

TOWN OF REDDING, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2012

TOWN OF REDDING, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Redding, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Redding, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Redding, Connecticut'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 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 of Redding, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall 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, 2012 and the respective changes in financial position and, where applicable, cash flows 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 7, 2012 on our consideration of the Town of Redding, Connecticut's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 39 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Redding, Connecticut's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole

Blum, Shapiro & Company, P.C.

December 7, 2012

**TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012.

Financial Highlights

- The assets of the Town's governmental activities exceeded its liabilities at the close of the most recent year by \$45,385,645 (net assets). Of this amount, \$9,751,578 (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 \$2,293,811 due to increased tax collections and grant revenues.
- The unassigned General Fund Balance was \$6,439,022, which represents an increase of \$306,450 over the prior year end. This amount is 13.8% of the 2012-13 budgeted expenditures.
- Actual expenditures came in .3% under budget due to responsible spending within Town departments. Additionally, actual revenues were .4% higher than budgeted primarily due to property tax collections, additional grant revenues and bond premium.
- Issued \$1.75 million of \$3.5 million authorized bond anticipation notes (BANS) for road repair and construction.
- Unreimbursed payments from FEMA, STEAP grant and the State of Connecticut reduced cash balance by \$908,000.

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 \$53,635,853 at the close of the most recent fiscal year.

NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 15,302,968	\$ 17,935,208	\$ (102,508)	\$ (11,674)	\$ 15,200,460	\$ 17,923,534
Capital assets	56,950,134	52,054,660	8,571,683	8,744,029	65,521,817	60,798,689
Total assets	<u>72,253,102</u>	<u>69,989,868</u>	<u>8,469,175</u>	<u>8,732,355</u>	<u>80,722,277</u>	<u>78,722,223</u>
Long-term debt outstanding	21,288,941	21,321,811			21,288,941	21,321,811
Other liabilities	5,578,516	5,923,433	218,967	134,937	5,797,483	6,058,370
Total liabilities	<u>26,867,457</u>	<u>27,245,244</u>	<u>218,967</u>	<u>134,937</u>	<u>27,086,424</u>	<u>27,380,181</u>
Net Assets:						
Invested in capital assets, net of debt	35,631,967	32,091,707	8,571,683	8,744,029	44,203,650	40,835,736
Restricted	2,100	2,100			2,100	2,100
Unrestricted	<u>9,751,578</u>	<u>10,650,817</u>	<u>(321,475)</u>	<u>(146,611)</u>	<u>9,430,103</u>	<u>10,504,206</u>
Total Net Assets	<u>\$ 45,385,645</u>	<u>\$ 42,744,624</u>	<u>\$ 8,250,208</u>	<u>\$ 8,597,418</u>	<u>\$ 53,635,853</u>	<u>\$ 51,342,042</u>

By far, the largest portion of the Town's net assets (83%) 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 \$2,641,021.

Revenues

Governmental activities revenues totaled \$50,914,314 for fiscal year 2012. Property taxes are the largest revenue source for the Town and represent 87% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 8% of governmental revenues.

Expenses

Governmental expenses totaled \$48,273,293 for the fiscal year. Of the expenses, \$35,846,468 or 74% is related to education. Public safety expenses amounted \$3,400,036 or 7%. General government expenses amounted to \$3,235,479 or 7% and highway and streets expenses were \$2,776,797 or 6%.

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,575,552	\$ 1,741,838	\$ 415,802	\$ 403,788	\$ 1,991,354	\$ 2,145,626
Operating grants and contributions	3,962,260	3,069,533			3,962,260	3,069,533
Capital grants and contributions	433,162	2,375,220			433,162	2,375,220
General revenues:						
Property taxes	44,457,954	44,118,692			44,457,954	44,118,692
Grants and contributions not restricted to specific purposes	411,826	283,135			411,826	283,135
Investment income	73,560	89,793	105	117	73,665	89,910
Gain on sale of capital assets		420,111			-	420,111
Total revenues	<u>50,914,314</u>	<u>52,098,322</u>	<u>415,907</u>	<u>403,905</u>	<u>51,330,221</u>	<u>52,502,227</u>
Program expenses:						
General government	3,235,479	3,387,764			3,235,479	3,387,764
Public safety	3,400,036	3,083,444			3,400,036	3,083,444
Highway and streets	2,776,797	3,024,161			2,776,797	3,024,161
Transfer station and recycling	426,824	420,676			426,824	420,676
Health and social services	134,397	147,437			134,397	147,437
Library	520,739	513,022			520,739	513,022
Parks and recreation	1,229,759	1,262,007			1,229,759	1,262,007
Education	35,846,468	34,452,536			35,846,468	34,452,536
Interest expense	702,794	709,172			702,794	709,172
Sewer department			763,117	665,451	763,117	665,451
Total expenses	<u>48,273,293</u>	<u>47,000,219</u>	<u>763,117</u>	<u>665,451</u>	<u>49,036,410</u>	<u>47,665,670</u>
Change in net assets	2,641,021	5,098,103	(347,210)	(261,546)	2,293,811	4,836,557
Extraordinary item:						
Donated capital assets				6,587,200	-	6,587,200
Net Assets at Beginning 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>
Net Assets at End of Year	<u>\$ 45,385,645</u>	<u>\$ 42,744,624</u>	<u>\$ 8,250,208</u>	<u>\$ 8,597,418</u>	<u>\$ 53,635,853</u>	<u>\$ 51,342,042</u>

Business-Type Activities. Business-type activities decreased the Town's net assets by \$347,210. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$763,117, 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 \$6,439,022:

Unassigned fund balance, July 1, 2011	\$ 6,132,572
Actual revenue greater than budgeted	178,599
Actual expenditures less than budgeted	129,610
Other changes	<u>(1,759)</u>
Unassigned fund balance, June 30, 2012	\$ <u>6,439,022</u>

General Fund Budgetary Highlights

Continued pursuit of past due taxes netted interest and lien fees which exceeded budget by \$112,005. This represents 63% of the total variance to budget revenue of \$178,095. On the expense side, an underbudgeted debt payment of \$350,000 was offset by favorable spending variances across all departments totaling \$478,355 which represents 10.5% of the total expense budget. The net effect of these two items resulted in a total favorable expense variance of \$128,355 for the year.

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, 2012 amounts to \$65,521,817 (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)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Construction in progress	5,925,648	2,733,712			5,925,648	2,733,712
Buildings	15,050,381	14,645,976			15,050,381	14,645,976
Sewer plant			8,255,718	8,339,454	8,255,718	8,339,454
Sewer collection system			300,623	389,233	300,623	389,233
Machinery and equipment	1,207,961	972,896			1,207,961	972,896
Infrastructure	12,508,715	12,745,163			12,508,715	12,745,163
Vehicles	3,024,438	1,742,679			3,024,438	1,742,679
Furniture and fixtures	29,169	10,412			29,169	10,412
Total	\$ <u>56,950,134</u>	\$ <u>52,054,660</u>	\$ <u>8,571,683</u>	\$ <u>8,744,029</u>	\$ <u>65,521,817</u>	\$ <u>60,798,689</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 \$18,204,739. The entire amount is backed by the full faith and credit of the Town.

**OUTSTANDING DEBT
General Obligation Bonds and Notes**

	Governmental Activities	
	2012	2011
General obligation bonds - Town improvements	\$ 12,746,200	\$ 13,832,950
General obligation bonds - school improvements	5,268,800	5,682,050
Clean Water Fund note	189,739	236,892
 Total	 \$ 18,204,739	 \$ 19,751,892

The Town received an “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 \$315,154,595 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, 2012, which matures through 2026, amounted to \$19,155,000. The Town’s share of the debt, net of the related grant, was \$9,931,868.

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 5.5%, which is a decrease of .5% from a year ago. This compares favorably to the state’s average unemployment rate of 8.2% and the national average rate of 7.6%.
- The uncertainty of federal and state grants could play an adverse role in the Town’s finances based on its dependence on these sources of funding.

All of these factors were considered in preparing the Town’s budget for the 2013 fiscal year.

At the end of the current fiscal year, unassigned fund balance in the general fund is \$6,439,022.

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, Finance Department, P.O. Box 1028, Redding, Connecticut 06875.

TOWN OF REDDING, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 11,075,539	\$ 95,008	\$ 11,170,547
Receivables, net	3,715,693	92,484	3,808,177
Internal balances	290,000	(290,000)	-
Other	203,924		203,924
Bond issuance costs	17,812		17,812
Total current assets	<u>15,302,968</u>	<u>(102,508)</u>	<u>15,200,460</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	25,129,470	15,342	25,144,812
Assets being depreciated, net	31,820,664	8,556,341	40,377,005
Total capital assets	<u>56,950,134</u>	<u>8,571,683</u>	<u>65,521,817</u>
Total assets	<u>72,253,102</u>	<u>8,469,175</u>	<u>80,722,277</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	1,479,344	218,967	1,698,311
Due to other governments	4,102		4,102
Due to Regional School District No. 9	825,715		825,715
Bond anticipation notes	1,750,000		1,750,000
Unearned revenue	1,519,355		1,519,355
Total current liabilities	<u>5,578,516</u>	<u>218,967</u>	<u>5,797,483</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,881,295		1,881,295
Due in more than one year	19,407,646		19,407,646
Total noncurrent liabilities	<u>21,288,941</u>	<u>-</u>	<u>21,288,941</u>
Total liabilities	<u>26,867,457</u>	<u>218,967</u>	<u>27,086,424</u>
Net Assets:			
Invested in capital assets, net of related debt	35,631,967	8,571,683	44,203,650
Restricted for:			
Perpetual care:			
Nonexpendable	2,100		2,100
Unrestricted	9,751,578	(321,475)	9,430,103
Total Net Assets	<u>\$ 45,385,645</u>	<u>\$ 8,250,208</u>	<u>\$ 53,635,853</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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,235,479	\$ 265,720	\$ 419,204	\$	\$ (2,550,555)	\$	\$ (2,550,555)
Public safety	3,400,036	25,278	1,728	105,768	(3,267,262)		(3,267,262)
Highway and streets	2,776,797	259,087	132,978	327,394	(2,057,338)		(2,057,338)
Transfer station and recycling	426,824	186,202			(240,622)		(240,622)
Health and welfare	134,397	12,525	10,551		(111,321)		(111,321)
Library	520,739				(520,739)		(520,739)
Education	35,846,468	189,607	3,390,894		(32,265,967)		(32,265,967)
Parks and recreation	1,229,759	637,133	6,905		(585,721)		(585,721)
Interest and fiscal charges	702,794				(702,794)		(702,794)
Total governmental activities	48,273,293	1,575,552	3,962,260	433,162	(42,302,319)	-	(42,302,319)
Business-type activities:							
Georgetown sewer fund	763,117	415,802				(347,315)	(347,315)
Total	\$ 49,036,410	\$ 1,991,354	\$ 3,962,260	\$ 433,162	(42,302,319)	(347,315)	(42,649,634)
General revenues:							
Property taxes					44,457,954		44,457,954
Grants and contributions not restricted to specific programs					411,826		411,826
Investment income					73,560	105	73,665
Total general revenues					44,943,340	105	44,943,445
Change in net assets					2,641,021	(347,210)	2,293,811
Net Assets - Beginning of Year					42,744,624	8,597,418	51,342,042
Net Assets - End of Year					\$ 45,385,645	\$ 8,250,208	\$ 53,635,853

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Road Reconstruction</u>	<u>Reserve Fund for CNRE</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,575,539		\$ 1,170,531	\$ 329,469	\$ 11,075,539
Receivables:					
Property taxes	2,225,050				2,225,050
Intergovernmental	378,961			524,000	902,961
Other	118,550				118,550
Due from other funds	1,592,280			201,105	1,793,385
Other assets	202,263				202,263
Inventory	1,661				1,661
Total Assets	\$ 14,094,304	\$ -	\$ 1,170,531	\$ 1,059,509	\$ 16,324,344
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 785,275			\$ 51,301	\$ 836,576
Due to other governments	4,102				4,102
Due to Regional School District No. 9	825,715				825,715
Due to other funds	618,354	330,398		971,882	1,920,634
Bond anticipation notes payable	1,750,000				1,750,000
Deferred revenue	3,596,490			75,621	3,672,111
Total liabilities	7,579,936	330,398	-	1,098,804	9,009,138
Fund balances:					
Nonspendable	1,661				1,661
Restricted				89,901	89,901
Committed			1,170,531	382,427	1,552,958
Assigned	73,685				73,685
Unassigned	6,439,022	(330,398)		(511,623)	5,597,001
Total fund balances	6,514,368	(330,398)	1,170,531	(39,295)	7,315,206
Total Liabilities and Fund Balances	\$ 14,094,304	\$ -	\$ 1,170,531	\$ 1,059,509	\$ 16,324,344

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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)	\$ 7,315,206
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	68,663,883
Less accumulated depreciation	(11,713,749)
Net capital assets	<u>56,950,134</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	724,197
Property tax and sewer assessment receivable - accrual basis change	1,892,756
Bond issue costs	17,812
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	13,317
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	(18,204,739)
Compensated absences	(136,384)
Accrued interest payable	(238,836)
Capital leases	(1,363,428)
Net OPEB obligation	(1,545,890)
Landfill closure and post closure care	<u>(38,500)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 45,385,645</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, 2012

	General	Road Reconstruction Fund	Reserve Fund for CNRE	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 43,547,989	\$	\$	\$	\$ 43,547,989
Intergovernmental	3,558,675			1,348,271	4,906,946
Investment income	22,249	111	1,601	49,599	73,560
Charges for services	1,312,856			153,113	1,465,969
Other		9,884			9,884
Total revenues	<u>48,441,769</u>	<u>9,995</u>	<u>1,601</u>	<u>1,550,983</u>	<u>50,004,348</u>
Expenditures:					
Current:					
General government	2,324,192			76,450	2,400,642
Public safety	2,113,680			442,680	2,556,360
Highway and streets	1,598,912			273,589	1,872,501
Transfer station and recycling	330,170				330,170
Health and welfare	100,795			2,362	103,157
Library	402,250				402,250
Parks and recreation	924,460			33,809	958,269
Employee benefits	2,418,832				2,418,832
Education	35,106,197			364,300	35,470,497
Capital outlay	6,964	425,703	1,618,749	3,695,947	5,747,363
Debt service	2,264,829				2,264,829
Total expenditures	<u>47,591,281</u>	<u>425,703</u>	<u>1,618,749</u>	<u>4,889,137</u>	<u>54,524,870</u>
Excess (Deficiency) of Revenues over Expenditures	<u>850,488</u>	<u>(415,708)</u>	<u>(1,617,148)</u>	<u>(3,338,154)</u>	<u>(4,520,522)</u>
Other Financing Sources (Uses):					
Proceeds from capital leases			1,393,337		1,393,337
Sale of capital assets	5,861				5,861
Transfers in			547,856		547,856
Transfers out	(547,856)				(547,856)
Total other financing sources	<u>(541,995)</u>	<u>-</u>	<u>1,941,193</u>	<u>-</u>	<u>1,399,198</u>
Net Change in Fund Balances	308,493	(415,708)	324,045	(3,338,154)	(3,121,324)
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 6,514,368</u>	<u>\$ (330,398)</u>	<u>\$ 1,170,531</u>	<u>\$ (39,295)</u>	<u>\$ 7,315,206</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, 2012**

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) \$ (3,121,324)

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	5,660,936
Depreciation expense	<u>(700,741)</u>
Total	<u>4,960,195</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.

(64,721)

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:

Increase in property tax and sewer assessment receivable - accrual basis change	428,043
Increase in property tax and sewer assessment interest and lien revenue	<u>481,922</u>
Total	<u>909,965</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:	
Bond principal repayments	1,500,000
Proceeds from capital leases	<u>(1,393,337)</u>
Capital lease payments	240,970
Notes payable	47,153
Total	<u>394,786</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	(339,343)
Landfill post closure care	3,500
Compensated absences	(26,073)
Accrued interest payable	16,862
Amortization of issuance costs	<u>(1,980)</u>
Total	<u>(347,034)</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.

(90,846)

Change in Net Assets of Governmental Activities (Exhibit II)

\$ 2,641,021

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

	Business-Type Activities Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 95,008	\$
Accounts receivable	92,484	
Due from other funds		417,249
Total current assets	<u>187,492</u>	<u>417,249</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	8,255,718	
Sewer collection system	300,623	
Total capital assets, net	<u>8,571,683</u>	<u>-</u>
Total assets	<u>8,759,175</u>	<u>417,249</u>
Liabilities:		
Current liabilities:		
Accounts payable	218,967	146,342
Due to other funds	290,000	
Claims payable		257,590
Total liabilities	<u>508,967</u>	<u>403,932</u>
Net Assets:		
Invested in capital assets	8,571,683	
Unrestricted	<u>(321,475)</u>	<u>13,317</u>
Total Net Assets	<u>\$ 8,250,208</u>	<u>\$ 13,317</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, 2012

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Operating Revenue:		
Premiums	\$	\$ 3,370,420
Charges for services	415,802	
Total operating revenues	<u>415,802</u>	<u>3,370,420</u>
Operating Expenses:		
Claims incurred		3,250,679
Administration	18,598	210,732
Contracted services	334,972	
Outside services	2,228	
Materials disposal	19,066	
Materials and supplies	115,346	
Utilities	100,561	
Depreciation	172,346	
Total operating expenses	<u>763,117</u>	<u>3,461,411</u>
Operating Loss	(347,315)	(90,991)
Nonoperating Revenues:		
Investment income	105	145
Change in Net Assets	(347,210)	(90,846)
Total Net Assets - Beginning of Year	<u>8,597,418</u>	<u>104,163</u>
Total Net Assets - End of Year	<u>\$ 8,250,208</u>	<u>\$ 13,317</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, 2012

	Business-Type Activities Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers and others	\$ 415,802	\$
Payments to suppliers	(356,741)	
Claim payments		(3,075,891)
Premiums received		3,193,171
Administrative payments		(210,732)
Net cash provided by (used in) operating activities	<u>59,061</u>	<u>(93,452)</u>
Cash Flows from Investing Activities:		
Income from investments	<u>105</u>	<u>145</u>
Net Increase (Decrease) in Cash and Cash Equivalents	59,166	(93,307)
Cash and Cash Equivalents - Beginning of Year	<u>35,842</u>	<u>93,307</u>
Cash and Cash Equivalents - End of Year	<u>\$ 95,008</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	\$ (347,315)	\$ (90,991)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	172,346	
(Increase) decrease:		
Due from other funds		(177,249)
Increase (decrease):		
Due to other funds	150,000	
Accounts payable	<u>84,030</u>	<u>174,788</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 59,061</u>	<u>\$ (93,452)</u>

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>111,880</u>
Liability:	
Due to others	\$ <u>111,880</u>

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Redding (the Town) is a municipal corporation and operates under the provisions of the General Statutes of the State of Connecticut. The Town is governed by an elected Board of Selectmen and an elected Board of Finance. The Town Meeting acts as the legislative body. The First Selectman is the Chief Executive Officer. The Town provides the following services: education, public safety, public works, public health and social services, and recreation.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The Road Reconstruction Fund is used to account for the various road repair activities. The 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, 2012 and are calculated based upon prior collections. In the fund financial statements, all property taxes receivable at June 30, 2012, 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

Town and Board of Education are granted vacation based upon length of employment. Unused vacation time accrued prior to voluntary termination shall be paid on a pro rata basis. For the Town, sick leave does not accrue, and cannot be carried forward. For the Board of Education, sick leave may be carried forward, but any unused balance at termination will be forfeited.

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, restricted or committed. 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, 2012:

Major Fund:	
Road Reconstruction Fund	\$ 330,398
Nonmajor Governmental Funds:	
FEMA Grant	7,673
Senior Center Escrow	348
Brownfield Municipal Grant	41,680
Georgetown STEAP	41,765
Georgetown STEAP Intersection	388,300
School Bonded Projects	31,857

The deficits 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, 2012:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2012</u>
Road Reconstruction Fund	\$ 3,337,675	\$ 425,703	\$ 3,030,930	\$ 306,745
Capital projects - schools	164,000	27,832	159,584	4,416
Georgetown STEAP	1,777,953	17,542	1,430,517	347,436
Georgetown STEAP Intersection	2,155,677	1,230,874	1,230,874	924,803
Police Project	778,637	230,540	775,947	2,690
School Bonded Projects	3,210,000	2,189,159	3,241,857	(31,857)

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 has 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*, \$6,824,606 of the Town's bank balance of \$7,145,185 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,117,145
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>707,461</u>
Total Cash and Cash Equivalents	<u>\$ 6,824,606</u>

B. Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$4,358,444. 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 Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset Management	
- Connecticut Cooperative Liquid Assets	
Securities System (CLASS) Plus	AAA/m

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	\$ 2,285,050	\$	\$	\$ 2,285,050
Accounts	118,550		92,484	211,034
Sewer assessments		4,935		4,935
Intergovernmental	<u>378,961</u>	<u>524,000</u>		<u>902,961</u>
Gross receivables	2,782,561	528,935	92,484	3,403,980
Less allowance for uncollectibles	<u>60,000</u>			<u>60,000</u>
Net Total Receivables	<u>\$ 2,722,561</u>	<u>\$ 528,935</u>	<u>\$ 92,484</u>	<u>\$ 3,343,980</u>

* Accrued interest on property taxes in the amount of \$724,197 is not included in the fund financial statements.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes collected in advance	\$	\$ 1,448,169
Delinquent property taxes receivable	2,147,821	
Special assessments not yet due	4,935	
Grant drawdowns prior to meeting all eligibility requirements		<u>71,186</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,152,756</u>	<u>\$ 1,519,355</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,203,822	\$ -	\$ -	\$ 19,203,822
Construction in progress	2,733,712	3,845,736	653,800	5,925,648
Total capital assets not being depreciated	<u>21,937,534</u>	<u>3,845,736</u>	<u>653,800</u>	<u>25,129,470</u>
Capital assets being depreciated:				
Buildings	17,865,530	653,800		18,519,330
Machinery and equipment	1,359,863	327,302	74,704	1,612,461
Vehicles	2,733,312	1,467,784	239,636	3,961,460
Furniture and fixtures	99,590	20,114		119,704
Infrastructure	19,321,458			19,321,458
Total capital assets being depreciated	<u>41,379,753</u>	<u>2,469,000</u>	<u>314,340</u>	<u>43,534,413</u>
Less accumulated depreciation for:				
Buildings	3,219,554	249,395		3,468,949
Machinery and equipment	386,967	55,665	38,132	404,500
Vehicles	990,633	157,876	211,487	937,022
Furniture and fixtures	89,178	1,357		90,535
Infrastructure	6,576,295	236,448		6,812,743
Total accumulated depreciation	<u>11,262,627</u>	<u>700,741</u>	<u>249,619</u>	<u>11,713,749</u>
Total capital assets being depreciated, net	<u>30,117,126</u>	<u>1,768,259</u>	<u>64,721</u>	<u>31,820,664</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,054,660</u>	<u>\$ 5,613,995</u>	<u>\$ 718,521</u>	<u>\$ 56,950,134</u>
	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,342	\$ -	\$ -	\$ 15,342
Capital assets being depreciated:				
Sewer plant	9,245,519			9,245,519
Sewer collection system	714,541			714,541
Machinery and equipment	6,550			6,550
Total capital assets being depreciated	<u>9,966,610</u>	<u>-</u>	<u>-</u>	<u>9,966,610</u>
Less accumulated depreciation for:				
Sewer plant	906,065	83,736		989,801
Sewer collection system	325,308	88,610		413,918
Machinery and equipment	6,550			6,550
Total accumulated depreciation	<u>1,237,923</u>	<u>172,346</u>	<u>-</u>	<u>1,410,269</u>
Total capital assets being depreciated, net	<u>8,728,687</u>	<u>(172,346)</u>	<u>-</u>	<u>8,556,341</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,744,029</u>	<u>\$ (172,346)</u>	<u>\$ -</u>	<u>\$ 8,571,683</u>

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

Governmental Activities:	
General government	\$ 128,798
Public safety	67,061
Highway and streets	347,995
Transfer station and recycling	7,617
Health and social services	3,595
Parks and recreation	5,750
Education	<u>139,925</u>
Total Depreciation Expense - Governmental Activities	\$ <u>700,741</u>
Business-Type Activities:	
Sewer	<u>\$ 172,346</u>

6. INTERFUND ACCOUNTS

At June 30, 2012, 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	\$ 971,882
General Fund	Road Reconstruction	330,398
General Fund	Georgetown Sewer	290,000
Internal Service Fund	General Fund	417,249
Nonmajor Governmental Fund	General Fund	<u>201,105</u>
Total		\$ <u>2,210,634</u>

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

Interfund transfers:

Transfer out: General Fund	\$547,856
Transfer in: Reserve for CNR Fund	\$547,856

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

7. BOND ANTICIPATION NOTES

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. On June 26, 2012, the Town issued \$1,750,000 in bond anticipation notes for highway improvements. The notes mature on March 25, 2013 and carry a net interest cost of .494%. Short-term obligation activity for the year ended June 30, 2012 was as follows:

<u>Description</u>	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2012</u>
Bond Anticipation Notes	\$ -	\$ 1,750,000	\$ -	\$ 1,750,000

8. LONG-TERM DEBT

A. Changes in Long-Term Obligations

Summary of Changes

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

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance			Balance Outstanding June 30, 2012	Current Portion
					July 1, 2011	Additions	Deductions		
Bond Notes:									
General purpose:									
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 3,753,000	\$	\$ 417,000	\$ 3,336,000	\$ 417,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	3,350,000		335,000	3,015,000	335,000
Improvement bond	6,729,950	07/15/10	07/15/31	2.0-4.0	6,729,950		334,750	6,395,200	334,750
Total general purpose					<u>13,832,950</u>	<u>-</u>	<u>1,086,750</u>	<u>12,746,200</u>	<u>1,086,750</u>
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	2,097,000		233,000	1,864,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	3,585,050		180,250	3,404,800	180,250
Total schools					<u>5,682,050</u>	<u>-</u>	<u>413,250</u>	<u>5,268,800</u>	<u>413,250</u>
Sewer:									
Clean water note	1,293,905	10/01/96	04/01/16	2	236,892		47,153	189,739	48,104
Total bond/notes					19,751,892		1,547,153	18,204,739	1,548,104
Compensated absences					110,311	26,073		136,384	52,366
Capital leases					211,061	1,393,337	240,970	1,363,428	277,325
Net OPEB obligation					1,206,547	339,343		1,545,890	
Landfill closure and post-closure care					42,000		3,500	38,500	3,500
Total General Long-Term Obligations					<u>\$ 21,321,811</u>	<u>\$ 1,758,753</u>	<u>\$ 1,791,623</u>	<u>\$ 21,288,941</u>	<u>\$ 1,881,295</u>

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

Year Ending June 30,	Principal		Interest	
	Bonds	Clean Water Loan	Bonds	Clean Water Loan
2013	\$ 1,500,000	\$ 48,105	\$ 662,678	\$ 3,355
2014	1,500,000	49,076	605,016	2,384
2015	1,500,000	50,066	543,969	1,394
2016	1,500,000	42,492	482,159	391
2017	1,500,000		418,113	
2018-2022	5,865,000		1,220,104	
2023-2027	2,575,000		580,808	
2028-2031	<u>2,075,000</u>		<u>151,687</u>	
Total	<u>\$ 18,015,000</u>	<u>\$ 189,739</u>	<u>\$ 4,664,534</u>	<u>\$ 7,524</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, 2012, which matures through 2026, amounted to \$19,155,000. The Town's share of the debt was \$9,931,868.

B. Capital Leases

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

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, 2012:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 285,492
2014	285,492
2015	285,492
2016	226,878
2017	383,225
	<u>1,466,579</u>
Less amount representing interest	<u>(103,151)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 1,363,428</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	\$ 101,357,314	\$ 13,968,331	\$ 87,388,983
Schools	202,714,628	15,205,254	187,509,374
Sewers	168,928,856		168,928,856
Urban renewal	146,405,009		146,405,009
Pension deficit	135,143,085		135,143,085

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$315,333,865.

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 \$38,500. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net assets, since the liability will be funded from future financial resources, not from expendable available financial resources.

E. Authorized/Unissued Bonds

At June 30, 2012, 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, 2012 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:					
Inventory	\$ 1,661				\$ 1,661
Restricted for:					
Grants				89,901	89,901
Committed to:					
General government				109,272	109,272
Public safety				22,006	22,006
Highway and streets				34,323	34,323
Education				10,626	10,626
Parks and recreation				4,946	4,946
Capital projects			1,170,531	201,254	1,371,785
Assigned to:					
General government	73,685				73,685
Unassigned	<u>6,439,022</u>	<u>(330,398)</u>		<u>(511,623)</u>	<u>5,597,001</u>
Total Fund Balances	<u>\$ 6,514,368</u>	<u>\$ (330,398)</u>	<u>\$ 1,170,531</u>	<u>\$ (39,295)</u>	<u>\$ 7,315,206</u>

Encumbrances at June 30, 2012 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>	Current Year Claims and Changes in Estimates	<u>Claims Payments</u>	<u>Claims Payable June 30</u>
2010-2011	\$ 247,069	\$ 2,861,334	\$ 2,879,259	\$ 229,144
2011-2012	229,144	3,461,411	3,432,965	257,590

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, 2010, 2011 and 2012 were \$319,620, \$437,623 and \$501,151, 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 \$2,231,340.

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	<u>241</u>
Total	<u><u>257</u></u>

C. Description of Actuarial Assumptions and Methods

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

	Retiree Medical Program
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:

	Retiree Medical Program
Annual required contribution	\$ 350,209
Interest on net OPEB obligation	54,295
Adjustment to annual required contribution	<u>(70,890)</u>
Annual OPEB cost	333,614
Contribution made	<u>5,729</u>
Increase in net OPEB obligation	339,343
Net OPEB obligation, July 1, 2011	<u>1,206,547</u>
Net OPEB obligation, June 30, 2012	<u>\$ 1,545,890</u>

Schedule of Employer Contributions

	Annual Required Contribution (ARC)	Actual Contribution	Percentage Contributed
6/30/10	\$ 438,976	\$ (5,594)	(1)%
6/30/11	343,454	(10,897)	(3)
6/30/12	350,209	(5,729)	(2)

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, 2012 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>
6/30/10	\$ 433,125	\$ (5,594)	(1.0)%	\$ 864,081
6/30/11	331,569	(10,897)	(3.0)	1,206,547
6/30/12	333,614	(5,729)	(2.0)	1,545,890

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. 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 43,380,281	\$ 43,380,281	\$ 43,358,984	\$ (21,297)
Interest and lien fees	77,000	77,000	189,005	112,005
Total property taxes	<u>43,457,281</u>	<u>43,457,281</u>	<u>43,547,989</u>	<u>90,708</u>
Intergovernmental:				
Educational assistance grants:				
ECS grant	515,800	515,800	521,626	5,826
School building grants			1	1
Adult education	359	359		(359)
Regional School District No. 9	171,933	171,933	189,607	17,674
Total educational assistance	<u>688,092</u>	<u>688,092</u>	<u>711,234</u>	<u>23,142</u>
Town assistance grants:				
In lieu of taxes - State property	184,150	184,150	184,226	76
In lieu of taxes - business inventory			791	791
Tax relief circuit breaker	21,650	21,650	19,387	(2,263)
Disability exemption			273	273
Veterans' exemption	220	220	1,111	891
Municipal video competition			20,612	20,612
Safe boating	2,526	2,526		(2,526)
Telephone access line grant	18,709	18,709	27,243	8,534
Open space land acquisition			6,229	6,229
Mashantucket Pequot Grant	9,541	9,541	9,234	(307)
Unclassified Revenue			77,131	77,131
Total Town assistance grants	<u>236,796</u>	<u>236,796</u>	<u>346,237</u>	<u>109,441</u>
Total intergovernmental	<u>924,888</u>	<u>924,888</u>	<u>1,057,471</u>	<u>132,583</u>
Investment Income	<u>40,000</u>	<u>40,000</u>	<u>22,249</u>	<u>(17,751)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services:				
Town clerk	\$ 226,500	\$ 226,500	\$ 217,635	\$ (8,865)
Assessor	1,500	1,500	1,255	(245)
Conservation	5,000	5,000	12,437	7,437
Heritage Center	15,000	15,000	11,669	(3,331)
Planning Commission	1,200	1,200		(1,200)
Zoning Commission	24,500	24,500	39,671	15,171
Zoning Board of Appeals	700	700	2,500	1,800
Building inspection	150,000	150,000	180,586	30,586
Transfer station	173,000	173,000	183,308	10,308
Sanitarian	10,000	10,000	12,525	2,525
Parks and recreation	711,916	711,916	626,233	(85,683)
Fiber optics	19,992	19,992	18,686	(1,306)
Rental of Town property	7,605	7,605	7,606	1
Total charges for services	<u>1,346,913</u>	<u>1,346,913</u>	<u>1,312,856</u>	<u>(32,802)</u>
Sale of capital assets			<u>5,861</u>	<u>5,861</u>
Total Revenues	<u>\$ 45,769,082</u>	<u>\$ 45,769,082</u>	45,946,426	<u>\$ 178,599</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

2,231,340

Special education excess cost grant is recorded gross for GAAP

269,864Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Exhibit IV\$ 48,447,630

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	<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	\$ 2,000	\$	\$ 2,000	\$ 776	1,224
Board of selectmen	153,504	3,695	157,199	149,417	7,782
Probate court	3,400		3,400	335	3,065
Registrar's office	43,200	431	43,631	29,678	13,953
Controller's office	220,425	7,950	228,375	215,514	12,861
Independent audit	43,000		43,000	41,360	1,640
Assessor's office	143,935	2,643	146,578	132,813	13,765
Assessor's other	95,000		95,000	36,777	58,223
Board of assessment appeals	800		800	699	101
Tax collector	143,071	1,204	144,275	144,727	(452)
Town treasurer	12,522	304	12,826	12,291	535
Computer capability	40,000		40,000	37,434	2,566
Management services	28,453		28,453	22,713	5,740
Special legal	200,000		200,000	206,856	(6,856)
Town clerk	128,336	2,145	130,481	130,843	(362)
Annual town report	6,000		6,000	6,000	-
Board of ethics	425		425		425
Conservation	42,750	431	43,181	31,177	12,004
Heritage Center	157,340	2,648	159,988	173,610	(13,622)
Heritage center senior bus	36,000	771	36,771	22,670	14,101
Town planning commission	33,340		33,340	28,020	5,320
HVCEO	10,875		10,875	10,875	-
Zoning commission	72,925	1,679	74,604	63,675	10,929
Zoning board of appeals	2,200		2,200	1,572	628
Council of small towns	825		825	825	-
Land use services	96,080	2,135	98,215	95,561	2,654
Office of tree warden	500		500		500
Town office building	58,300		58,300	51,157	7,143
Old town house	6,075		6,075	3,994	2,081
Town office building annex	3,000		3,000	2,671	329
Community center	194,029	3,764	197,793	172,583	25,210
Police headquarters/communication center	7,000		7,000	10,581	(3,581)
Administrative services	479,961		479,961	416,486	63,475
Memorial Day observance	350		350	100	250
Cemeteries	8,000		8,000	7,005	995
Insurance	136,500		136,500	109,358	27,142
Agencies serving residents	5,000		5,000	5,000	-
Provision for contingencies	125,000	(82,573)	42,427	22,724	19,703
Total general government	<u>2,740,121</u>	<u>(52,773)</u>	<u>2,687,348</u>	<u>2,397,877</u>	<u>289,471</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, 2012

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,272,539	\$ 4,940	\$ 1,277,479	\$ 1,238,491 X	\$ 38,988
Police Department - contractual services and expenses	139,850		139,850	141,543 X	(1,693)
Police Department - maintenance of vehicles	89,000		89,000	112,343 X	(23,343)
Volunteer fire companies	104,000		104,000	92,617	11,383
Building inspections	182,650	4,915	187,565	184,926	2,639
Communications Center	300,540	1,188	301,728	291,625 X	10,103
Dog licenses	31,000	27,454	58,454	52,135 X	6,319
Total public safety	<u>2,119,579</u>	<u>38,497</u>	<u>2,158,076</u>	<u>2,113,680</u>	<u>44,396</u>
Highway and Streets:					
Wages - regular, overtime and seasonal	826,576	4,628	831,204	807,380	23,824
General maintenance and repair	315,500		315,500	343,732	(28,232)
Snow removal and ice control	244,000		244,000	197,912	46,088
Equipment maintenance and repair	164,500		164,500	163,617	883
Town garage buildings	12,000		12,000	14,125	(2,125)
Total highway and streets	<u>1,562,576</u>	<u>4,628</u>	<u>1,567,204</u>	<u>1,526,766</u>	<u>40,438</u>
Transfer Station and Recycling:					
Salaries	163,331	2,958	166,289	180,326	(14,037)
General maintenance	116,550		116,550	137,639	(21,089)
Equipment maintenance	11,500		11,500	12,205	(705)
Total transfer station and recycling	<u>291,381</u>	<u>2,958</u>	<u>294,339</u>	<u>330,170</u>	<u>(35,831)</u>
Health and Social Services:					
Sanitarian inspection	86,250	1,194	87,444	84,187	3,257
Social services	21,000		21,000	16,608	4,392
Total health and social services	<u>107,250</u>	<u>1,194</u>	<u>108,444</u>	<u>100,795</u>	<u>7,649</u>
Mark Twain Library:					
Operations	402,250	-	402,250	402,250	-
Parks and Recreation:					
Field maintenance	99,480		99,480	85,396	14,084
Administration	192,077	3,828	195,905	201,706	(5,801)
Summer camp	216,102		216,102	192,144	23,958
Recreation programs	179,700		179,700	171,157	8,543
Topstone park	97,203		97,203	113,697	(16,494)
Tennis courts	12,825		12,825	14,227	(1,402)
Extended day service	155,637	1,668	157,305	146,133	11,172
Total parks and recreation	<u>953,024</u>	<u>5,496</u>	<u>958,520</u>	<u>924,460</u>	<u>34,060</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, 2012

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,519,000	\$	\$ 2,519,000	\$ 2,418,832	\$ 100,168
Capital Outlay:					
Selectmen's general maintenance	7,000		7,000	6,964	36
Debt Service:					
Debt retirement	1,196,441		1,196,441	1,547,153	(350,712)
Interest payments	717,611		717,611	717,676	(65)
Total debt service	1,914,052	-	1,914,052	2,264,829	(350,777)
Total town expenditures	12,616,233	-	12,616,233	12,486,623	129,610
Education:					
Redding Board of Education:					
General instruction	10,830,274	169,354	10,999,628	10,950,540	49,088
Kindergarten	16,000		16,000	15,031	969
Humanities	60,795	(3,407)	57,388	43,170	14,218
Integrated language arts	39,272	(200)	39,072	26,207	12,865
Curriculum	56,248	(10,880)	45,368	43,808	1,560
Industrial technology	4,531		4,531	3,724	807
Science/math technology	50,546	(10,455)	40,091	32,572	7,519
Physical education/health	14,726	1,000	15,726	14,690	1,036
Student activity co-curricular	60,696	1,958	62,654	51,901	10,753
Special services	31,210	(2,605)	28,605	13,813	14,792
Special education	4,314,440	(56,006)	4,258,434	4,411,229	(152,795)
Guidance	1,466		1,466	1,447	19
Health services	216,272	2,918	219,190	198,618	20,572
Psychological services	17,950		17,950	13,465	4,485
Speech services	10,400	5,467	15,867	7,753	8,114
Educational media services	70,300	(11,406)	58,894	62,090	(3,196)
Technology plan	339,153	22,322	361,475	359,667	1,808
Board of Education	113,050	(5,536)	107,514	120,336	(12,822)
Central administration	529,034		529,034	529,034	-
Magnet school	73,476	(17,412)	56,064	64,662	(8,598)
School administration	1,259,622	1,974	1,261,596	1,260,732	864
Operation/maintenance physical plant	2,221,907	(117,198)	2,104,709	2,108,713	(4,004)
Student transportation	1,017,675	29,632	1,047,307	1,012,251	35,056
Food service	4,500	480	4,980	8,090	(3,110)
Total Redding Board of Education	21,353,543	-	21,353,543	21,353,543	-
Regional School District No. 9	11,251,450	-	11,251,450	11,251,450	-
Total Education	32,604,993	-	32,604,993	32,604,993	-
Total Expenditures	45,221,226	-	45,221,226	45,091,616	129,610

(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, 2012

	<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	\$ 547,856	\$ -	\$ 547,856	\$ 547,856	\$ -
Total Expenditures and Other Financing Uses	<u>\$ 45,769,082</u>	<u>\$ -</u>	<u>\$ 45,769,082</u>	45,639,472	<u>129,610</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				2,231,340	
Special education excess cost grant is recorded gross for GAAP				269,864	
Prior year encumbrances are reported in current year for financial reporting purposes				72,146	
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>(73,685)</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>\$ 48,139,137</u>	

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 9,575,539	\$ 12,964,293
Uncollected property taxes, net of allowance for uncollectible amounts	2,225,050	1,915,782
Due from State and Federal governments	378,961	218,286
Accounts receivable	118,550	43,810
Due from other funds	1,592,280	881,315
Other	202,263	197,277
Inventory	<u>1,661</u>	<u>1,157</u>
Total Assets	<u>\$ 14,094,304</u>	<u>\$ 16,221,920</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 785,275	\$ 1,249,255
Due to other governments	4,102	2,176
Due to Regional School District No. 9	825,715	744,187
Due to other funds	618,354	3,110,236
Bond anticipation notes payable	1,750,000	
Deferred revenue	3,596,490	4,910,191
Total liabilities	<u>7,579,936</u>	<u>10,016,045</u>
Fund balance:		
Nonspendable	1,661	1,157
Assigned	73,685	72,146
Unassigned	6,439,022	6,132,572
Total fund balance	<u>6,514,368</u>	<u>6,205,875</u>
Total Liabilities and Fund Balance	<u>\$ 14,094,304</u>	<u>\$ 16,221,920</u>

**TOWN OF REDDING, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2012**

Grand List Year	Uncollected Taxes July 1, 2011	Current Year Levy	Lawful Corrections		Transfers to Suspense	Overcollections/ Bounced Checks	Adjusted Taxes Collectible	Taxes	Interest and Liens Fees	Total	Uncollected Taxes June 30, 2012
			Additions	Deductions							
2010	\$	\$ 43,698,178	\$ 1,141,317	\$ 813,712	\$	\$ 18,614	\$ 44,044,397	\$ 43,119,722	\$ 83,302	\$ 43,203,024	\$ 924,675
2009	1,186,690		5,484	186,564			1,005,610	324,517	62,938	387,455	681,093
2008	418,319		5,997	1,495	24,507		398,314	78,790	26,618	105,408	319,524
2007	324,113		31				324,144	6,556	3,201	9,757	317,588
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
Total	\$ 1,971,292	\$ 43,698,178	\$ 1,152,829	\$ 1,001,771	\$ 24,507	\$ 18,614	\$ 45,814,635	43,529,585	176,059	43,705,644	\$ 2,285,050
								Suspense collections	14,492	11,118	25,610
								Total	\$ 43,544,077	\$ 187,177	43,731,254
								Refunds adjustment		(63,598)	
								Property taxes receivable considered available (60-day collections):			
								After June 30, 2011 (collections July and August 2012)		(196,896)	
								After June 30, 2012 (collections July and August 2013)		77,229	
								Total Property Tax Revenue		\$ 43,547,989	

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

JUNE 30, 2012

	<u>Special Revenue Funds</u>							
	<u>Town Aid Road</u>	<u>Police Funds</u>	<u>Dog Fund</u>	<u>Federal Education Grants</u>	<u>Parking Permits/Lot Fund</u>	<u>Recycling</u>	<u>Sewer Assessments</u>	<u>Parks and Recreation Concerts</u>
ASSETS								
Cash	\$ 66,491	\$ 12,784	\$ 9,222	\$ 13,648	\$ 28,186	\$ 22,329	\$ 28,604	\$ 7,952
Sewer assessments							4,935	
Intergovernmental receivable				24,000				
Due from other funds								
Total Assets	<u>\$ 66,491</u>	<u>\$ 12,784</u>	<u>\$ 9,222</u>	<u>\$ 37,648</u>	<u>\$ 28,186</u>	<u>\$ 22,329</u>	<u>\$ 33,539</u>	<u>\$ 7,952</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$	\$ 27,022	\$	\$ 2,258	\$	\$ 5,500
Due to other funds					137			
Deferred revenue							4,935	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,022</u>	<u>137</u>	<u>2,258</u>	<u>4,935</u>	<u>5,500</u>
Fund Balances:								
Restricted	66,491	12,784		10,626				
Committed			9,222		28,049	20,071	28,604	2,452
Unassigned								
Total fund balances	<u>66,491</u>	<u>12,784</u>	<u>9,222</u>	<u>10,626</u>	<u>28,049</u>	<u>20,071</u>	<u>28,604</u>	<u>2,452</u>
Total Liabilities and Fund Balances	<u>\$ 66,491</u>	<u>\$ 12,784</u>	<u>\$ 9,222</u>	<u>\$ 37,648</u>	<u>\$ 28,186</u>	<u>\$ 22,329</u>	<u>\$ 33,539</u>	<u>\$ 7,952</u>

(Continued on next page)

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

JUNE 30, 2012

Special Revenue Funds

	<u>Parks and Recreation Basketball</u>	<u>Senior Center Escrow</u>	<u>FEMA Grant</u>	<u>Benedictine Grange</u>	<u>Canine Control</u>	<u>Planning Commission</u>	<u>Adopt-A- Road</u>	<u>Parade Path</u>	<u>Social Services</u>
ASSETS									
Cash	\$ 2,494	\$	\$	\$	\$	\$	\$ 24,090	\$ 8,666	\$ 21,913
Sewer assessments									
Intergovernmental receivable									
Due from other funds									
Total Assets	<u>\$ 2,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,090</u>	<u>\$ 8,666</u>	<u>\$ 21,913</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$ 348	\$ 7,673	\$	\$	\$	\$	\$	\$
Due to other funds									
Deferred revenue									
Total liabilities	<u>-</u>	<u>348</u>	<u>7,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Restricted									
Committed	2,494				-	-	24,090	8,666	21,913
Unassigned		(348)	(7,673)						
Total fund balances	<u>2,494</u>	<u>(348)</u>	<u>(7,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,090</u>	<u>8,666</u>	<u>21,913</u>
Total Liabilities and Fund Balances	<u>\$ 2,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,090</u>	<u>\$ 8,666</u>	<u>\$ 21,913</u>

(Continued on next page)

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

JUNE 30, 2012

	Special Revenue Funds					Capital Projects Fund			
	GIS	Gazebo	Misc Grants	Brownfield Municipal Grant	Total	Capital Projects- Schools	Georgetown STEAP	Water Wells and Oil Tanks	Bond Fund
ASSETS									
Cash	\$ 29,856	\$ 784	\$ 15,623	\$ -	\$ 292,642	\$ 36,823	\$ -	\$ -	\$ -
Sewer assessments					4,935				
Intergovernmental receivable					24,000				
Due from other funds					-	108,170	46,227	46,708	
Total Assets	\$ 29,856	\$ 784	\$ 15,623	\$ -	\$ 321,577	\$ 144,993	\$ -	\$ 46,227	\$ 46,708
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 8,500	\$ -	\$ -	\$ -	51,301	\$ -	\$ -	\$ -	\$ -
Due to other funds				41,680	41,817	41,765			
Deferred revenue			2,151		7,086			36,678	
Total liabilities	8,500	-	2,151	41,680	100,204	-	41,765	-	36,678
Fund Balances:									
Restricted					89,901				
Committed	21,356	784	13,472		181,173	144,993	46,227	10,030	
Unassigned				(41,680)	(49,701)	(41,765)			
Total fund balances	21,356	784	13,472	(41,680)	221,373	144,993	(41,765)	46,227	10,030
Total Liabilities and Fund Balances	\$ 29,856	\$ 784	\$ 15,623	\$ -	\$ 321,577	\$ 144,993	\$ -	\$ 46,227	\$ 46,708

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

JUNE 30, 2012

	Capital Projects Fund				Permanent Funds			Total Nonmajor Governmental Funds	
	Athletic Fields	STEAP Georgetown Intersection	Police Project	School Bonded Projects	Total	Permanent School	Cemetery Funds		Total
ASSETS									
Cash	\$ 4				\$ 36,827			\$ -	\$ 329,469
Sewer assessments					-			-	4,935
Intergovernmental receivable			500,000		500,000			-	524,000
Due from other funds					201,105			-	201,105
Total Assets	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 737,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,509</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					-			-	51,301
Due to other funds		388,300	500,000		930,065			-	971,882
Deferred revenue				31,857	68,535			-	75,621
Total liabilities	<u>-</u>	<u>388,300</u>	<u>500,000</u>	<u>31,857</u>	<u>998,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,098,804</u>
Fund Balances:									
Restricted					-			-	89,901
Committed	4				201,254			-	382,427
Unassigned		(388,300)		(31,857)	(461,922)			-	(511,623)
Total fund balances	<u>4</u>	<u>(388,300)</u>	<u>-</u>	<u>(31,857)</u>	<u>(260,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,295)</u>
Total Liabilities and Fund Balances	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 737,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,509</u>

TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

Special Revenue Funds

	<u>Town Aid Road</u>	<u>Police Funds</u>	<u>Dog Fund</u>	<u>Federal Education Grants</u>	<u>Parking Permits/Lot Fund</u>	<u>Recycling</u>	<u>Sewer Assessments</u>	<u>Parks and Recreation Concerts</u>
Revenues:								
Intergovernmental	\$ 132,978	\$ 1,728	\$	\$ 368,064	\$	\$	\$	\$
Investment income		20			39	175	50	
Charges for services		13,064	12,214		31,454	2,894	13,259	10,060
Total revenues	<u>132,978</u>	<u>14,812</u>	<u>12,214</u>	<u>368,064</u>	<u>31,493</u>	<u>3,069</u>	<u>13,309</u>	<u>10,060</u>
Expenditures:								
Current:								
General government							24,613	
Public safety		14,623	9,892					
Highways and streets	244,529				18,902	10,158		
Health and social services								
Education				363,678				
Parks and recreation								10,450
Capital outlay								
Total expenditures	<u>244,529</u>	<u>14,623</u>	<u>9,892</u>	<u>363,678</u>	<u>18,902</u>	<u>10,158</u>	<u>24,613</u>	<u>10,450</u>
Net Change in Fund Balance	(111,551)	189	2,322	4,386	12,591	(7,089)	(11,304)	(390)
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 66,491</u>	<u>\$ 12,784</u>	<u>\$ 9,222</u>	<u>\$ 10,626</u>	<u>\$ 28,049</u>	<u>\$ 20,071</u>	<u>\$ 28,604</u>	<u>\$ 2,452</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, 2012

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>	<u>Social Services</u>
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment income								10	
Charges for services	840						23,071	13,770	10,551
Total revenues	<u>840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,071</u>	<u>13,780</u>	<u>10,551</u>
Expenditures:									
Current:									
General government				850		33			
Public safety					183				
Highways and streets									
Health and social services		2,362							
Education									
Parks and recreation	2,828							10,289	
Capital outlay									
Total expenditures	<u>2,828</u>	<u>2,362</u>	<u>-</u>	<u>850</u>	<u>183</u>	<u>33</u>	<u>-</u>	<u>10,289</u>	<u>-</u>
Net Change in Fund Balance	(1,988)	(2,362)	-	(850)	(183)	(33)	23,071	3,491	10,551
Fund Balances - Beginning 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>	<u>11,362</u>
Fund Balances - End of Year	<u>\$ 2,494</u>	<u>\$ (348)</u>	<u>\$ (7,673)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,090</u>	<u>\$ 8,666</u>	<u>\$ 21,913</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, 2012

	Special Revenue Funds					Capital Projects Fund			
	GIS	Gazebo	Misc Grants	Brownfield Municipal Grant	Total	Capital Projects- Schools	Georgetown STEAP	Water Wells and Oil Tanks	Bond Fund
Revenues:									
Intergovernmental	\$	\$	\$ 29,132	\$ 376,302	908,204	\$	\$	\$	\$
Investment income					294	49,300		5	
Charges for services	16,921		5,015		153,113				
Total revenues	<u>16,921</u>	<u>-</u>	<u>34,147</u>	<u>376,302</u>	<u>1,061,611</u>	<u>49,300</u>	<u>-</u>	<u>5</u>	<u>-</u>
Expenditures:									
Current:									
General government	16,875		31,668		74,039				
Public safety				417,982	442,680				
Highways and streets					273,589				
Health and social services					2,362				
Education					363,678				
Parks and recreation		3,337			26,904				
Capital outlay					-	27,832	17,542		
Total expenditures	<u>16,875</u>	<u>3,337</u>	<u>31,668</u>	<u>417,982</u>	<u>1,183,252</u>	<u>27,832</u>	<u>17,542</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	46	(3,337)	2,479	(41,680)	(121,641)	21,468	(17,542)	5	-
Fund Balances - Beginning of Year	<u>21,310</u>	<u>4,121</u>	<u>10,993</u>	<u>-</u>	<u>343,014</u>	<u>123,525</u>	<u>(24,223)</u>	<u>46,222</u>	<u>10,030</u>
Fund Balances - End of Year	<u>\$ 21,356</u>	<u>\$ 784</u>	<u>\$ 13,472</u>	<u>\$ (41,680)</u>	<u>221,373</u>	<u>\$ 144,993</u>	<u>\$ (41,765)</u>	<u>\$ 46,227</u>	<u>\$ 10,030</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, 2012

	<u>Capital Projects Fund</u>				<u>Permanent Funds</u>			Total Nonmajor Governmental Funds	
	<u>Athletic Fields</u>	<u>STEAP Georgetown Intersection</u>	<u>Police Project</u>	<u>School Bonded Projects</u>	<u>Total</u>	<u>Permanent School</u>	<u>Cemetery Funds</u>		<u>Total</u>
Revenues:									
Intergovernmental	\$ 6,905	\$ 327,394	\$ 105,768	\$ -	\$ 440,067	\$ -	\$ -	\$ 1,348,271	
Investment income					49,305			49,599	
Charges for services					-			153,113	
Total revenues	<u>6,905</u>	<u>327,394</u>	<u>105,768</u>	<u>-</u>	<u>489,372</u>	<u>-</u>	<u>-</u>	<u>1,550,983</u>	
Expenditures:									
Current:									
General government					-	2,411	2,411	76,450	
Public safety					-			442,680	
Highways and streets					-			273,589	
Health and social services					-			2,362	
Education					-	622	622	364,300	
Parks and recreation	6,905				6,905			33,809	
Capital outlay		1,230,874	230,540	2,189,159	3,695,947			3,695,947	
Total expenditures	<u>6,905</u>	<u>1,230,874</u>	<u>230,540</u>	<u>2,189,159</u>	<u>3,702,852</u>	<u>622</u>	<u>2,411</u>	<u>4,889,137</u>	
Net Change in Fund Balance	-	(903,480)	(124,772)	(2,189,159)	(3,213,480)	(622)	(2,411)	(3,033)	(3,338,154)
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 4</u>	<u>\$ (388,300)</u>	<u>\$ -</u>	<u>\$ (31,857)</u>	<u>\$ (260,668)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,295)</u>

TOWN OF REDDING, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
ASSETS				
Cash:				
Redding Elementary School	\$ 22,749	\$ 14,398	\$ 12,987	\$ 24,160
John Read Middle School	<u>90,804</u>	<u>150,186</u>	<u>153,270</u>	<u>87,720</u>
Total Assets	<u>\$ 113,553</u>	<u>\$ 164,584</u>	<u>\$ 166,257</u>	<u>\$ 111,880</u>
LIABILITIES				
Due to others:				
Redding Elementary School	\$ 22,749	\$ 14,398	\$ 12,987	\$ 24,160
John Read Middle School	<u>90,804</u>	<u>150,186</u>	<u>153,270</u>	<u>87,720</u>
Total Liabilities	<u>\$ 113,553</u>	<u>\$ 164,584</u>	<u>\$ 166,257</u>	<u>\$ 111,880</u>

**TOWN OF REDDING, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2012**

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2012:

Town of Redding	\$ 43,667,656
Fire District	<u>1,380,039</u>

Base for Debt Limitation Computation \$ 45,047,695

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 101,357,314	\$	\$	\$	\$
4 1/2 times base		202,714,628			
3 3/4 times base			168,928,856		
3 1/4 times base				146,405,009	
3 times base					135,143,085
Total debt limitation	<u>101,357,314</u>	<u>202,714,628</u>	<u>168,928,856</u>	<u>146,405,009</u>	<u>135,143,085</u>
Indebtedness:					
Bonds payable	12,746,200	5,268,800			
Fire District bonds	150,000				
Georgetown Special District	1,068,916				
Bonds authorized and unissued	3,215	4,586			
Redding's portion of Regional School District No. 9 bonds, net of school building grants		<u>9,931,868</u>			
Net indebtedness	<u>13,968,331</u>	<u>15,205,254</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 87,388,983</u>	<u>\$ 187,509,374</u>	<u>\$ 168,928,856</u>	<u>\$ 146,405,009</u>	<u>\$ 135,143,085</u>

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 315,333,865