u>	<u>(33,576)</u>	<u>2,545,959</u>	<u>2,136,134</u>	<u>409,825</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, 2010

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,166,977	\$ 18,285	\$ 1,185,262	\$ 1,177,297	\$ 7,965
Police Department - contractual services and expenses	152,750		152,750	148,114	4,636
Police Department - maintenance of vehicles	76,900		76,900	79,157	(2,257)
Volunteer fire companies	95,673		95,673	84,452	11,221
Building inspections	241,962	4,530	246,492	230,325	16,167
Emergency Management	2,350		2,350	1,236	1,114
Communications Center	249,090		249,090	260,848	(11,758)
Dog licenses	48,000		48,000	46,300	1,700
Total public safety	<u>2,033,702</u>	<u>22,815</u>	<u>2,056,517</u>	<u>2,027,729</u>	<u>28,788</u>
Highway and Streets:					
Wages - regular, overtime and seasonal	781,952	1,790	783,742	712,625	71,117
General maintenance and repair	359,767		359,767	356,636	3,131
Snow removal and ice control	289,525		289,525	292,641	(3,116)
Equipment maintenance and repair	145,000		145,000	185,033	(40,033)
Town garage buildings	54,500		54,500	32,484	22,016
Total highway and streets	<u>1,630,744</u>	<u>1,790</u>	<u>1,632,534</u>	<u>1,579,419</u>	<u>53,115</u>
Transfer Station and Recycling:					
Salaries	161,850	3,117	164,967	169,862	(4,895)
General maintenance	175,212		175,212	131,147	44,065
Equipment maintenance	11,650		11,650	12,404	(754)
Total transfer station and recycling	<u>348,712</u>	<u>3,117</u>	<u>351,829</u>	<u>313,413</u>	<u>38,416</u>
Health and Social Services:					
Conservation of health	6,630		6,630	6,725	(95)
Sanitarian inspection	81,884	1,231	83,115	75,740	7,375
Social services	40,892	390	41,282	20,370	20,912
Total health and social services	<u>129,406</u>	<u>1,621</u>	<u>131,027</u>	<u>102,835</u>	<u>28,192</u>
Mark Twain Library:					
Operations	<u>378,000</u>	<u>-</u>	<u>378,000</u>	<u>378,000</u>	<u>-</u>
Parks and Recreation:					
Field maintenance	93,630		93,630	79,713	13,917
Administration	190,840	2,929	193,769	190,710	3,059
Summer camp	221,254		221,254	176,503	44,751
Recreation programs	180,100		180,100	188,797	(8,697)
Topstone park	84,128		84,128	83,603	525
Tennis courts	10,100		10,100	9,948	152
Extended day service	150,532	1,304	151,836	152,043	(207)
Total parks and recreation	<u>930,584</u>	<u>4,233</u>	<u>934,817</u>	<u>881,317</u>	<u>53,500</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, 2010

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,123,869	\$ -	\$ 2,123,869	\$ 2,054,303	\$ 69,566
Capital Outlay:					
Selectmen's general maintenance	7,000		7,000	1,497	5,503
Debt Service:					
Debt retirement	1,373,902		1,373,902	1,372,612	1,290
Interest payments	648,252		648,252	581,300	66,952
Total debt service	2,022,154	-	2,022,154	1,953,912	68,242
Total town expenditures	12,183,706	-	12,183,706	11,428,559	755,147
Education:					
Redding Board of Education:					
General instruction	10,293,101	(167,969)	10,125,132	10,221,122	(95,990)
Kindergarten	19,375	(1,699)	17,676	17,266	410
Humanities	75,184	(2,243)	72,941	70,105	2,836
Integrated language arts	70,933	(2,501)	68,432	63,815	4,617
Curriculum	42,030		42,030	41,881	149
Industrial technology	4,465		4,465	4,444	21
Science/math technology	63,737	(8,899)	54,838	53,572	1,266
Physical education/health	11,217		11,217	10,253	964
Student activity co-curricular	45,870	(1,423)	44,447	61,169	(16,722)
Special services	30,792		30,792	18,673	12,119
Special education	3,874,451	25,298	3,899,749	3,911,465	(11,716)
Guidance	3,177		3,177	1,582	1,595
Health services	202,206	5,418	207,624	191,078	16,546
Psychological services	17,950	(375)	17,575	14,650	2,925
Speech services	10,400		10,400	5,336	5,064
Educational media services	52,010	4,262	56,272	55,396	876
Technology plan	383,046	1,282	384,328	373,931	10,397
Board of Education	109,210		109,210	87,377	21,833
Central administration	489,996		489,996	489,996	-
Magnet school	64,810		64,810	63,437	1,373
School administration	1,172,378	(1,839)	1,170,539	1,170,469	70
Operation/maintenance physical plant	1,934,097	35,674	1,969,771	1,840,600	129,171
Student transportation	1,072,860	16,769	1,089,629	1,015,294	74,335
Food service	5,800	130	5,930	18,069	(12,139)
Total Redding Board of Education	20,049,095	(98,115)	19,950,980	19,800,980	150,000
Regional School District No. 9	11,023,120	-	11,023,120	11,023,120	-
Total Education	31,072,215	(98,115)	30,974,100	30,824,100	150,000
Total Expenditures	43,255,921	(98,115)	43,157,806	42,252,659	905,147

(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, 2010

	<u>Original Budget</u>	<u>Transfers and Additional Appropriations</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Total Expenditures and Other Financing Uses	\$ <u>43,255,921</u>	\$ <u>(98,115)</u>	\$ <u>43,157,806</u>	\$ 42,252,659	\$ <u>905,147</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				1,550,082	
Special education excess cost grant is recorded gross for GAAP				304,760	
Prior year encumbrances are reported in current year for financial reporting purposes				156,162	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				<u>(4,701)</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>44,258,962</u>	

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 6,904,547	\$ 6,300,620
Uncollected property taxes, net of allowance for uncollectible amounts	988,230	530,988
Due from State and Federal governments	214,448	149,046
Accounts receivable	76,137	32,389
Due from other funds	175,167	177,710
Other	154,585	149,185
Inventory	<u>160</u>	<u>12,263</u>
Total Assets	<u>\$ 8,513,274</u>	<u>\$ 7,352,201</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 1,415,651	\$ 1,582,112
Due to other governments	1,596	45
Due to Regional School District No. 9	847,817	716,612
Due to other funds	631,218	598,014
Deferred revenue	<u>2,122,923</u>	<u>2,512,480</u>
Total liabilities	<u>5,019,205</u>	<u>5,409,263</u>
Fund balance:		
Reserved for encumbrances	4,701	156,162
Unreserved:		
Undesignated	<u>3,489,368</u>	<u>1,786,776</u>
Total fund balance	<u>3,494,069</u>	<u>1,942,938</u>
Total Liabilities and Fund Balance	<u>\$ 8,513,274</u>	<u>\$ 7,352,201</u>

**TOWN OF REDDING, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2010**

Grand List Year	Uncollected Taxes July 1, 2009	Current Year Levy	Lawful Corrections		Transfers to Suspense	Overcollections/ Bounced Checks	Adjusted Taxes Collectible	Taxes	Interest and Liens Fees	Total	Uncollected Taxes June 30, 2010
			Additions	Deductions							
2008	\$	\$ 41,975,173	\$ 57,232	\$ 144,538	\$	\$ 60,107	\$ 42,068,864	\$ 41,453,864	\$ 93,848	\$ 41,547,712	\$ 615,000
2007	481,152		1,814	45,431		274	466,339	96,083	29,533	125,616	370,256
2006	34,396		1,595	1,020	17,081		20,052	10,452	2,373	12,825	9,600
2005	15,177						15,177			-	15,177
2004	8,335						8,335	3,063	2,247	5,310	5,272
2003	920						920	727	24	751	193
2002							-			-	-
2001	306						306			-	306
2000	2,852						2,852			-	2,852
1999	557						557			-	557
1998	1,151						1,151			-	1,151
1997	6,222						6,222			-	6,222
1996	187						187			-	187
1995	653						653			-	653
1994	4,488						4,488			-	4,488
1993	16,316						16,316			-	16,316
Total	\$ 572,712	\$ 41,975,173	\$ 60,641	\$ 190,989	\$ 17,081	\$ 60,381	\$ 42,612,419	41,564,189	128,025	41,692,214	\$ 1,048,230
								Suspense collections	1,720	1,730	3,450
								Total	\$ 41,565,909	\$ 129,755	41,695,664
								Refunds Adjustment		(151,582)	
								Property taxes receivable considered available:			
								June 30, 2009		(39,673)	
								June 30, 2010		110,707	
								Total Property Tax Revenue	\$	41,615,116	

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

JUNE 30, 2010

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	\$ 159,031	\$ 26,815	\$ 5,728	\$ 8,050	\$ 13,397	\$ 37,096	\$ 171,703	\$ 4,727
Sewer assessments							4,056	
Due from other funds								
Total Assets	<u>\$ 159,031</u>	<u>\$ 26,815</u>	<u>\$ 5,728</u>	<u>\$ 8,050</u>	<u>\$ 13,397</u>	<u>\$ 37,096</u>	<u>\$ 175,759</u>	<u>\$ 4,727</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 39,590	\$ 23,475	\$ 50	\$ 867	\$ 492	\$ 5,886	\$	\$
Due to other funds								
Deferred revenue							4,056	
Bond anticipation notes payable								
Total liabilities	<u>39,590</u>	<u>23,475</u>	<u>50</u>	<u>867</u>	<u>492</u>	<u>5,886</u>	<u>4,056</u>	<u>-</u>
Fund Balances:								
Reserved for endowments								
Unreserved and undesignated	<u>119,441</u>	<u>3,340</u>	<u>5,678</u>	<u>7,183</u>	<u>12,905</u>	<u>31,210</u>	<u>171,703</u>	<u>4,727</u>
Total fund balances	<u>119,441</u>	<u>3,340</u>	<u>5,678</u>	<u>7,183</u>	<u>12,905</u>	<u>31,210</u>	<u>171,703</u>	<u>4,727</u>
Total Liabilities and Fund Balances	<u>\$ 159,031</u>	<u>\$ 26,815</u>	<u>\$ 5,728</u>	<u>\$ 8,050</u>	<u>\$ 13,397</u>	<u>\$ 37,096</u>	<u>\$ 175,759</u>	<u>\$ 4,727</u>

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

JUNE 30, 2010

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	\$ 3,382	\$ 2,024	\$ 99,833	\$ 850	\$ 183	\$ 33	\$ 2,177	\$ 1,004
Sewer assessments								
Due from other funds								
Total Assets	<u>\$ 3,382</u>	<u>\$ 2,024</u>	<u>\$ 99,833</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 33</u>	<u>\$ 2,177</u>	<u>\$ 1,004</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 5,290				\$ -	\$ 844
Due to other funds			102,216					
Deferred revenue								
Bond anticipation notes payable								
Total liabilities	<u>-</u>	<u>-</u>	<u>107,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844</u>
Fund Balances:								
Reserved for endowments								
Unreserved and undesignated	3,382	2,024	(7,673)	850	183	33	2,177	160
Total fund balances	<u>3,382</u>	<u>2,024</u>	<u>(7,673)</u>	<u>850</u>	<u>183</u>	<u>33</u>	<u>2,177</u>	<u>160</u>
Total Liabilities and Fund Balances	<u>\$ 3,382</u>	<u>\$ 2,024</u>	<u>\$ 99,833</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 33</u>	<u>\$ 2,177</u>	<u>\$ 1,004</u>

(Continued on next page)

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

JUNE 30, 2010

	<u>Special Revenue Funds</u>					<u>Capital Projects Fund</u>	
	<u>Social Services</u>	<u>GIS</u>	<u>Gazebo</u>	<u>Misc Grants</u>	<u>Total</u>	<u>Capital Projects- Schools</u>	<u>Georgetown STEAP</u>
ASSETS							
Cash	\$ 5,367	\$ 29,386	\$ 4,221	\$ 14,872	\$ 589,879	\$ 41,300	\$ -
Sewer assessments					4,056		
Due from other funds						48,298	
Total Assets	<u>5,367</u>	<u>\$ 29,386</u>	<u>\$ 4,221</u>	<u>\$ 14,872</u>	<u>\$ 593,935</u>	<u>\$ 89,598</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,315	\$ 77,809	\$ -	\$ 10,866
Due to other funds					102,216		
Deferred revenue				2,151	6,207		
Bond anticipation notes payable					-	543,050	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,466</u>	<u>186,232</u>	<u>543,050</u>	<u>10,866</u>
Fund Balances:							
Reserved for endowments							
Unreserved and undesignated	5,367	29,386	4,221	11,406	407,703	(453,452)	(10,866)
Total fund balances	<u>5,367</u>	<u>29,386</u>	<u>4,221</u>	<u>11,406</u>	<u>407,703</u>	<u>(453,452)</u>	<u>(10,866)</u>
Total Liabilities and Fund Balances	<u>\$ 5,367</u>	<u>\$ 29,386</u>	<u>\$ 4,221</u>	<u>\$ 14,872</u>	<u>\$ 593,935</u>	<u>\$ 89,598</u>	<u>\$ -</u>

(Continued on next page)

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

JUNE 30, 2010

	<u>Capital Projects Fund</u>				<u>Permanent Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Water Wells and Oil Tanks</u>	<u>Bond Fund</u>	<u>Athletic Fields</u>	<u>Total</u>	<u>Permanent School</u>	<u>Cemetery Funds</u>	<u>Total</u>	
ASSETS								
Cash	\$ 3,713	\$ 103	\$ 5,504	\$ 50,620	\$ 622	\$ 2,411	\$ 3,033	\$ 643,532
Sewer assessments								4,056
Due from other funds	<u>42,500</u>	<u>46,709</u>		<u>137,507</u>				<u>137,507</u>
Total Assets	<u>\$ 46,213</u>	<u>\$ 46,812</u>	<u>\$ 5,504</u>	<u>\$ 188,127</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 785,095</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$ 5,500	\$ 16,366	\$	\$	\$	\$ 94,175
Due to other funds				-				102,216
Deferred revenue		36,679		36,679				42,886
Bond anticipation notes payable				<u>543,050</u>				<u>543,050</u>
Total liabilities	<u>-</u>	<u>36,679</u>	<u>5,500</u>	<u>596,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,327</u>
Fund Balances:								
Reserved for endowments					400	1,700	2,100	2,100
Unreserved and undesignated	<u>46,213</u>	<u>10,133</u>	<u>4</u>	<u>(407,968)</u>	<u>222</u>	<u>711</u>	<u>933</u>	<u>668</u>
Total fund balances	<u>46,213</u>	<u>10,133</u>	<u>4</u>	<u>(407,968)</u>	<u>622</u>	<u>2,411</u>	<u>3,033</u>	<u>2,768</u>
Total Liabilities and Fund Balances	<u>\$ 46,213</u>	<u>\$ 46,812</u>	<u>\$ 5,504</u>	<u>\$ 188,127</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 785,095</u>

TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 132,592	\$ 303,351	\$	\$ 561,892	\$	\$	\$	\$
Investment income		303			87	348	613	
Charges for services		21,387	13,986		26,333	3,063	14,401	8,697
Total revenues	<u>132,592</u>	<u>325,041</u>	<u>13,986</u>	<u>561,892</u>	<u>26,420</u>	<u>3,411</u>	<u>15,014</u>	<u>8,697</u>
Expenditures:								
Current:								
General government								
Public safety		416,683	40,380					
Highways and streets	105,558				41,362	4,527		
Health and social services								
Education				558,234				
Parks and recreation								5,983
Capital outlay								
Debt service							27,135	
Total expenditures	<u>105,558</u>	<u>416,683</u>	<u>40,380</u>	<u>558,234</u>	<u>41,362</u>	<u>4,527</u>	<u>27,135</u>	<u>5,983</u>
Net Change in Fund Balance	27,034	(91,642)	(26,394)	3,658	(14,942)	(1,116)	(12,121)	2,714
Fund Balances - Beginning of Year	<u>92,407</u>	<u>94,982</u>	<u>32,072</u>	<u>3,525</u>	<u>27,847</u>	<u>32,326</u>	<u>183,824</u>	<u>2,013</u>
Fund Balances - End of Year	<u>\$ 119,441</u>	<u>\$ 3,340</u>	<u>\$ 5,678</u>	<u>\$ 7,183</u>	<u>\$ 12,905</u>	<u>\$ 31,210</u>	<u>\$ 171,703</u>	<u>\$ 4,727</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, 2010

Special Revenue Funds

	<u>Park and Recreation Basketball</u>	<u>Senior Center Escrow</u>	<u>FEMA Grant</u>	<u>Benedictine Grange</u>	<u>Canine Control</u>	<u>Planning Commission</u>	<u>Adopt-A- Road</u>	<u>Parade Path</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Investment income								5
Charges for services	950						-	3,519
Total revenues	<u>950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,524</u>
Expenditures:								
Current:								
General government						350		
Public safety								
Highways and streets								
Health and social services							78	
Education								
Parks and recreation								6,339
Capital outlay								
Debt service								
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>78</u>	<u>6,339</u>
Net Change in Fund Balance	950	-	-	-	-	(350)	(78)	(2,815)
Fund Balances - Beginning of Year	<u>2,432</u>	<u>2,024</u>	<u>(7,673)</u>	<u>850</u>	<u>183</u>	<u>383</u>	<u>2,255</u>	<u>2,975</u>
Fund Balances - End of Year	<u>\$ 3,382</u>	<u>\$ 2,024</u>	<u>\$ (7,673)</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 33</u>	<u>\$ 2,177</u>	<u>\$ 160</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, 2010

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	<u>Special Revenue Funds</u>					<u>Capital Projects Fund</u>	
	<u>Social Services</u>	<u>GIS</u>	<u>Gazebo</u>	<u>Misc Grants</u>	<u>Total</u>	<u>Capital Projects-Schools</u>	<u>Georgetown STEAP</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	997,835	\$	\$ 107,393
Investment income				100	1,456	306	
Charges for services	2,181	6,242		14,007	114,766		
Total revenues	<u>2,181</u>	<u>6,242</u>	<u>-</u>	<u>14,107</u>	<u>1,114,057</u>	<u>306</u>	<u>107,393</u>
Expenditures:							
Current:							
General government		14,878		45,625	60,853		
Public safety					457,063		
Highways and streets					151,447		
Health and social services					78		
Education					558,234		
Parks and recreation					12,322		
Capital outlay						89,000	87,236
Debt service					27,135		
Total expenditures	<u>-</u>	<u>14,878</u>	<u>-</u>	<u>45,625</u>	<u>1,267,132</u>	<u>89,000</u>	<u>87,236</u>
Net Change in Fund Balance	2,181	(8,636)	-	(31,518)	(153,075)	(88,694)	20,157
Fund Balances - Beginning of Year	<u>3,186</u>	<u>38,022</u>	<u>4,221</u>	<u>42,924</u>	<u>560,778</u>	<u>(364,758)</u>	<u>(31,023)</u>
Fund Balances - End of Year	<u>\$ 5,367</u>	<u>\$ 29,386</u>	<u>\$ 4,221</u>	<u>\$ 11,406</u>	<u>\$ 407,703</u>	<u>\$ (453,452)</u>	<u>\$ (10,866)</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, 2010

	<u>Capital Projects Fund</u>				<u>Permanent Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Water Wells and Oil Tanks</u>	<u>Bond Fund</u>	<u>Athletic Fields</u>	<u>Total</u>	<u>Permanent School</u>	<u>Cemetery Funds</u>	<u>Total</u>	
Revenues:								
Intergovernmental	\$	\$	\$ 19,128	\$ 126,521	\$	\$	\$ -	\$ 1,124,356
Investment income	13	39	-	358			-	1,814
Charges for services				-			-	114,766
Total revenues	<u>13</u>	<u>39</u>	<u>19,128</u>	<u>126,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,240,936</u>
Expenditures:								
Current:								
General government				-			-	60,853
Public safety				-			-	457,063
Highways and streets				-			-	151,447
Health and social services				-			-	78
Education				-			-	558,234
Parks and recreation			19,128	19,128			-	31,450
Capital outlay				176,236			-	176,236
Debt service				-			-	27,135
Total expenditures	<u>-</u>	<u>-</u>	<u>19,128</u>	<u>195,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,462,496</u>
Net Change in Fund Balance	13	39	-	(68,485)	-	-	-	(221,560)
Fund Balances - Beginning of Year	<u>46,200</u>	<u>10,094</u>	<u>4</u>	<u>(339,483)</u>	<u>622</u>	<u>2,411</u>	<u>3,033</u>	<u>224,328</u>
Fund Balances - End of Year	<u>\$ 46,213</u>	<u>\$ 10,133</u>	<u>\$ 4</u>	<u>\$ (407,968)</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 2,768</u>

TOWN OF REDDING, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS				
Cash:				
Redding Elementary School	\$ 19,801	\$ 30,292	\$ 29,013	\$ 21,080
John Read Middle School	<u>101,865</u>	<u>169,012</u>	<u>162,537</u>	<u>108,340</u>
Total Assets	<u>\$ 121,666</u>	<u>\$ 199,304</u>	<u>\$ 191,550</u>	<u>\$ 129,420</u>
LIABILITIES				
Due to others:				
Redding Elementary School	\$ 19,801	\$ 30,292	\$ 29,013	\$ 21,080
John Read Middle School	<u>101,865</u>	<u>169,012</u>	<u>162,537</u>	<u>108,340</u>
Total Liabilities	<u>\$ 121,666</u>	<u>\$ 199,304</u>	<u>\$ 191,550</u>	<u>\$ 129,420</u>

TOWN OF REDDING, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2010

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2010:

Town of Redding	\$ 41,695,664
Fire District	1,977,458

Reimbursement for Revenue Loss:

Tax relief for elderly freeze	936
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Base for Debt Limitation Computation

	<u>\$ 43,674,058</u>
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	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 98,266,631	\$	\$	\$	\$
4 1/2 times base		196,533,261			
3 3/4 times base			163,777,718		
3 1/4 times base				141,940,689	
3 times base					131,022,174
Total debt limitation	98,266,631	196,533,261	163,777,718	141,940,689	131,022,174
Indebtedness:					
Bonds payable	7,856,500	2,538,500			
Bond anticipation notes	5,452,950	543,050			
Fire District bonds	339,453				
Georgetown Special District	1,239,295				
Bonds authorized and unissued	4,319,000				
School building grants		(64,296)			
Redding's portion of Regional School District No. 9 bonds, net of school building grants		11,326,140			
Net indebtedness	19,207,198	14,343,394	-	-	-
Debt Limitation in Excess of Indebtedness	\$ 79,059,433	\$ 182,189,867	\$ 163,777,718	\$ 141,940,689	\$ 131,022,174

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 305,718,406