

**TOWN OF REDDING, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# 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, 2011, 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, 2011 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, 2011 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 8 and budgetary comparison information on pages 39 through 44 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, 2011

**TOWN OF REDDING, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$42,744,624 (net assets). Of this amount, \$10,650,817 (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 \$11,423,757 due to increased tax collections, contributed capital assets and an increase in capital grants and contributions.
- The unassigned General Fund Balance was \$6,132,572, which represents an increase of \$2,643,204 over the prior year end. This amount is 13.4% of the 2011-12 budgeted expenditures.
- Actual expenditures came in 1.2% under budget due to responsible spending within Town departments. Additionally, actual revenues were 3.6% higher than budgeted primarily due to property tax collections, additional grant revenues and proceeds from property sale.
- On July 15, 2010, the Town issued bonds in the amount of \$10,315,000. The bonds, which mature through 2030, carry interest rates from 2.0% - 3.75%, resulting in a total interest cost of 3.04%. These bonds were issued for open space, road reconstruction and school projects.

**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 several 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 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 \$51,342,042 at the close of the most recent fiscal year.

**NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 17,935,208	\$ 9,840,380	\$ (11,674)	\$ 100,006	\$ 17,923,534	\$ 9,940,386
Capital assets	52,054,660	49,619,826	8,744,029	2,263,303	60,798,689	51,883,129
Total assets	69,989,868	59,460,206	8,732,355	2,363,309	78,722,223	61,823,515
Long-term debt outstanding	21,321,811	11,852,880			21,321,811	11,852,880
Other liabilities	5,923,433	9,960,805	134,937	91,545	6,058,370	10,052,350
Total liabilities	27,245,244	21,813,685	134,937	91,545	27,380,181	21,905,230
Net Assets:						
Invested in capital assets, net of debt	32,091,707	32,800,707	8,744,029	2,263,303	40,835,736	35,064,010
Restricted	2,100	2,100			2,100	2,100
Unrestricted	10,650,817	4,843,714	(146,611)	8,461	10,504,206	4,852,175
Total Net Assets	\$ 42,744,624	\$ 37,646,521	\$ 8,597,418	\$ 2,271,764	\$ 51,342,042	\$ 39,918,285

By far, the largest portion of the Town's net assets (80%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture, and fixtures and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

**Governmental Activities.** Governmental activities increased the Town's net assets by \$5,098,103.

**Revenues**

Governmental activities revenues totaled \$52,098,322 for fiscal year 2011. Property taxes are the largest revenue source for the Town and represent 85% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 6% of governmental revenues. Capital grants and contribution revenues are the Town's third largest revenue and account for 5% of governmental revenues for the year.

Total property tax revenue came in at 103% compared to budgeted. An additional \$141,441 in interest and lien fees was collected. This increase is due to more aggressive tax collection procedures.

**Expenses**

Governmental expenses totaled \$47,000,219 for the fiscal year. Of the expenses, \$34,452,536 or 73% is related to education. Public safety expenses amounted \$3,083,444 or 6%. General government expenses amounted to \$3,387,764 or 7% and highway and streets expenses were \$2,813,100 or 6%.

**CHANGES IN NET ASSETS**

	Governmental		Business-Type		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,741,838	\$ 1,615,613	\$ 403,788	\$ 427,038	\$ 2,145,626	\$ 2,042,651
Operating grants and contributions	3,069,533	3,003,654			3,069,533	3,003,654
Capital grants and contributions	2,375,220	75,746			2,375,220	75,746
General revenues:						
Property taxes	44,118,692	42,120,967			44,118,692	42,120,967
Grants and contributions not restricted to specific purposes	283,135	286,709			283,135	286,709
Investment income	89,793	153,349	117	218	89,910	153,567
Gain on sale of capital assets	420,111				420,111	
Miscellaneous		361,632				361,632
Total revenues	<u>52,098,322</u>	<u>47,617,670</u>	<u>403,905</u>	<u>427,256</u>	<u>52,502,227</u>	<u>48,044,926</u>
Program expenses:						
General government	3,387,764	3,355,338			3,387,764	3,355,338
Public safety	3,083,444	3,294,031			3,083,444	3,294,031
Highway and streets	3,024,161	3,075,738			3,024,161	3,075,738
Transfer station and recycling	420,676	399,680			420,676	399,680
Health and social services	147,437	132,919			147,437	132,919
Library	513,022	471,883			513,022	471,883
Parks and recreation	1,262,007	1,279,394			1,262,007	1,279,394
Education	34,452,536	33,235,635			34,452,536	33,235,635
Interest expense	709,172	748,724			709,172	748,724
Sewer department			665,451	651,340	665,451	651,340
Total expenses	<u>47,000,219</u>	<u>45,993,342</u>	<u>665,451</u>	<u>651,340</u>	<u>47,665,670</u>	<u>46,644,682</u>
Change in net assets	5,098,103	1,624,328	(261,546)	(224,084)	4,836,557	1,400,244
Extraordinary item:						
Donated capital assets			6,587,200		6,587,200	
Net Assets at Beginning 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>
Net Assets at End of Year	<u>\$ 42,744,624</u>	<u>\$ 37,646,521</u>	<u>\$ 8,597,418</u>	<u>\$ 2,271,764</u>	<u>\$ 51,342,042</u>	<u>\$ 39,918,285</u>

**Business-Type Activities.** Business-type activities increased the Town's net assets by \$6,325,654, which was substantially a result of the \$6,587,200 donation of the sewer building. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$665,451, 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, unassigned fund balance in the General Fund was \$6,132,572:

Unassigned fund balance, July 1, 2010	\$ 3,489,208
Budgeted increase	547,856
Sale of property	551,579
Actual revenue greater than budgeted	1,042,687
Actual expenditures less than budgeted	502,239
Other changes	<u>(997)</u>
Unassigned fund balance, June 30, 2011	\$ <u>6,132,572</u>

**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 \$43,297,765. Interest and lien fees were higher than budget by \$64,441. The Town had favorable under expenditure of various functions including general government of \$247,241, \$17,878 for health and social services, \$19,328 from parks and recreation and \$197,647 from debt service. Overall, Town and Board of Education departments under spent their budgets by 1.2%, 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, 2011 amounts to \$60,798,689 (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	
	2011	2010	2011	2010	2011	2010
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Construction in progress	2,733,712				2,733,712	
Buildings	14,645,976	14,865,801			14,645,976	14,865,801
Sewer plant			8,339,454	1,770,118	8,339,454	1,770,118
Sewer collection system			389,233	477,843	389,233	477,843
Machinery and equipment	972,896	900,660			972,896	900,660
Infrastructure	12,745,163	12,981,611			12,745,163	12,981,611
Vehicles	1,742,679	1,656,615			1,742,679	1,656,615
Furniture and fixtures	10,412	11,317			10,412	11,317
Total	\$ <u>52,054,660</u>	\$ <u>49,619,826</u>	\$ <u>8,744,029</u>	\$ <u>2,263,303</u>	\$ <u>60,798,689</u>	\$ <u>51,883,129</u>

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 \$19,226,892. The entire amount is backed by the full faith and credit of the Town.

**OUTSTANDING DEBT**  
**General Obligation Bonds and Notes**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
General obligation bonds - Town improvements	\$ 13,832,950	\$ 7,856,500
General obligation bonds - school improvements	5,682,050	2,538,500
Clean Water Fund note	236,892	428,119
Bond anticipation notes		5,996,000
<b>Total</b>	<b>\$ 19,751,892</b>	<b>\$ 16,819,119</b>

The Town received a "AAA" credit rating from Standard & Poor's for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$315,902,524 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, 2011, which matures through 2026, amounted to \$21,230,000. The Town's share of the debt, net of the related grant, was \$11,156,365.

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

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

- The unemployment rate for the Town is currently 6%, which is a decrease of 1.4% from a year ago. This compares favorably to the state's average unemployment rate of 9.0% and the national average rate of 9.1%.
- 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 2012 fiscal year.

At the end of the current fiscal year, unassigned fund balance in the general fund is \$6,133,729.

**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, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 14,700,435	\$ 35,842	\$ 14,736,277
Receivables, net	2,876,547	92,484	2,969,031
Due from other funds	140,000	(140,000)	-
Other	198,434		198,434
Bond issuance costs	19,792		19,792
Total current assets	<u>17,935,208</u>	<u>(11,674)</u>	<u>17,923,534</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	21,937,534	15,342	21,952,876
Assets being depreciated, net	30,117,126	8,728,687	38,845,813
Total capital assets	<u>52,054,660</u>	<u>8,744,029</u>	<u>60,798,689</u>
Total assets	<u>69,989,868</u>	<u>8,732,355</u>	<u>78,722,223</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	1,946,935	134,937	2,081,872
Due to other governments	2,176		2,176
Due to Regional School District No. 9	744,187		744,187
Unearned revenue	3,230,135		3,230,135
Total current liabilities	<u>5,923,433</u>	<u>134,937</u>	<u>6,058,370</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,674,468		1,674,468
Due in more than one year	19,647,343		19,647,343
Total noncurrent liabilities	<u>21,321,811</u>	<u>-</u>	<u>21,321,811</u>
Total liabilities	<u>27,245,244</u>	<u>134,937</u>	<u>27,380,181</u>
Net Assets:			
Invested in capital assets, net of related debt	32,091,707	8,744,029	40,835,736
Restricted for:			
Perpetual care:			
Nonexpendable	2,100		2,100
Unrestricted	10,650,817	(146,611)	10,504,206
Total Net Assets	<u>\$ 42,744,624</u>	<u>\$ 8,597,418</u>	<u>\$ 51,342,042</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, 2011**

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
<b>Governmental activities:</b>							
General government	\$ 3,387,764	\$ 459,768	\$ 9,857	\$	\$ (2,918,139)	\$	\$ (2,918,139)
Public safety	3,083,444	51,226	2,074	670,179	(2,359,965)		(2,359,965)
Highway and streets	3,024,161	161,872	132,884	1,637,430	(1,091,975)		(1,091,975)
Transfer station and recycling	420,676	174,927			(245,749)		(245,749)
Health and welfare	147,437	12,240	5,995		(129,202)		(129,202)
Library	513,022				(513,022)		(513,022)
Education	34,452,536	207,683	2,918,723		(31,326,130)		(31,326,130)
Parks and recreation	1,262,007	674,122			(587,885)		(587,885)
Interest and fiscal charges	709,172			67,611	(641,561)		(641,561)
<b>Total governmental activities</b>	<b>47,000,219</b>	<b>1,741,838</b>	<b>3,069,533</b>	<b>2,375,220</b>	<b>(39,813,628)</b>	<b>-</b>	<b>(39,813,628)</b>
<b>Business-type activities:</b>							
Georgetown sewer fund	665,451	403,788				(261,663)	(261,663)
<b>Total</b>	<b>\$ 47,665,670</b>	<b>\$ 2,145,626</b>	<b>\$ 3,069,533</b>	<b>\$ 2,375,220</b>	<b>(39,813,628)</b>	<b>(261,663)</b>	<b>(40,075,291)</b>
<b>General revenues:</b>							
Property taxes					44,118,692		44,118,692
Grants and contributions not restricted to specific programs					283,135		283,135
Investment income					89,793	117	89,910
Donated capital assets						6,587,200	6,587,200
Gain of sale of capital assets					420,111		420,111
<b>Total general revenues</b>					<b>44,911,731</b>	<b>6,587,317</b>	<b>51,499,048</b>
Change in net assets					5,098,103	6,325,654	11,423,757
Net Assets - Beginning of Year					37,646,521	2,271,764	39,918,285
Net Assets - End of Year					<b>\$ 42,744,624</b>	<b>\$ 8,597,418</b>	<b>\$ 51,342,042</b>

The accompanying notes are an integral part of the financial statements

**TOWN OF REDDING, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2011**

	<u>General</u>	<u>Road Reconstruction</u>	<u>Reserve Fund for CNRE</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,964,293	\$ 526,498	\$ 620,070	\$ 698,924	\$ 14,809,785
Receivables:					
Property taxes	1,915,782				1,915,782
Sewer assessments				5,827	5,827
Intergovernmental	218,286			710,567	928,853
Other	43,810				43,810
Due from other funds	881,315		226,416	2,643,820	3,751,551
Other assets	197,277				197,277
Inventory	1,157				1,157
<b>Total Assets</b>	<b>\$ 16,221,920</b>	<b>\$ 526,498</b>	<b>\$ 846,486</b>	<b>\$ 4,059,138</b>	<b>\$ 21,654,042</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,249,255	\$ 368,237		\$ 47,258	\$ 1,664,750
Due to other governments	2,176				2,176
Due to Regional School District No. 9	744,187				744,187
Due to other funds	3,110,236	72,951		668,364	3,851,551
Deferred revenue	4,910,191			44,657	4,954,848
<b>Total liabilities</b>	<b>10,016,045</b>	<b>441,188</b>	<b>-</b>	<b>760,279</b>	<b>11,217,512</b>
<b>Fund balances:</b>					
Nonspendable	1,157			2,100	3,257
Restricted				196,877	196,877
Committed		85,310	846,486	3,131,778	4,063,574
Assigned	72,146				72,146
Unassigned	6,132,572			(31,896)	6,100,676
<b>Total fund balances</b>	<b>6,205,875</b>	<b>85,310</b>	<b>846,486</b>	<b>3,298,859</b>	<b>10,436,530</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,221,920</b>	<b>\$ 526,498</b>	<b>\$ 846,486</b>	<b>\$ 4,059,138</b>	<b>\$ 21,654,042</b>

The accompanying notes are an integral part of the financial statements

## TOWN OF REDDING, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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)	\$ 10,436,530
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	63,317,287
Less accumulated depreciation	<u>(11,262,627)</u>
Net capital assets	<u>52,054,660</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	242,275
Property tax and sewer assessment receivable - accrual basis change	1,464,713
Bond issue costs	19,792
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	104,163
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	(19,751,892)
Compensated absences	(110,311)
Accrued interest payable	(255,698)
Capital leases	(211,061)
Net OPEB obligation	(1,206,547)
Landfill closure and post closure care	<u>(42,000)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 42,744,624</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF REDDING, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	General	Road Reconstruction Fund	Reserve Fund for CNRE	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 43,297,765	\$	\$	\$	\$ 43,297,765
Intergovernmental	3,091,256			2,985,052	6,076,308
Investment income	86,121	1,988	920	764	89,793
Charges for services	1,238,801			154,617	1,393,418
Total revenues	<u>47,713,943</u>	<u>1,988</u>	<u>920</u>	<u>3,140,433</u>	<u>50,857,284</u>
Expenditures:					
Current:					
General government	2,262,986			134,747	2,397,733
Public safety	2,093,150			42,862	2,136,012
Highway and streets	1,480,731			107,409	1,588,140
Transfer station and recycling	321,376				321,376
Health and welfare	109,181			1,768	110,949
Library	395,000				395,000
Parks and recreation	941,822			27,172	968,994
Employee benefits	2,365,880				2,365,880
Education	33,466,941			527,007	33,993,948
Capital outlay	6,434	1,256,649	269,675	2,733,712	4,266,470
Debt service	1,883,799			22,715	1,906,514
Total expenditures	<u>45,327,300</u>	<u>1,256,649</u>	<u>269,675</u>	<u>3,597,392</u>	<u>50,451,016</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,386,643</u>	<u>(1,254,661)</u>	<u>(268,755)</u>	<u>(456,959)</u>	<u>406,268</u>
Other Financing Sources (Uses):					
Proceeds from capital leases			269,675		269,675
Proceeds from bond sale		4,446,675	2,115,275	3,753,050	10,315,000
Sale of capital assets	551,579				551,579
Transfers in			226,416		226,416
Transfers out	(226,416)				(226,416)
Total other financing sources	<u>325,163</u>	<u>4,446,675</u>	<u>2,611,366</u>	<u>3,753,050</u>	<u>11,136,254</u>
Net Change in Fund Balances	2,711,806	3,192,014	2,342,611	3,296,091	11,542,522
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 6,205,875</u>	<u>\$ 85,310</u>	<u>\$ 846,486</u>	<u>\$ 3,298,859</u>	<u>\$ 10,436,530</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, 2011**

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) \$ 11,542,522

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	3,412,801
Depreciation expense	<u>(846,499)</u>
Total	<u>2,566,302</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.

(131,468)

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	(64,296)
Increase in property tax and sewer assessment receivable - accrual basis change	843,134
Increase in property tax and sewer assessment interest and lien revenue	<u>(22,207)</u>
Total	<u>756,631</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:	
Proceeds from bond sale	(10,315,000)
Bond principal repayments	1,195,000
Proceeds from capital leases	(269,675)
Notes payable	191,227
Total	<u>(9,198,448)</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	(342,466)
Landfill post closure care	3,500
Capital lease payments	58,614
Compensated absences	9,869
Accrued interest payable	(122,609)
Amortization of issuance costs	<u>(1,980)</u>
Total	<u>(395,072)</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.

(42,364)

Change in Net Assets of Governmental Activities (Exhibit II) \$ 5,098,103

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2011

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Georgetown Sewer</b>	<b>Internal Service Fund</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 35,842 ✓	\$ 93,307
Accounts receivable	92,484	
Due from other funds		240,000
Total current assets	<u>128,326</u>	<u>333,307</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	8,268,708	
Sewer collection system	459,979	
Total capital assets, net	<u>8,744,029</u>	<u>-</u>
Total assets	<u>8,872,355</u>	<u>333,307</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	134,937 ✓	
Due to other funds	140,000	
Claims payable		229,144
Total liabilities	<u>274,937</u>	<u>229,144</u>
<b>Net Assets:</b>		
Invested in capital assets	8,744,029	
Unrestricted	<u>(146,611)</u>	<u>104,163</u>
<b>Total Net Assets</b>	<u>\$ 8,597,418</u>	<u>\$ 104,163</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF REDDING, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Georgetown Sewer</b>	
Operating Revenue:		
Premiums	\$	\$ 2,818,232
Charges for services	403,788	
Total operating revenues	<u>403,788</u>	<u>2,818,232</u>
Operating Expenses:		
Claims incurred		2,660,000
Administration	17,295	201,334
Contracted services	395,913	
Outside services	13,116	
Materials disposal	9,987	
Materials and supplies	52,914	
Utilities	69,752	
Depreciation	106,474	
Total operating expenses	<u>665,451</u>	<u>2,861,334</u>
Operating Loss	(261,663)	(43,102)
Nonoperating Revenues:		
Investment income	117	738
Capital Contribution	<u>6,587,200</u>	
Change in Net Assets	6,325,654	(42,364)
Total Net Assets - Beginning of Year	<u>2,271,764</u>	<u>146,527</u>
Total Net Assets - End of Year	\$ <u>8,597,418</u>	\$ <u>104,163</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, 2011**

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Georgetown Sewer</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers and others	\$ 536,420	\$
Payments to suppliers	(515,585)	
Claim payments		(2,677,925)
Premiums received		2,834,677
Administrative payments		(201,334)
Net cash provided by (used in) operating activities	20,835	(44,582)
<b>Cash Flows from Investing Activities:</b>		
Income from investments	117	738
Net Increase (Decrease) in Cash and Cash Equivalents	20,952	(43,844)
Cash and Cash Equivalents - Beginning of Year	14,890	137,151
Cash and Cash Equivalents - End of Year	\$ 35,842	\$ 93,307
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating loss	\$ (261,663)	\$ (43,102)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	106,474	
(Increase) decrease:		
Accounts receivable	(7,368)	
Due from other funds		16,445
Due from Town of Easton		
Increase (decrease):		
Due to other funds	140,000	
Accounts payable	43,392	(17,925)
Net Cash Provided by (Used in) Operating Activities	\$ 20,835	\$ (44,582)

The accompany notes are an integral part of the financial statements

**TOWN OF REDDING, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**JUNE 30, 2011**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u><u>113,553</u></u>
Liability:	
Due to others	\$ <u><u>113,553</u></u>

The accompany notes are an integral part of the financial statements

# TOWN OF REDDING, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 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 major source of revenue for this fund is from bond proceeds.

The Reserve for CNRE is used to account for various capital purchases. The major source of revenue for this fund is from General Fund appropriations and bond proceeds.

The Town reports the following major proprietary fund:

The Georgetown Sewer Fund accounts for the activities of the Town's sewer operations. The major source of revenue for this fund is from sewer assessment receipts.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned

#### **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, 2011 and are calculated based upon prior collections. In the fund financial statements, all property taxes receivable at June 30, 2011, 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.

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

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Redding Board of Finance).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the 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 committed 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, 2011:

Nonmajor Governmental Funds:	
FEMA Grant	\$ 7,673
Georgetown STEAP	24,223

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, 2011:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2011</u>
Road Reconstruction Fund	\$ 3,337,675	\$ 1,256,649	\$ 2,605,227	\$ 732,448
Capital projects - schools	164,000		131,752	32,248
Georgetown STEAP	1,777,953	1,135,607	1,412,975	364,978
Police Project	550,000	545,407	545,407	4,593
School Bonded Projects	3,210,000	1,052,698	1,052,698	2,157,302

## 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*, \$9,677,419 of the Town's bank balance of \$10,217,733 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,684,677
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>992,742</u>
Total Cash and Cash Equivalents	<u>\$ 9,677,419</u>

#### B. Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$3,722,149. 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	\$ 1,975,782	\$	\$	\$ 1,975,782
Accounts	43,810		92,484	136,294
Sewer assessments		5,827		5,827
Intergovernmental	<u>218,286</u>	<u>710,567</u>		<u>928,853</u>
Gross receivables	2,237,878	716,394	92,484	3,046,756
Less allowance for uncollectibles	<u>60,000</u>			<u>60,000</u>
Net Total Receivables	<u>\$ 2,177,878</u>	<u>\$ 716,394</u>	<u>\$ 92,484</u>	<u>\$ 2,986,756</u>

\* Accrued interest on property taxes in the amount of \$242,275 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	\$	\$ 3,174,980
Delinquent property taxes receivable	1,718,886	
Special assessments not yet due	5,827	
Grant drawdowns prior to meeting all eligibility requirements		38,830
Parks and recreation revenue not yet earned		16,325
	<u>                    </u>	<u>                    </u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,724,713</u>	<u>\$ 3,230,135</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 19,203,822	\$	\$	\$ 19,203,822
Construction in progress		2,733,712		2,733,712
Total capital assets not being depreciated	<u>19,203,822</u>	<u>2,733,712</u>	<u>-</u>	<u>21,937,534</u>
<b>Capital assets being depreciated:</b>				
Buildings	18,205,809		340,279	17,865,530
Machinery and equipment	1,243,698	139,617	23,452	1,359,863
Vehicles	2,608,073	539,472	414,233	2,733,312
Furniture and fixtures	99,590			99,590
Infrastructure	19,321,458			19,321,458
Total capital assets being depreciated	<u>41,478,628</u>	<u>679,089</u>	<u>777,964</u>	<u>41,379,753</u>
<b>Less accumulated depreciation for:</b>				
Buildings	3,340,008	204,512	324,966	3,219,554
Machinery and equipment	343,038	56,680	12,751	386,967
Vehicles	951,458	347,954	308,779	990,633
Furniture and fixtures	88,273	905		89,178
Infrastructure	6,339,847	236,448		6,576,295
Total accumulated depreciation	<u>11,062,624</u>	<u>846,499</u>	<u>646,496</u>	<u>11,262,627</u>
Total capital assets being depreciated, net	<u>30,416,004</u>	<u>(167,410)</u>	<u>131,468</u>	<u>30,117,126</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,619,826</u>	<u>\$ 2,566,302</u>	<u>\$ 131,468</u>	<u>\$ 52,054,660</u>

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 15,342	\$ _____	\$ _____	\$ 15,342
<b>Capital assets being depreciated:</b>				
Sewer plant	2,658,319	6,587,200		9,245,519
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>6,587,200</u>	<u>-</u>	<u>9,966,610</u>
<b>Less accumulated depreciation for:</b>				
Sewer plant	888,201	17,864		906,065
Sewer collection system	236,698	88,610		325,308
Machinery and equipment	6,550			6,550
Total accumulated depreciation	<u>1,131,449</u>	<u>106,474</u>	<u>-</u>	<u>1,237,923</u>
Total capital assets being depreciated, net	<u>2,247,961</u>	<u>6,480,726</u>	<u>-</u>	<u>8,728,687</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,263,303</u>	<u>\$ 6,480,726</u>	<u>\$ -</u>	<u>\$ 8,744,029</u>

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

<b>Governmental Activities:</b>	
General government	\$ 84,256
Public safety	142,130
Highway and streets	463,866
Transfer station and recycling	9,240
Health and social services	3,595
Parks and recreation	3,487
Education	<u>139,925</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 846,499</u>
<b>Business-Type Activities:</b>	
Sewer	<u>\$ 106,474</u>

## 6. INTERFUND ACCOUNTS

At June 30, 2011, 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	\$ 668,364
General Fund	Road Reconstruction	72,951
General Fund	Georgetown Sewer	140,000
Internal Service Fund	General Fund	240,000
Reserve Fund for CNRE	General Fund	226,416
Nonmajor Governmental Fund	General Fund	<u>2,643,820</u>
Total		<u>\$ 3,991,551</u>

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

Interfund transfers:

**Transfer out:** General Fund \$226,416  
**Transfer in:** Nonmajor Governmental Fund \$226,416

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

## 7. BOND ANTICIPATION NOTES

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. At June 30, 2011, there were no outstanding bond anticipation notes.

Short-term obligation activity for the year ended June 30, 2011 was as follows:

<u>Description</u>	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2011</u>
Bond Anticipation Notes	\$ 5,996,000	\$ -	\$ (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.

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Outstanding June 30, 2011</u>	<u>Current Portion</u>
<b>Bond Notes:</b>									
<b>General purpose:</b>									
Improvement bond	\$ 285,000	04/15/91	04/15/11	5.4-7.25	\$ 1,500	\$	\$ 1,500	\$ -	\$
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	4,170,000		417,000	3,753,000	417,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	3,685,000		335,000	3,350,000	335,000
Improvement bond	6,729,950	07/15/10	07/15/31	2.0-4.0		6,729,950		6,729,950	334,750
Total general purpose					<u>7,856,500</u>	<u>6,729,950</u>	<u>753,500</u>	<u>13,832,950</u>	<u>1,086,750</u>
<b>Schools:</b>									
Improvement bond	3,975,000	04/15/91	04/15/11	5.4-7.25	208,500		208,500	-	
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	2,330,000		233,000	2,097,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0		3,585,050		3,585,050	180,250
Total schools					<u>2,538,500</u>	<u>3,585,050</u>	<u>441,500</u>	<u>5,682,050</u>	<u>413,250</u>
<b>Sewer:</b>									
Clean water note	1,293,905	10/01/96	04/01/16	2	428,119		191,227	236,892	47,153
Total bond/notes					10,823,119	10,315,000	1,386,227	19,751,892	1,547,153
Compensated absences					120,180		9,869	110,311	74,103
Capital leases						269,675	58,614	211,061	49,712
Net OPEB obligation					864,081	342,466		1,206,547	
Landfill closure and post-closure care					45,500		3,500	42,000	3,500
Total General Long-Term Obligations					<u>\$ 11,852,880</u>	<u>\$ 10,927,141</u>	<u>\$ 1,458,210</u>	<u>\$ 21,321,811</u>	<u>\$ 1,674,468</u>

The following is a summary of amounts to be provided for the retirement of bond and note maturities:

<u>Year Ending June 30,</u>	<u>Principal</u>		<u>Interest</u>	
	<u>Bonds</u>	<u>Clean Water Loan</u>	<u>Bonds</u>	<u>Clean Water Loan</u>
2012	\$ 1,500,000	\$ 47,153	\$ 720,080	\$ 4,307
2013	1,500,000	48,105	662,678	3,355
2014	1,500,000	49,076	465,694	2,384
2015	1,500,000	50,066	409,797	1,394
2016	1,500,000	42,492	355,712	391
2017-2021	6,850,000		947,501	
2022-2026	2,575,000		155,688	
2027-2031	<u>2,590,000</u>			
Total	<u>\$ 19,515,000</u>	<u>\$ 236,892</u>	<u>\$ 3,717,150</u>	<u>\$ 11,831</u>

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2011, which matures through 2026, amounted to \$21,230,000. The Town's share of the debt was \$11,156,365.

### B. Capital Leases

The Town entered into leases for the purchase of a phone system, backhoe and trucks.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2011:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 58,614
2013	58,614
2014	58,614
2015	58,614
	<u>234,456</u>
Less amount representing interest	<u>(23,395)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 211,061</u>

### C. 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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 101,288,682	\$ 15,170,776	\$ 86,117,906
Schools	202,577,364	16,843,001	185,734,363
Sewers	168,814,470		168,814,470
Urban renewal	146,305,874		146,305,874
Pension deficit	135,051,576		135,051,576

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$315,120,344.

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.

### D. 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 \$42,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net assets, since the liability will be funded from future financial resources, not from expendable available financial resources.

### E. Authorized/Unissued Bonds

At June 30, 2011, the amount of authorized/unissued bonds is \$7,801. 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. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Road Reconstruction Fund</u>	<u>Reserve for CNR Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Permanent funds	\$	\$	\$	\$ 2,100	\$ 2,100
Restricted for:					
Grants				196,877	196,877
Committed to:					
General government				167,532	167,532
Public safety				131,855	131,855
Highway and streets		85,310		530,638	615,948
Health and social services				13,376	13,376
Education				2,281,049	2,281,049
Parks and recreation				7,328	7,328
Capital projects			846,486		846,486
Assigned to:					
General government	8,222				8,222
Public safety	30,994				30,994
Highway and streets	28,930				28,930
Health and social services	4,000				4,000
Unassigned	<u>6,132,572</u>			<u>(31,896)</u>	<u>6,100,676</u>
<b>Total Fund Balances</b>	<b>\$ <u>6,204,718</u></b>	<b>\$ <u>85,310</u></b>	<b>\$ <u>846,486</u></b>	<b>\$ <u>3,298,859</u></b>	<b>\$ <u>10,435,373</u></b>

Significant encumbrances at June 30, 2011 are contained in the above table in the assigned category of the General Fund.

## 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to or destruction of assets, errors or omissions, injuries to employees 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>
2009-2010	\$ 308,155	\$ 2,004,888	\$ 2,560,112	\$ 247,069
2010-2011	247,069	2,861,334	2,879,259	229,144

## 11. 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, 2009, 2010 and 2011 were \$282,249, \$319,620 and \$437,623 respectively.

### C. Teachers' Retirement

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers was \$1,646,505.

## 12. OTHER POST-EMPLOYMENT BENEFITS

### A. Plan Description and Benefits Provided

In addition to the pension benefits described in Note 11, certain employees retiring under the Town of Redding's Retiree Medical Program 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, 2010:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	16
Number of active participants	241
Total	<u>257</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, 2010
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 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	\$ 343,454
Interest on net OPEB obligation	38,884
Adjustment to annual required contribution	<u>(50,769)</u>
Annual OPEB cost	331,569
Contribution made	<u>10,897</u>
Increase in net OPEB obligation	342,466
Net OPEB obligation, July 1, 2010	<u>864,081</u>
Net OPEB obligation, June 30, 2011	<u>\$ 1,206,547</u>

<u>Schedule of Employer Contributions</u>			
	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/09	\$ 431,218	\$ 5,856	1%
6/30/10	433,125	(5,594)	(1)
6/30/11	331,569	(10,897)	(3)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year June 30, 2011 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
6/30/11	331,569	(10,897)	(3.0)	1,206,547

#### 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%
7/1/2010	-	3,218,377	3,218,377	0	16,198,598	19.8

### 13. EXTRAORDINARY ITEM

In May 2011, title to the Phase III enlargement of the municipal wastewater treatment plant in the Georgetown section of the Town of Redding was transferred to the Redding Water Pollution Control Commission/Town of Redding by the Georgetown Land Development Commission in accordance with the Construction Agreement executed by the parties on June 13, 2006. The plant is considered to be a donated asset and, as such, is recorded at fair market value of \$6,587,200 in the Town's sewer fund.

### 14. CONTINGENT LIABILITIES

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

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

## TOWN OF REDDING, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Property Taxes:</b>				
Property taxes, current and prior	\$ 42,226,785	\$ 42,226,785	\$ 43,156,324	\$ 929,539
Interest and lien fees	77,000	77,000	141,441	64,441
Total property taxes	<u>42,303,785</u>	<u>42,303,785</u>	<u>43,297,765</u>	<u>993,980</u>
<b>Intergovernmental:</b>				
<b>Educational assistance grants:</b>				
ECS grant	515,800	515,800	443,996	(71,804)
School building grants	60,000	60,000	67,611	7,611
Adult education	422	422	486	64
Regional School District No. 9	171,933	171,933	173,366	1,433
Total educational assistance	<u>748,155</u>	<u>748,155</u>	<u>685,459</u>	<u>(62,696)</u>
<b>Town assistance grants:</b>				
In lieu of taxes - State property	188,870	188,870	189,057	187
In lieu of taxes - business inventory	4,269	4,269	1,055	(3,214)
Local property tax relief (freeze)	70	70		(70)
Tax relief circuit breaker	21,650	21,650	21,561	(89)
Disability exemption	218	218	267	49
Veterans' exemption			1,022	1,022
Municipal video competition			33,142	33,142
Safe boating	2,972	2,972	2,405	(567)
Telephone access line grant	21,350	21,350	27,768	6,418
Open space land acquisition			171,500	171,500
Local capital improvements	5,000	5,000		(5,000)
Mashantucket Pequot Grant	9,442	9,442	8,947	(495)
Unclassified Revenue			410	410
Total Town assistance grants	<u>253,841</u>	<u>253,841</u>	<u>457,134</u>	<u>203,293</u>
Total intergovernmental	<u>1,001,996</u>	<u>1,001,996</u>	<u>1,142,593</u>	<u>140,597</u>
Investment Income	<u>50,000</u>	<u>50,000</u>	<u>86,121</u>	<u>36,121</u>

(Continued on next page)

## TOWN OF REDDING, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services:				
Town clerk	\$ 221,500	\$ 221,500	\$ 237,507	\$ 16,007
Assessor	1,500	1,500		(1,500)
Conservation	4,000	4,000	5,298	1,298
Heritage Center	18,000	18,000	11,130	(6,870)
Planning Commission	1,500	1,500	37	(1,463)
Zoning Commission	38,500	38,500	17,625	(20,875)
Zoning Board of Appeals	700	700	1,380	680
Building inspection	150,000	150,000	95,907	(54,093)
Transfer station	172,000	172,000	173,700	1,700
Sanitarian	12,000	12,000	11,640	(360)
Parks and recreation	716,260	716,260	652,686	(63,574)
Fiber optics	23,246	23,246	23,037	(209)
Rental of Town property	7,606	7,606	7,606	-
Miscellaneous			1,248	1,248
Total charges for services	<u>1,366,812</u>	<u>1,366,812</u>	<u>1,238,801</u>	<u>(128,011)</u>
Sale of capital assets			<u>551,579</u>	<u>551,579</u>
Total Revenues	<u>\$ 44,722,593</u>	<u>\$ 44,722,593</u>	46,316,859	<u>\$ 1,594,266</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

1,646,505

Special education excess cost grant is recorded gross for GAAP

302,158Total Revenues and Other Financing Sources as Reported on the  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds - Exhibit IV\$ 48,265,522

## TOWN OF REDDING, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Transfers and Additional Appropriations</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Government:					
Town meetings	\$ 2,200	\$	\$ 2,200	\$ 372	\$ 1,828
Board of selectmen	151,338	3,605	154,943	159,138	(4,195)
Probate court	2,600		2,600	7,506	(4,906)
Registrar's office	46,310	420	46,730	33,908	12,822
Controller's office	219,281	4,293	223,574	210,436	13,138
Independent audit	42,000		42,000	40,160	1,840
Assessor's office	147,357	2,579	149,936	146,891	3,045
Assessor's other	8,000		8,000		8,000
Board of assessment appeals	830		830		830
Tax collector	138,842	3,015	141,857	144,913	(3,056)
Town treasurer	30,837	297	31,134	38,116	(6,982)
Computer capability	68,000		68,000	35,750	32,250
Management services	28,453		28,453	15,710	12,743
Special legal	195,000		195,000	195,917	(917)
Town clerk	122,825	2,403	125,228	128,248	(3,020)
Annual town report	6,000		6,000	5,895	105
Board of ethics	425		425		425
Conservation	29,902		29,902	25,936	3,966
Heritage Center	138,321	2,583	140,904	138,910	1,994
Heritage center senior bus	36,000	753	36,753	36,753	-
Town planning commission of Elected Officials	24,335		24,335	26,506	(2,171)
	10,875		10,875	10,875	-
Zoning commission	75,196	1,686	76,882	67,515	9,367
Zoning board of appeals	4,205		4,205	868	3,337
Council of small towns	825		825	825	-
Land use services	96,320	2,083	98,403	97,542	861
Office of tree warden	1,500		1,500		1,500
Town office building	88,900		88,900	64,222	24,678
Old town house	11,015		11,015	5,964	5,051
Town office building annex	10,320		10,320	6,770	3,550
Community center	279,528	2,208	281,736	240,417	41,319
Police headquarters/communication center	32,000		32,000	30,945	1,055
Administrative services	176,100		176,100	205,814	(29,714)
Memorial Day observance	300		300	200	100
Cemeteries	9,000		9,000	9,010	(10)
Insurance	130,000		130,000	121,403	8,597
Miscellaneous				8,072	(8,072)
Agencies serving residents	5,000		5,000	5,000	-
Provision for contingencies	165,000	(48,755)	116,245		116,245
Total general government	<u>2,534,940</u>	<u>(22,830)</u>	<u>2,512,110</u>	<u>2,266,507</u>	<u>245,603</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, 2011

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
<b>Public Safety:</b>					
Police Department - salaries and related expenses	\$ 1,245,630	\$ 4,835	\$ 1,250,465	\$ 1,270,652	\$ (20,187)
Police Department - contractual services and expenses	157,475		157,475	146,796	10,679
Police Department - maintenance of vehicles	76,500		76,500	82,487	(5,987)
Volunteer fire companies	99,766		99,766	99,124	642
Building inspections	238,280	5,588	243,868	209,599	34,269
Emergency Management	6,175	(5,050)	1,125	953	172
Communications Center	257,290	354	257,644	260,152	(2,508)
Dog licenses	47,840		47,840	54,381	(6,541)
Total public safety	<u>2,128,956</u>	<u>5,727</u>	<u>2,134,683</u>	<u>2,124,144</u>	<u>10,539</u>
<b>Highway and Streets:</b>					
Wages - regular, overtime and seasonal	804,729	2,267	806,996	779,346	27,650
General maintenance and repair	282,630		282,630	272,022	10,608
Snow removal and ice control	249,525		249,525	288,068	(38,543)
Equipment maintenance and repair	132,500		132,500	149,144	(16,644)
Town garage buildings	42,500		42,500	21,081	21,419
Total highway and streets	<u>1,511,884</u>	<u>2,267</u>	<u>1,514,151</u>	<u>1,509,661</u>	<u>4,490</u>
<b>Transfer Station and Recycling:</b>					
Salaries	161,967	2,887	164,854	183,712	(18,858)
General maintenance	129,540		129,540	124,613	4,927
Equipment maintenance	11,500		11,500	13,051	(1,551)
Total transfer station and recycling	<u>303,007</u>	<u>2,887</u>	<u>305,894</u>	<u>321,376</u>	<u>(15,482)</u>
<b>Health and Social Services:</b>					
Conservation of health	5,250	550	5,800	5,271	529
Sanitarian inspection	78,340	6,037	84,377	84,873	(496)
Social services	40,882		40,882	23,037	17,845
Total health and social services	<u>124,472</u>	<u>6,587</u>	<u>131,059</u>	<u>113,181</u>	<u>17,878</u>
<b>Mark Twain Library:</b>					
Operations	<u>395,000</u>	<u>-</u>	<u>395,000</u>	<u>395,000</u>	<u>-</u>
<b>Parks and Recreation:</b>					
Field maintenance	95,722		95,722	80,252	15,470
Administration	193,369	3,735	197,104	207,510	(10,406)
Summer camp	221,254		221,254	191,819	29,435
Recreation programs	180,100		180,100	178,489	1,611
Topstone park	97,021		97,021	120,048	(23,027)
Tennis courts	16,100		16,100	11,946	4,154
Extended day service	152,222	1,627	153,849	151,758	2,091
Total parks and recreation	<u>955,788</u>	<u>5,362</u>	<u>961,150</u>	<u>941,822</u>	<u>19,328</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, 2011

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,335,000	\$ _____	\$ 2,335,000	\$ 2,365,880	\$ (30,880)
Capital Outlay:					
Selectmen's general maintenance	7,000	_____	7,000	6,434	566
Debt Service:					
Debt retirement	1,466,271	_____	1,466,271	1,242,695	223,576
Interest payments	615,175	_____	615,175	641,104	(25,929)
Total debt service	2,081,446	-	2,081,446	1,883,799	197,647
Total town expenditures	12,377,493	-	12,377,493	11,927,804	449,689
Education:					
Redding Board of Education:					
General instruction	10,460,829	(148,017)	10,312,812	10,272,861	39,951
Kindergarten	15,900	(1,227)	14,673	14,519	154
Humanities	70,646	(7,079)	63,567	57,165	6,402
Integrated language arts	60,619	(3,110)	57,509	45,974	11,535
Curriculum	55,702	(2,739)	52,963	56,016	(3,053)
Industrial technology	4,660	100	4,760	4,331	429
Science/math technology	84,116	(5,894)	78,222	66,495	11,727
Physical education/health	12,416	9,914	22,330	21,099	1,231
Student activity co-curricular	58,630	(5,307)	53,323	47,900	5,423
Special services	31,168	_____	31,168	34,606	(3,438)
Special education	4,005,029	(32,461)	3,972,568	4,098,307	(125,739)
Guidance	1,548	_____	1,548	1,014	534
Health services	207,805	(240)	207,565	198,135	9,430
Psychological services	17,950	_____	17,950	13,837	4,113
Speech services	10,400	_____	10,400	877	9,523
Educational media services	69,555	45,817	115,372	111,265	4,107
Technology plan	394,199	(599)	393,600	345,484	48,116
Board of Education	117,234	_____	117,234	124,533	(7,299)
Central administration	525,767	126,416	652,183	521,251	130,932
Magnet school	70,068	_____	70,068	71,570	(1,502)
School administration	1,236,602	(5,694)	1,230,908	1,219,037	11,871
Operation/maintenance physical plant	2,086,304	27,077	2,113,381	2,087,985	25,396
Student transportation	1,047,280	4,843	1,052,123	1,006,619	45,504
Food service	5,800	(1,800)	4,000	2,931	1,069
Transfer to Reserve for CNR	_____	(226,416)	_____	_____	_____
Total Redding Board of Education	20,650,227	(226,416)	20,423,811	20,423,811	-
Regional School District No. 9	11,147,017	-	11,147,017	11,094,467	52,550
Total Education	31,797,244	(226,416)	31,570,828	31,518,278	52,550
Total Expenditures	44,174,737	(226,416)	43,948,321	43,446,082	502,239

(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, 2011

	<u>Original Budget</u>	<u>Transfers and Additional Appropriations</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Other Financing Uses:					
Transfers out:					
Reserve Fund for CNRE	\$ _____	\$ 226,416	\$ 226,416	\$ 226,416	\$ _____
Total Expenditures and Other Financing Uses	<u>\$ 44,174,737</u>	<u>\$ _____</u>	<u>\$ 44,174,737</u>	43,672,498	<u>\$ 502,239</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				1,646,505	
Special education excess cost grant is recorded gross for GAAP				302,158	
Prior year encumbrances are reported in current year for financial reporting purposes				4,701	
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>(72,146)</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>\$ 45,553,716</u>	

## TOWN OF REDDING, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,964,293	\$ 6,904,547
Uncollected property taxes, net of allowance for uncollectible amounts	1,915,782	988,230
Due from State and Federal governments	218,286	214,448
Accounts receivable	43,810	76,137
Due from other funds	881,315	180,067
Other	197,277	154,585
Inventory	<u>1,157</u>	<u>160</u>
Total Assets	<u>\$ 16,221,920</u>	<u>\$ 8,518,174</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts and other payables	\$ 1,249,255	\$ 1,415,651
Due to other governments	2,176	1,596
Due to Regional School District No. 9	744,187	847,817
Due to other funds	3,110,236	636,118
Deferred revenue	4,910,191	2,122,923
Total liabilities	<u>10,016,045</u>	<u>5,024,105</u>
Fund balance:		
Nonspendable	1,157	160
Assigned	72,146	4,701
Unassigned	6,132,572	3,489,208
Total fund balance	<u>6,205,875</u>	<u>3,494,069</u>
Total Liabilities and Fund Balance	<u>\$ 16,221,920</u>	<u>\$ 8,518,174</u>

**TOWN OF REDDING, CONNECTICUT  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2011**

Grand List Year	Uncollected Taxes July 1, 2010	Current Year Levy	Lawful Corrections		Transfers to Suspense	Overcollections/ Bounced Checks	Adjusted Taxes Collectible	Taxes	Interest and Liens Fees	Total	Uncollected Taxes June 30, 2011
			Additions	Deductions							
2009	\$	\$ 43,840,558	\$ 322,641	\$ 129,295	\$	\$ 83,276	\$ 44,117,180	\$ 42,930,490	\$ 85,101	\$ 43,015,591	\$ 1,186,690
2008	615,000		12,437	18,933		33,707	642,211	223,892	46,585	270,477	418,319
2007	370,256		1,679	5,960	23,782	5,026	347,219	23,106	8,812	31,918	324,113
2006	9,600						9,600			-	9,600
2005	15,177						15,177			-	15,177
2004	5,272						5,272			-	5,272
2003	193						193			-	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
<b>Total</b>	<b>\$ 1,031,914</b>	<b>\$ 43,840,558</b>	<b>\$ 336,757</b>	<b>\$ 154,188</b>	<b>\$ 23,782</b>	<b>\$ 122,009</b>	<b>\$ 45,153,268</b>	<b>43,177,488</b>	<b>140,498</b>	<b>43,317,986</b>	<b>\$ 1,975,780</b>
								Suspense collections	1,562	1,103	2,665
								<b>Total</b>	<b>\$ 43,179,050</b>	<b>\$ 141,601</b>	<b>43,320,651</b>
								Refunds adjustment		(109,075)	
								Property taxes receivable considered available:			
								June 30, 2010		(110,707)	
								June 30, 2011		196,896	
								<b>Total Property Tax Revenue</b>	<b>\$</b>	<b>43,297,765</b>	

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

**JUNE 30, 2011**

**Special Revenue Funds**

	<u>22</u> Town Aid Road	Police Funds	<u>21</u> Dog Fund	<u>23</u> Federal Education Grants	Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts
<b>ASSETS</b>								
Cash	\$ 178,042	\$ 12,595	\$ 6,900	\$ 40,215	\$ 15,458	\$ 29,418	\$ 39,908	\$ 2,842
Sewer assessments							5,827	
Intergovernmental receivable								
Due from other funds								
<b>Total Assets</b>	<u>\$ 178,042</u>	<u>\$ 12,595</u>	<u>\$ 6,900</u>	<u>\$ 40,215</u>	<u>\$ 15,458</u>	<u>\$ 29,418</u>	<u>\$ 45,735</u>	<u>\$ 2,842</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$	\$	\$	\$ 33,975	\$	\$ 2,258	\$	\$
Due to other funds								
Deferred revenue							5,827	
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,975</u>	<u>-</u>	<u>2,258</u>	<u>5,827</u>	<u>-</u>
<b>Fund Balances:</b>								
Nonspendable								
Restricted	178,042	12,595		6,240				
Committed			6,900		15,458	27,160	39,908	2,842
Unassigned								
<b>Total fund balances</b>	<u>178,042</u>	<u>12,595</u>	<u>6,900</u>	<u>6,240</u>	<u>15,458</u>	<u>27,160</u>	<u>39,908</u>	<u>2,842</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 178,042</u>	<u>\$ 12,595</u>	<u>\$ 6,900</u>	<u>\$ 40,215</u>	<u>\$ 15,458</u>	<u>\$ 29,418</u>	<u>\$ 45,735</u>	<u>\$ 2,842</u>

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

**JUNE 30, 2011**

	Special Revenue Funds							
	Parks and Recreation Basketball	Senior Center Escrow	FEMA Grant	Benedictine Grange	Canine Control	Planning Commission	Adopt-A- Road	Parade Path
<b>ASSETS</b>								
Cash	\$ 4,482	\$ 2,014	\$ -	\$ 850	\$ 183	\$ 33	\$ 1,019	\$ 5,175
Sewer assessments								
Intergovernmental receivable								
Due from other funds								
<b>Total Assets</b>	<u>\$ 4,482</u>	<u>\$ 2,014</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 33</u>	<u>\$ 1,019</u>	<u>\$ 5,175</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ 7,673	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds								
Deferred revenue								
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>7,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>								
Nonspendable								
Restricted								
Committed	4,482	2,014	-	850	183	33	1,019	5,175
Unassigned			(7,673)					
<b>Total fund balances</b>	<u>4,482</u>	<u>2,014</u>	<u>(7,673)</u>	<u>850</u>	<u>183</u>	<u>33</u>	<u>1,019</u>	<u>5,175</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,482</u>	<u>\$ 2,014</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 33</u>	<u>\$ 1,019</u>	<u>\$ 5,175</u>

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

**JUNE 30, 2011**

	Special Revenue Funds					Capital Projects Fund			
	Social Services	GIS	Gazebo	Misc Grants	Total	Capital Projects- Schools	Georgetown STEAP	Water Wells and Oil Tanks	Bond Fund
<b>ASSETS</b>									
Cash	\$ 11,362	\$ 21,310	\$ 4,121	\$ 14,460	\$ 390,387	\$ 41,396	\$ 60,382	\$ 3,722	
Sewer assessments					5,827				
Intergovernmental receivable					-		174,539		
Due from other funds					-	82,129		42,500	46,709
<b>Total Assets</b>	<u>\$ 11,362</u>	<u>\$ 21,310</u>	<u>\$ 4,121</u>	<u>\$ 14,460</u>	<u>\$ 396,214</u>	<u>\$ 123,525</u>	<u>\$ 234,921</u>	<u>\$ 46,222</u>	<u>\$ 46,709</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$	\$	\$	\$ 1,316	\$ 45,222	\$	\$ 2,036	\$	\$
Due to other funds					-		257,108		
Deferred revenue				2,151	7,978				36,679
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,467</u>	<u>53,200</u>	<u>-</u>	<u>259,144</u>	<u>-</u>	<u>36,679</u>
<b>Fund Balances:</b>									
Nonspendable					-				
Restricted					196,877				
Committed	11,362	21,310	4,121	10,993	153,810	123,525		46,222	10,030
Unassigned					(7,673)		(24,223)		
<b>Total fund balances</b>	<u>11,362</u>	<u>21,310</u>	<u>4,121</u>	<u>10,993</u>	<u>343,014</u>	<u>123,525</u>	<u>(24,223)</u>	<u>46,222</u>	<u>10,030</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 11,362</u>	<u>\$ 21,310</u>	<u>\$ 4,121</u>	<u>\$ 14,460</u>	<u>\$ 396,214</u>	<u>\$ 123,525</u>	<u>\$ 234,921</u>	<u>\$ 46,222</u>	<u>\$ 46,709</u>

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

**JUNE 30, 2011**

	Capital Projects Fund				Permanent Funds			Total Nonmajor Governmental Funds	
	Athletic Fields	<sup>28</sup> STEAP Georgetown Intersection	Police Project	<sup>25</sup> School Bonded Projects	Total	Permanent School	Cemetery Funds		Total
<b>ASSETS</b>									
Cash	\$ 4	\$ 200,000 ✓			\$ 305,504	\$ 622	\$ 2,411	\$ 3,033	\$ 698,924
Sewer assessments				-					5,827
Intergovernmental receivable			536,028		710,567				710,567
Due from other funds		315,180		2,157,302 ✓	2,643,820				2,643,820
<b>Total Assets</b>	<u>\$ 4</u>	<u>\$ 515,180</u>	<u>\$ 536,028</u>	<u>\$ 2,157,302</u>	<u>\$ 3,659,891</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 4,059,138</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$	\$	\$	\$	2,036	\$	\$	\$	47,258
Due to other funds			411,256		668,364				668,364
Deferred revenue					36,679				44,657
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>411,256</u>	<u>-</u>	<u>707,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>760,279</u>
<b>Fund Balances:</b>									
Nonspendable					-	400	1,700	2,100	2,100
Restricted					-			-	196,877
Committed	4	515,180	124,772	2,157,302	2,977,035	222	711	933	3,131,778
Unassigned					(24,223)			-	(31,896)
<b>Total fund balances</b>	<u>4</u>	<u>515,180</u>	<u>124,772</u>	<u>2,157,302</u>	<u>2,952,812</u>	<u>622</u>	<u>2,411</u>	<u>3,033</u>	<u>3,298,859</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4</u>	<u>\$ 515,180</u>	<u>\$ 536,028</u>	<u>\$ 2,157,302</u>	<u>\$ 3,659,891</u>	<u>\$ 622</u>	<u>\$ 2,411</u>	<u>\$ 3,033</u>	<u>\$ 4,059,138</u>

**TOWN OF REDDING, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

15

	Special Revenue Funds							
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants	Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts
Revenues:								
Intergovernmental	\$ 132,884	\$ 2,074	\$	\$ 526,064	\$	\$	\$	\$
Investment income		39			39	212	360	
Charges for services		38,533	12,693		30,151	1,227	13,781	3,915
Total revenues	<u>132,884</u>	<u>40,646</u>	<u>12,693</u>	<u>526,064</u>	<u>30,190</u>	<u>1,439</u>	<u>14,141</u>	<u>3,915</u>
Expenditures:								
Current:								
General government							123,324	
Public safety		31,391	11,471					
Highways and streets	74,283				27,637	5,489		
Health and social services								
Education				527,007				
Parks and recreation								5,800
Capital outlay								
Debt service							22,612	
Total expenditures	<u>74,283</u>	<u>31,391</u>	<u>11,471</u>	<u>527,007</u>	<u>27,637</u>	<u>5,489</u>	<u>145,936</u>	<u>5,800</u>
Excess (Deficiency) of Revenues over Expenditures	58,601	9,255	1,222	(943)	2,553	(4,050)	(131,795)	(1,885)
Other financing sources:								
Proceeds from bond sale								
Net Change in Fund Balance	58,601	9,255	1,222	(943)	2,553	(4,050)	(131,795)	(1,885)
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 178,042</u>	<u>\$ 12,595</u>	<u>\$ 6,900</u>	<u>\$ 6,240</u>	<u>\$ 15,458</u>	<u>\$ 27,160</u>	<u>\$ 39,908</u>	<u>\$ 2,842</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, 2011**

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								9
Charges for services	1,100	600				350		9,857
Total revenues	<u>1,100</u>	<u>600</u>	-	-	-	<u>350</u>	-	<u>9,866</u>
Expenditures:								
Current:								
General government						350		
Public safety								
Highways and streets								
Health and social services		610					1,158	
Education								
Parks and recreation								4,851
Capital outlay								
Debt service								
Total expenditures	<u>-</u>	<u>610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>1,158</u>	<u>4,851</u>
Excess (Deficiency) of Revenues over Expenditures	1,100	(10)	-	-	-	-	(1,158)	5,015
Other financing sources:								
Proceeds from bond sale								
Net Change in Fund Balance	1,100	(10)	-	-	-	-	(1,158)	5,015
Fund Balances - Beginning of Year	3,382	2,024	(7,673)	850	183	33	2,177	160
Fund Balances - End of Year	<u>\$ 4,482</u>	<u>\$ 2,014</u>	<u>\$ (7,673)</u>	<u>\$ 850</u>	<u>\$ 183</u>	<u>\$ 33</u>	<u>\$ 1,019</u>	<u>\$ 5,175</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, 2011**

53

	Special Revenue Funds					Capital Projects Fund			
	Social Services	GIS	Gazebo	Misc Grants	Total	Capital Projects- Schools	Georgetown STEAP	Water Wells and Oil Tanks	Bond Fund
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$ 661,022	\$	\$ 1,087,430	\$	\$
Investment income					659	96		9	
Charges for services	5,995			2,584	120,786	33,831			
Total revenues	5,995	-	-	2,584	782,467	33,927	1,087,430	9	-
Expenditures:									
Current:									
General government		8,076		2,997	134,747				
Public safety					42,862				
Highways and streets					107,409				
Health and social services					1,768				
Education					527,007				
Parks and recreation			100		10,751				
Capital outlay					-		1,100,787		
Debt service					22,612				103
Total expenditures	-	8,076	100	2,997	847,156	-	1,100,787	-	103
Excess (Deficiency) of Revenues over Expenditures	5,995	(8,076)	(100)	(413)	(64,689)	33,927	(13,357)	9	(103)
Other financing sources:									
Proceeds from bond sale					-	543,050			
Net Change in Fund Balance	5,995	(8,076)	(100)	(413)	(64,689)	576,977	(13,357)	9	(103)
Fund Balances - Beginning of Year	5,367	29,386	4,221	11,406	407,703	(453,452)	(10,866)	46,213	10,133
Fund Balances - End of Year	\$ 11,362	\$ 21,310	\$ 4,121	\$ 10,993	\$ 343,014	\$ 123,525	\$ (24,223)	\$ 46,222	\$ 10,030

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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, 2011**

54

	Capital Projects Fund				Permanent Funds			Total Nonmajor Governmental Funds	
	<sup>33</sup> Athletic Fields	STEAP Georgetown Intersection	Police Project	School Bonded Projects	Total	Permanent School	Cemetery Funds		Total
Revenues:									
Intergovernmental	\$ 16,421	\$ 550,000	\$ 670,179	\$ -	\$ 2,324,030	\$ -	\$ -	\$ 2,985,052	
Investment income					105			764	
Charges for services					33,831			154,617	
Total revenues	<u>16,421</u>	<u>550,000</u>	<u>670,179</u>	<u>-</u>	<u>2,357,966</u>	<u>-</u>	<u>-</u>	<u>3,140,433</u>	
Expenditures:									
Current:									
General government					-			134,747	
Public safety					-			42,862	
Highways and streets					-			107,409	
Health and social services					-			1,768	
Education					-			527,007	
Parks and recreation	16,421				16,421			27,172	
Capital outlay		34,820	545,407	1,052,698	2,733,712			2,733,712	
Debt service					103			22,715	
Total expenditures	<u>16,421</u>	<u>34,820</u>	<u>545,407</u>	<u>1,052,698</u>	<u>2,750,236</u>	<u>-</u>	<u>-</u>	<u>3,597,392</u>	
Excess (Deficiency) of Revenues over Expenditures	-	515,180	124,772	(1,052,698)	(392,270)	-	-	(456,959)	
Other financing sources:									
Proceeds from bond sale				3,210,000	3,753,050			3,753,050	
Net Change in Fund Balance	-	515,180	124,772	2,157,302	3,360,780	-	-	3,296,091	
Fund Balances - Beginning of Year	4	-	-	-	(407,968)	622	2,411	3,033	2,768
Fund Balances - End of Year	<u>4</u>	<u>515,180</u>	<u>124,772</u>	<u>2,157,302</u>	<u>2,952,812</u>	<u>622</u>	<u>2,411</u>	<u>3,033</u>	<u>3,298,859</u>

**TOWN OF REDDING, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS</b>				
Cash:				
Redding Elementary School	\$ 21,080	\$ 19,268	\$ 17,599	\$ 22,749
John Read Middle School	<u>108,340</u>	<u>182,722</u>	<u>200,258</u>	<u>90,804</u>
Total Assets	<u>\$ 129,420</u>	<u>\$ 201,990</u>	<u>\$ 217,857</u>	<u>\$ 113,553</u>
<b>LIABILITIES</b>				
Due to others:				
Redding Elementary School	\$ 21,080	\$ 19,268	\$ 17,599	\$ 22,749
John Read Middle School	<u>108,340</u>	<u>182,722</u>	<u>200,258</u>	<u>90,804</u>
Total Liabilities	<u>\$ 129,420</u>	<u>\$ 201,990</u>	<u>\$ 217,857</u>	<u>\$ 113,553</u>

**TOWN OF REDDING, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**FOR THE YEAR ENDED JUNE 30, 2011**

## Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2011:

Town of Redding	\$ 43,208,911
Fire District	<u>1,808,281</u>

## Base for Debt Limitation Computation

\$ 45,017,192

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<b>Debt Limitation:</b>					
2 1/4 times base	\$ 101,288,682	\$	\$	\$	\$
4 1/2 times base		202,577,364			
3 3/4 times base			168,814,470		
3 1/4 times base				146,305,874	
3 times base					135,051,576
Total debt limitation	<u>101,288,682</u>	<u>202,577,364</u>	<u>168,814,470</u>	<u>146,305,874</u>	<u>135,051,576</u>
<b>Indebtedness:</b>					
Bonds payable	13,832,950	5,682,050			
Fire District bonds	246,681				
Georgetown Special District	1,087,930				
Bonds authorized and unissued	3,215	4,586			
Redding's portion of Regional School District No. 9 bonds, net of school building grants		<u>11,156,365</u>			
Net indebtedness	<u>15,170,776</u>	<u>16,843,001</u>	-	-	-
<b>Debt Limitation in Excess of Indebtedness</b>	<u>\$ 86,117,906</u>	<u>\$ 185,734,363</u>	<u>\$ 168,814,470</u>	<u>\$ 146,305,874</u>	<u>\$ 135,051,576</u>

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

\$ 315,120,344