

TOWN OF REDDING, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2013

TOWN OF REDDING, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Redding, Connecticut

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Redding, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the budgetary comparison information on pages 40 through 45 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, which 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Redding, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of the Town of Redding, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the Town of Redding, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 12, 2013

**TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013.

Financial Highlights

- The assets of the Town's governmental activities exceeded its liabilities at the close of the most recent year by \$45,723,221 (net position). Of this amount, \$10,949,394 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,478,245 due to increased tax collections and grant revenues.
- The unassigned General Fund Balance was \$6,549,618, which represents an increase of \$110,596 over the prior year end reported. This amount is 13.8% of the 2013-14 budgeted expenditures. The increase would have been \$208,822 higher without the decision to commit this amount to next budget year's debt reduction.
- Actual expenditures came in .5% under budget due to responsible spending within Town departments. Additionally, actual revenues were 2.9% higher than budgeted primarily due to property tax collections.
- Issued \$4,281,000 in authorized bond anticipation notes (BANS) for road repair and construction, bridge rehabilitation, and school building renovations.

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 position, which presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position may serve over time as a useful indicator of a Town's financial position. Assets exceeded liabilities by \$45,723,221 at the close of the most recent fiscal year.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 16,871,516	\$ 14,162,299	\$ (316,225)	\$ (102,508)	\$ 16,555,291	\$ 14,059,791
Capital assets	57,266,772	56,950,134	8,371,800	8,571,683	65,638,572	65,521,817
Total assets	<u>74,138,288</u>	<u>71,112,433</u>	<u>8,055,575</u>	<u>8,469,175</u>	<u>82,193,863</u>	<u>79,581,608</u>
Long-term debt outstanding	20,267,412	21,288,941			20,267,412	21,288,941
Other liabilities	8,147,655	5,578,516	134,591	218,967	8,282,246	5,797,483
Total liabilities	<u>28,415,067</u>	<u>26,867,457</u>	<u>134,591</u>	<u>218,967</u>	<u>28,549,658</u>	<u>27,086,424</u>
Net Position:						
Net investments in capital assets	34,773,827	35,631,967	8,371,800	8,571,683	43,145,627	44,203,650
Restricted		2,100				2,100
Unrestricted	<u>10,949,394</u>	<u>8,610,909</u>	<u>(450,816)</u>	<u>(321,475)</u>	<u>10,498,578</u>	<u>8,289,434</u>
Total Net Position	<u>\$ 45,723,221</u>	<u>\$ 44,244,976</u>	<u>\$ 7,920,984</u>	<u>\$ 8,250,208</u>	<u>\$ 53,644,205</u>	<u>\$ 52,495,184</u>

By far, the largest portion of the Town's net position (76%) reflects its investment in capital (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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position 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 position.

Governmental Activities. Governmental activities increased the Town's net position by \$1,478,245.

Revenues. Governmental activities revenues totaled \$52,644,533 for the fiscal year. 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 7% of governmental revenues.

Expenses. Governmental expenses totaled \$51,166,288 for the fiscal year. Of the expenses, \$36,781,143 or 72% is related to education. Public safety expenses amounted \$3,842,256 or 8%. General government expenses amounted to \$4,055,095 or 8% and highway and streets expenses were \$3,225,294 or 6%.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,545,461	\$ 1,575,552	\$ 407,068	\$ 415,802	\$ 1,952,529	\$ 1,991,354
Operating grants and contributions	3,496,101	3,962,260			3,496,101	3,962,260
Capital grants and contributions	1,522,374	433,162			1,522,374	433,162
General revenues:						
Property taxes	45,609,619	44,457,954			45,609,619	44,457,954
Grants and contributions not restricted to specific purposes	414,294	411,826			414,294	411,826
Investment income	23,757	73,560	118	105	23,875	73,665
Miscellaneous	32,927				32,927	-
Total revenues	52,644,533	50,914,314	407,186	415,907	53,051,719	51,330,221
Program expenses:						
General government	4,055,095	3,235,479			4,055,095	3,235,479
Public safety	3,842,256	3,400,036			3,842,256	3,400,036
Highway and streets	3,225,294	2,776,797			3,225,294	2,776,797
Transfer station and recycling	633,954	426,824			633,954	426,824
Health and social services	169,588	134,397			169,588	134,397
Library	559,548	520,739			559,548	520,739
Parks and recreation	1,240,965	1,229,759			1,240,965	1,229,759
Education	36,781,143	35,846,468			36,781,143	35,846,468
Interest expense	658,446	702,794			658,446	702,794
Sewer department			736,410	763,117	736,410	763,117
Total expenses	51,166,288	48,273,293	736,410	763,117	51,902,698	49,036,410
Change in net position	1,478,245	2,641,021	(329,224)	(347,210)	1,149,021	2,293,811
Net Position at Beginning of Year, as Restated	44,244,976	41,603,955	8,250,208	8,597,418	52,495,184	50,201,373
Net Position at End of Year	\$ 45,723,221	\$ 44,244,976	\$ 7,920,984	\$ 8,250,208	\$ 53,644,205	\$ 52,495,184

Business-Type Activities. Business-type activities decreased the Town's net position by \$329,224. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$736,410, 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 \$6,549,618:

Unassigned fund balance as restated, July 1, 2012	\$	5,298,353
Actual revenue greater than budgeted		1,370,814
Actual expenditures less than budgeted		276,953
Encumbrances		(180,519)
Less tax appeal settlement - Committed		(208,822)
Other		<u>(7,161)</u>
Unassigned fund balance, June 30, 2013	\$	<u>6,549,618</u>

General Fund Budgetary Highlights

Budget revenue was increased primarily due to settlement of a tax appeal case. This settlement accounted for 76% of the additional revenue, with the remainder coming from collection of past due real estate taxes and unbudgeted increases in state aid.

On the expense side, savings of approximately .5% of budget were achieved in a variety of expense categories and departments. FEMA payments received for equipment usage also contributed to the positive variance.

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, 2013 amounts to \$65,638,572 (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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Construction in progress	2,024,246	5,925,648			2,024,246	5,925,648
Buildings	15,192,029	15,050,381			15,192,029	15,050,381
Sewer plant			8,073,699	8,255,718	8,073,699	8,255,718
Sewer collection system			282,759	300,623	282,759	300,623
Machinery and equipment	2,363,854	1,207,961			2,363,854	1,207,961
Infrastructure	15,981,516	12,508,715			15,981,516	12,508,715
Vehicles	2,422,500	3,024,438			2,422,500	3,024,438
Furniture and fixtures	78,805	29,169			78,805	29,169
Total	<u>\$ 57,266,772</u>	<u>\$ 56,950,134</u>	<u>\$ 8,371,800</u>	<u>\$ 8,571,683</u>	<u>\$ 65,638,572</u>	<u>\$ 65,521,817</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 \$16,723,061. The entire amount is backed by the full faith and credit of the Town.

**OUTSTANDING DEBT
General Obligation Bonds and Notes**

	Governmental Activities	
	2013	2012
General obligation bonds - town improvements	\$ 11,725,426	\$ 12,746,200
General obligation bonds - school improvements	4,856,000	5,268,800
Clean Water Fund note	141,635	189,739
Total	\$ 16,723,061	\$ 18,204,739

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 \$329,738,836 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, 2013, which matures through 2026, amounted to \$17,415,000. The Town’s share of the debt was \$9,416,291.

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 at fiscal year-end was 5.9%. This compares favorably to the state’s average unemployment rate of 8.1% 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 2014 fiscal year.

At the end of the current fiscal year, unassigned fund balance in the general fund is \$6,549,618.

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 POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 13,421,985	\$ 95,799	\$ 13,517,784
Receivables, net	2,764,792	2,976	2,767,768
Internal balances	415,000	(415,000)	-
Other	187,481		187,481
Bond issuance costs	82,258		82,258
Total current assets	<u>16,871,516</u>	<u>(316,225)</u>	<u>16,555,291</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	21,228,068	15,342	21,243,410
Assets being depreciated, net	36,038,704	8,356,458	44,395,162
Total capital assets	<u>57,266,772</u>	<u>8,371,800</u>	<u>65,638,572</u>
Total assets	<u>74,138,288</u>	<u>8,055,575</u>	<u>82,193,863</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,232,135	134,591	2,366,726
Due to other governments	2,228		2,228
Due to Regional School District No. 9	631,810		631,810
Bond anticipation notes	4,281,000		4,281,000
Unearned revenue	1,000,482		1,000,482
Total current liabilities	<u>8,147,655</u>	<u>134,591</u>	<u>8,282,246</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,888,584		1,888,584
Due in more than one year	18,378,828		18,378,828
Total noncurrent liabilities	<u>20,267,412</u>	<u>-</u>	<u>20,267,412</u>
Total liabilities	<u>28,415,067</u>	<u>134,591</u>	<u>28,549,658</u>
Net Position:			
Net investments in capital assets	34,773,827	8,371,800	43,145,627
Unrestricted	10,949,394	(450,816)	10,498,578
Total Net Position	<u>\$ 45,723,221</u>	<u>\$ 7,920,984</u>	<u>\$ 53,644,205</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, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,055,095	\$ 604,900	\$ 71,496	\$	\$ (3,378,699)	\$	\$ (3,378,699)
Public safety	3,842,256	37,774	659		(3,803,823)		(3,803,823)
Highway and streets	3,225,294	3,992	190,768	1,508,125	(1,522,409)		(1,522,409)
Transfer station and recycling	633,954	164,580			(469,374)		(469,374)
Health and welfare	169,588	11,573			(158,015)		(158,015)
Library	559,548				(559,548)		(559,548)
Education	36,781,143	183,736	3,233,178	14,249	(33,349,980)		(33,349,980)
Parks and recreation	1,240,965	538,906			(702,059)		(702,059)
Interest and fiscal charges	658,446				(658,446)		(658,446)
Total governmental activities	51,166,288	1,545,461	3,496,101	1,522,374	(44,602,352)	-	(44,602,352)
Business-type activities:							
Georgetown sewer fund	736,410	407,068				(329,342)	(329,342)
Total	\$ 51,902,698	\$ 1,952,529	\$ 3,496,101	\$ 1,522,374	(44,602,352)	(329,342)	(44,931,694)
General revenues:							
Property taxes					45,609,619		45,609,619
Grants and contributions not restricted to specific programs					414,294		414,294
Investment income					23,757	118	23,875
Miscellaneous					32,927		32,927
Total general revenues					46,080,597	118	46,080,715
Change in net position					1,478,245	(329,224)	1,149,021
Net Position - As Restated, Beginning of Year					44,244,976	8,250,208	52,495,184
Net Position - End of Year					\$ 45,723,221	\$ 7,920,984	\$ 53,644,205

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	<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	\$ 12,185,590	\$	\$ 591,608	\$ 462,251	\$ 13,239,449
Receivables:					
Property taxes	2,038,689				2,038,689
Sewer assessments				5,506	5,506
Intergovernmental	6,481		56,901		63,382
Other	81,251				81,251
Due from other funds	704,447	1,851,033	433,099	652,883	3,641,462
Other assets	185,762				185,762
Inventory	1,720				1,720
Total Assets	\$ 15,203,940	\$ 1,851,033	\$ 1,081,608	\$ 1,120,640	\$ 19,257,221
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,715,338	\$	\$ 60,027	\$ 36,182	\$ 1,811,547
Due to other governments	2,228				2,228
Due to Regional School District No. 9	631,810				631,810
Due to other funds	3,008,620			289,447	3,298,067
Bond anticipation notes payable		3,747,000		534,000	4,281,000
Deferred revenue	2,905,265			44,336	2,949,601
Total liabilities	8,263,261	3,747,000	60,027	903,965	12,974,253
Fund balances:					
Nonspendable	1,720				1,720
Restricted				237,901	237,901
Committed	208,822		1,021,581	357,116	1,587,519
Assigned	180,519				180,519
Unassigned	6,549,618	(1,895,967)		(378,342)	4,275,309
Total fund balances	6,940,679	(1,895,967)	1,021,581	216,675	6,282,968
Total Liabilities and Fund Balances	\$ 15,203,940	\$ 1,851,033	\$ 1,081,608	\$ 1,120,640	\$ 19,257,221

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:
 Amounts reported for governmental activities in the statement of net position (Exhibit I)
 are different from the governmental fund balance sheet. The details of this difference
 are as follows:

Total fund balances (Exhibit III)	\$ 6,282,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	69,722,171
Less accumulated depreciation	<u>(12,455,399)</u>
Net capital assets	<u>57,266,772</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	775,964
Property tax and sewer assessment receivable - accrual basis change	1,749,119
Bond issue costs	82,258
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	78,250
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	(16,723,061)
Compensated absences	(159,855)
Accrued interest payable	(244,698)
Capital leases	(1,488,884)
Net OPEB obligation	(1,860,612)
Landfill closure and post closure care	<u>(35,000)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 45,723,221</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, 2013

	General	Road Reconstruction Fund	Reserve Fund for CNRE	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 45,701,489	\$	\$	\$	\$ 45,701,489
Intergovernmental	3,546,997		56,901	1,994,875	5,598,773
Investment income	21,046		1,861	850	23,757
Charges for services	1,259,125			105,983	1,365,108
Other				47,276	47,276
Total revenues	<u>50,528,657</u>	<u>-</u>	<u>58,762</u>	<u>2,148,984</u>	<u>52,736,403</u>
Expenditures:					
Current:					
General government	2,786,146			29,574	2,815,720
Public safety	2,241,116			36,253	2,277,369
Highway and streets	1,342,431			28,161	1,370,592
Transfer station and recycling	309,323				309,323
Health and welfare	107,161			19,627	126,788
Library	423,000				423,000
Parks and recreation	930,014			18,435	948,449
Employee benefits	2,557,585				2,557,585
Education	35,982,664		160,882	295,916	36,439,462
Capital outlay	1,757	1,565,569	562,634	1,465,048	3,595,008
Debt service	2,265,134				2,265,134
Total expenditures	<u>48,946,331</u>	<u>1,565,569</u>	<u>723,516</u>	<u>1,893,014</u>	<u>53,128,430</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,582,326</u>	<u>(1,565,569)</u>	<u>(664,754)</u>	<u>255,970</u>	<u>(392,027)</u>
Other Financing Sources (Uses):					
Payment to bond escrow agent	(2,780,959)				(2,780,959)
Proceeds from sale of refunding bonds	2,680,000				2,680,000
Premium on sale of refunding bonds	167,385				167,385
Proceeds from capital leases			410,948		410,948
Sale of capital assets	23,084				23,084
Transfers in			104,856		104,856
Transfers out	(104,856)				(104,856)
Total other financing sources	<u>(15,346)</u>	<u>-</u>	<u>515,804</u>	<u>-</u>	<u>500,458</u>
Net Change in Fund Balances	1,566,980	(1,565,569)	(148,950)	255,970	108,431
Fund Balances, as Restated - Beginning of Year	<u>5,373,699</u>	<u>(330,398)</u>	<u>1,170,531</u>	<u>(39,295)</u>	<u>6,174,537</u>
Fund Balances - End of Year	<u>\$ 6,940,679</u>	<u>\$ (1,895,967)</u>	<u>\$ 1,021,581</u>	<u>\$ 216,675</u>	<u>\$ 6,282,968</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, 2013**

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) \$ 108,431

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	1,344,440
Depreciation expense	<u>(957,818)</u>
Total	<u>386,622</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. 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 position differs from the change in fund balance by the cost of the capital assets sold

(69,984)

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	(143,637)
Increase in property tax and sewer assessment interest and lien revenue	<u>51,767</u>
Total	<u>(91,870)</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments:	
Proceeds from sale of refunding bonds	(2,680,000)
Payment to bond escrow agent	2,780,959
Premium on bond refunding	(167,385)
Bond issuance costs	66,426
Bond principal repayments	1,500,000
Proceeds from capital leases	(410,948)
Capital lease payments	285,492
Notes payable	48,104
Total	<u>1,422,648</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	(314,722)
Landfill post closure care	3,500
Compensated absences	(23,471)
Accrued interest payable	(5,862)
Amortization of issuance costs	<u>(1,980)</u>
Total	<u>(342,535)</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.

64,933

Change in Net Position of Governmental Activities (Exhibit II) \$ 1,478,245

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Georgetown Sewer</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 95,799	\$ 182,536
Accounts receivable	2,976	
Due from other funds		71,605
Total current assets	<u>98,775</u>	<u>254,141</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	8,073,699	
Sewer collection system	282,759	
Total capital assets, net	<u>8,371,800</u>	<u>-</u>
Total assets	<u>8,470,575</u>	<u>254,141</u>
Liabilities:		
Current liabilities:		
Accounts payable	134,591	
Due to other funds	415,000	
Claims payable		175,891
Total liabilities	<u>549,591</u>	<u>175,891</u>
Net Position:		
Invested in capital assets	8,371,800	
Unrestricted	<u>(450,816)</u>	<u>78,250</u>
Total Net Position	<u>\$ 7,920,984</u>	<u>\$ 78,250</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 POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Operating Revenue:		
Premiums	\$	\$ 3,021,649
Charges for services	407,068	
Total operating revenues	<u>407,068</u>	<u>3,021,649</u>
Operating Expenses:		
Claims incurred		2,688,324
Administration	19,416	268,563
Contracted services	317,279	
Outside services	14,823	
Materials disposal	24,709	
Materials and supplies	67,910	
Utilities	92,390	
Depreciation	199,883	
Total operating expenses	<u>736,410</u>	<u>2,956,887</u>
Operating Income (Loss)	(329,342)	64,762
Nonoperating Revenues:		
Investment income	118	171
Change in Net Position	(329,224)	64,933
Net Position - Beginning of Year	<u>8,250,208</u>	<u>13,317</u>
Net Position - End of Year	\$ <u><u>7,920,984</u></u>	\$ <u><u>78,250</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers and others	\$ 529,092	\$
Payments to suppliers	(528,419)	
Claim payments		(2,512,433)
Premiums received		2,963,361
Administrative payments		(268,563)
Net cash provided by operating activities	<u>673</u>	<u>182,365</u>
Cash Flows from Investing Activities:		
Income from investments	<u>118</u>	<u>171</u>
Net Increase in Cash and Cash Equivalents	791	182,536
Cash and Cash Equivalents - Beginning of Year	<u>95,008</u>	<u>-</u>
Cash and Cash Equivalents - End of Year	<u>\$ 95,799</u>	<u>\$ 182,536</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (329,342)	\$ 64,762
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	199,883	
(Increase) decrease:		
Accounts receivable	89,508	
Due from other funds		345,644
Increase (decrease):		
Due to other funds	125,000	
Accounts and claims payable	<u>(84,376)</u>	<u>(228,041)</u>
Net Cash Provided by Operating Activities	<u>\$ 673</u>	<u>\$ 182,365</u>

The accompany notes are an integral part of the financial statements

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

JUNE 30, 2013

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>105,310</u>
Liability:	
Due to others	\$ <u>105,310</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 position 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.

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 Position 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, 2013 and are calculated based upon prior collections. In the fund financial statements, all property taxes receivable at June 30, 2013, 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.

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 employees 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 position. 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 Position

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 position is classified into the following categories:

Net investments in capital assets - This category presents the net position that reflects 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 Position - This category presents the net position restricted by external parties (creditors, grantors, contributors, or laws and regulations).

Unrestricted Net Position - This category presents the net position of the Town which is 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 was \$187,619 in 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.

B. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2013:

Major Fund:	
Road Reconstruction Fund	\$ 1,895,967
Nonmajor Governmental Funds:	
FEMA Grant	7,673
Georgetown STEAP	20,408
Georgetown STEAP Intersection	269,039
School Bonded Projects	81,222

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

C. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2013:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2013</u>
Road Reconstruction Fund	\$ 5,334,675	\$ 1,565,569	\$ 4,596,499	\$ 738,176
Capital projects - schools	164,000	1,000	160,584	3,416
Georgetown STEAP	1,777,953	14,310	1,444,827	333,126
Georgetown STEAP Intersection	3,057,997	1,386,124	2,616,998	440,999
Police Project	778,637		775,947	2,690
School Bonded Projects	3,744,000	63,614	3,306,471	437,529

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). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is 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*, the Town's bank balance of \$8,450,524 was fully insured and collateralized at June 30, 2013.

B. Cash Equivalents

At June 30, 2013, 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>Reserve Fund for CNRE</u>	<u>Nonmajor and Other Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 2,098,689	\$	\$	\$	\$ 2,098,689
Accounts	81,251			2,976	84,227
Sewer assessments			5,506		5,506
Intergovernmental	6,481	56,901			63,382
Gross receivables	<u>2,186,421</u>		<u>5,506</u>	<u>2,976</u>	<u>2,194,903</u>
Less allowance for uncollectibles	<u>60,000</u>				<u>60,000</u>
Net Total Receivables	<u>\$ 2,126,421</u>	<u>\$ 56,901</u>	<u>\$ 5,506</u>	<u>\$ 2,976</u>	<u>\$ 2,191,804</u>

* Accrued interest on property taxes in the amount of \$775,964 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	\$	\$ 949,777
Delinquent property taxes receivable	1,943,613	
Special assessments not yet due	5,506	
Parks and recreation fees collected in advance		11,875
Grant drawdowns prior to meeting all eligibility requirements		<u>38,830</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,949,119</u>	<u>\$ 1,000,482</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,203,822	\$	\$	\$	\$ 19,203,822
Construction in progress	5,925,648		3,901,402		2,024,246
Total capital assets not being depreciated	<u>25,129,470</u>	<u>-</u>	<u>3,901,402</u>	<u>-</u>	<u>21,228,068</u>
Capital assets being depreciated:					
Buildings	18,519,330	154,400		340,279	19,014,009
Machinery and equipment	1,612,461	1,276,103	75,000		2,813,564
Vehicles	3,961,460	15,707	211,152	(340,279)	3,425,736
Furniture and fixtures	119,704	52,630			172,334
Infrastructure	19,321,458	3,747,002			23,068,460
Total capital assets being depreciated	<u>43,534,413</u>	<u>5,245,842</u>	<u>286,152</u>	<u>-</u>	<u>48,494,103</u>
Less accumulated depreciation for:					
Buildings	3,468,949	353,031			3,821,980
Machinery and equipment	404,500	88,378	43,168		449,710
Vehicles	937,022	239,214	173,000		1,003,236
Furniture and fixtures	90,535	2,994			93,529
Infrastructure	6,812,743	274,201			7,086,944
Total accumulated depreciation	<u>11,713,749</u>	<u>957,818</u>	<u>216,168</u>	<u>-</u>	<u>12,455,399</u>
Total capital assets being depreciated, net	<u>31,820,664</u>	<u>4,288,024</u>	<u>69,984</u>	<u>-</u>	<u>36,038,704</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,950,134</u>	<u>\$ 4,288,024</u>	<u>\$ 3,971,386</u>	<u>\$ -</u>	<u>\$ 57,266,772</u>

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</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	989,801	182,019		1,171,820
Sewer collection system	413,918	17,864		431,782
Machinery and equipment	6,550			6,550
Total accumulated depreciation	<u>1,410,269</u>	<u>199,883</u>	<u>-</u>	<u>1,610,152</u>
Total capital assets being depreciated, net	<u>8,556,341</u>	<u>(199,883)</u>	<u>-</u>	<u>8,356,458</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,571,683</u>	<u>\$ (199,883)</u>	<u>\$ -</u>	<u>\$ 8,371,800</u>

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

Governmental Activities:	
General government	\$ 161,909
Public safety	104,489
Highway and streets	431,572
Transfer station and recycling	12,293
Health and social services	3,595
Parks and recreation	5,750
Education	<u>238,210</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>957,818</u>
 Business-Type Activities:	
Sewer	\$ <u>199,883</u>

6. INTERFUND ACCOUNTS

At June 30, 2013, 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	\$ 289,447
General Fund	Georgetown Sewer	415,000
Road Reconstruction	General Fund	1,851,033
Reserve for CNR Fund	General Fund	433,099
Internal Service Fund	General Fund	71,605
Nonmajor Governmental Fund	General Fund	<u>652,883</u>
Total		\$ <u>3,713,067</u>

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

Interfund transfers:

Transfer out: General Fund	\$104,856
Transfer in: Reserve for CNR Fund	\$104,856

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 March 25, 2013, the Town issued \$4,281,000 in bond anticipation notes for school projects and bridge and road improvements. The notes mature on December 19, 2013 and carry an interest rate of 1.0%. Short-term obligation activity for the year ended June 30, 2013 is as follows:

<u>Description</u>	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2013</u>
Bond Anticipation Notes	\$ 1,750,000	\$ 4,281,000	\$ 1,750,000	\$ 4,281,000

8. LONG-TERM DEBT

A. Changes in Long-Term Obligations

Summary of Changes

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

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

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Balance</u>			<u>Balance Outstanding</u>	<u>Current Portion</u>
					<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>	
Bond Notes:									
General purpose:									
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 3,336,000		\$ 417,000	\$ 2,919,000	\$ 415,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	3,015,000		3,015,000	-	
Improvement bond	6,729,950	07/15/10	07/15/31	2.0-4.0	6,395,200		335,200	6,060,000	334,750
Refunding bond	2,680,000	09/12/12	08/01/20	2.0-3.0		2,680,000		2,680,000	235,000
Premium on refunding						167,385		167,385	
Deferred amount on refunding						(100,959)		(100,959)	
Total general purpose					<u>12,746,200</u>	<u>2,746,426</u>	<u>3,767,200</u>	<u>11,725,426</u>	<u>984,750</u>
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	1,864,000		233,000	1,631,000	235,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	3,404,800		179,800	3,225,000	180,250
Total schools					<u>5,268,800</u>	<u>-</u>	<u>412,800</u>	<u>4,856,000</u>	<u>415,250</u>
Sewer:									
Clean water note	246,648	06/01/11	04/01/16	2	189,739		48,104	141,635	50,067
Total bond/notes					18,204,739	2,746,426	4,228,104	16,723,061	1,450,067
Compensated absences					136,384	23,471		159,855	52,366
Capital leases					1,363,428	410,948	285,492	1,488,884	382,651
Net OPEB obligation					1,545,890	314,722		1,860,612	
Landfill closure and post-closure care					38,500		3,500	35,000	3,500
Total General Long-Term Obligations					<u>\$ 21,288,941</u>	<u>\$ 3,495,567</u>	<u>\$ 4,517,096</u>	<u>\$ 20,267,412</u>	<u>\$ 1,888,584</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
2014	\$ 1,400,000	\$ 49,076	\$ 566,319	\$ 2,384
2015	1,525,000	50,066	512,800	1,394
2016	1,525,000	42,493	455,907	390
2017	1,520,000		394,307	
2018	1,515,000		334,282	
2019-2023	4,895,000		991,208	
2024-2028	2,575,000		498,406	
2029-2032	<u>1,560,000</u>		<u>86,125</u>	
Total	\$ <u>16,515,000</u>	\$ <u>141,635</u>	\$ <u>3,839,354</u>	\$ <u>4,168</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, 2013, which matures through 2026, amounted to \$17,415,000. The Town's share of the debt was \$9,416,291.

Defeasance of Debt

On September 12, 2012, the Town issued \$2,680,000 in General Obligation Refunding Bonds carrying interest rates of 2.0 - 3.0% to advance refund \$2,680,000 of outstanding 2005 bonds with interest rates of 3.25-5.25%. This advance refunding was undertaken to reduce total debt service payments by \$182,550 and resulted in a net present value savings of \$181,013. The net proceeds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2013, \$2,680,000 of the defeased debt is outstanding.

B. Capital Leases

The Town has entered into leases for the purchase of a phone system, trucks, police vehicles 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, 2013:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 382,651
2015	386,431
2016	331,695
2017	492,776
	<u>1,593,553</u>
Less amount representing interest	<u>(104,669)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 1,488,884</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	\$ 105,987,483	\$ 12,892,696	\$ 93,094,787
Schools	211,974,966	14,276,877	197,698,090
Sewers	176,645,805		176,645,805
Urban renewal	153,093,031		153,093,031
Pension deficit	141,316,644		141,316,644

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$329,738,836.

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 10 years at \$3,500 per year are \$35,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net position, since the liability will be funded from future financial resources, not from expendable available financial resources.

E. Authorized/Unissued Bonds

At June 30, 2013, 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, 2013 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	\$ 1,720				\$ 1,720
Restricted for:					
Grants				237,901	237,901
Committed to:					
General government	208,822			52,208	261,030
Public safety				12,426	12,426
Highway and streets				86,113	86,113
Education					-
Parks and recreation				6,057	6,057
Capital projects			1,021,581	200,312	1,221,893
Assigned to:					
General government	110,257				110,257
Public safety	11,095				11,095
Highway and streets	5,050				5,050
Transfer Station	42,867				
Parks and recreation	5,970				
Capital projects	5,280				5,280
Unassigned	<u>6,549,618</u>	<u>(1,895,967)</u>		<u>(378,342)</u>	<u>4,275,309</u>
Total Fund Balances	<u>\$ 6,940,679</u>	<u>\$ (1,895,967)</u>	<u>\$ 1,021,581</u>	<u>\$ 216,675</u>	<u>\$ 6,282,968</u>

Encumbrances at June 30, 2013 are contained in the above table in the assigned category of the General Fund.

10. RISK MANAGEMENT

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

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

The medical claims fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors, and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

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

	<u>Claims Payable July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Payable June 30</u>
2011-2012	\$ 229,144	\$ 3,461,411	\$ 3,432,965	\$ 257,590
2012-2013	257,590	2,516,563	2,950,044	175,891

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, 2011, 2012 and 2013 were \$435,899, \$501,151 and \$505,605, respectively.

C. Teachers' Retirement

All teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Town withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$10,379,638 or 78% of the total Board of Education payroll of \$13,239,013.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. The Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,206,516 as payments made by the State on-behalf of the Town's teachers. The Town does not have any liability for teacher pensions.

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 self-funded 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 self funded 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 and dental plans.

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 and dental plans.

B. Membership

Membership in the plan consisted of the following at July 1, 2012:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	11
Number of active participants	241
Total	<u>252</u>

C. Description of Actuarial Assumptions and Methods

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

	<u>Retiree Medical Program</u>
Actuarial valuation date	July 1, 2012
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
Medical inflation	9.0%, decreasing .5% per year

D. Annual OPEB Cost and Net OPEB Obligations

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

	<u>Retiree Medical Program</u>
Annual required contribution	\$ 357,269
Interest on net OPEB obligation	69,565
Adjustment to annual required contribution	<u>(90,828)</u>
Annual OPEB cost	336,006
Contribution made	<u>21,284</u>
Increase in net OPEB obligation	314,722
Net OPEB obligation, July 1, 2012	<u>1,545,890</u>
Net OPEB Obligation, June 30, 2013	<u>\$ 1,860,612</u>

Schedule of Employer Contributions

	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/11	\$ 343,454	\$ (10,897)	(3)%
6/30/12	350,209	(5,729)	(2)
6/30/13	357,269	21,284	6

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, 2013 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>
6/30/11	\$ 331,569	\$ (10,897)	(3.0)%	\$ 1,206,547
6/30/12	333,614	(5,729)	(2.0)	1,545,890
6/30/13	336,006	21,284	6.0	1,860,612

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:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
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
7/1/2012	-	1,998,171	1,998,171	0	17,089,078	11.7

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.

14. PRIOR YEAR RESTATEMENT

The Town's fund balance was restated to properly report advance tax collections from prior years. The restatement was the result of correcting an error in recognizing advanced tax collections in accordance with governmental accounting rules. Such rules require the Town to record cash received in advance for property taxes due in the following fiscal year. Previously an error was made in the amount of taxes to be recognized in advance and the fund balance was restated as follows:

As previously reported:

Fund Balance, June 30, 2012 \$6,514,368

As restated:

Fund Balance, June 30, 2012 \$5,373,699

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 44,308,686	\$ 44,308,686	\$ 45,171,346	\$ 862,660
Interest and lien fees	147,454	147,454	530,143	382,689
Total property taxes	<u>44,456,140</u>	<u>44,456,140</u>	<u>45,701,489</u>	<u>1,245,349</u>
Intergovernmental:				
Educational assistance grants:				
ECS grant	515,800	515,800	501,480	(14,320)
Adult education	459	459	441	(18)
Regional School District No. 9	171,933	171,933	183,295	11,362
Total educational assistance	<u>688,192</u>	<u>688,192</u>	<u>685,216</u>	<u>(2,976)</u>
Town assistance grants:				
In lieu of taxes - State property	183,933	183,933	182,825	(1,108)
In lieu of taxes - business inventory			59,471	59,471
Tax relief circuit breaker	21,650	21,650	21,740	90
Disability exemption			247	247
Veterans' exemption			1,039	1,039
Municipal video competition	12,819	12,819	36,646	23,827
Telephone access line grant	12,605	12,605	26,728	14,123
Mashantucket Pequot Grant	9,678	9,678	9,728	50
Unclassified Revenue			84,320	84,320
Total Town assistance grants	<u>240,685</u>	<u>240,685</u>	<u>422,744</u>	<u>182,059</u>
Total intergovernmental	<u>928,877</u>	<u>928,877</u>	<u>1,107,960</u>	<u>179,083</u>
Investment Income	<u>27,000</u>	<u>27,000</u>	<u>21,046</u>	<u>(5,954)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services:				
Town clerk	\$ 227,500	\$ 227,500	\$ 306,953	\$ 79,453
Assessor	1,200	1,200	1,091	(109)
Conservation	5,000	5,000	10,630	5,630
Heritage Center	12,000	12,000	8,011	(3,989)
Planning Commission	1,200	1,200	14,992	13,792
Zoning Commission	24,500	24,500	30,537	6,037
Zoning Board of Appeals	700	700	1,500	800
Building inspection	150,000	150,000	151,850	1,850
Transfer station	175,000	175,000	163,207	(11,793)
Sanitarian	8,000	8,000	11,225	3,225
Parks and recreation	699,975	699,975	532,590	(167,385)
Fiber optics	17,193	17,193	13,865	(3,328)
Rental of Town property	7,605	7,605	7,606	1
Miscellaneous			6,159	6,159
Total charges for services	<u>1,329,873</u>	<u>1,329,873</u>	<u>1,259,125</u>	<u>(69,657)</u>
Sale of capital assets			<u>23,084</u>	<u>23,084</u>
Total Revenues	<u>\$ 46,741,890</u>	<u>\$ 46,741,890</u>	48,112,704	<u>\$ 1,370,814</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	2,206,516
Special education excess cost grant is recorded gross for GAAP	232,521
Proceeds from sale of refunding bonds	2,680,000
Premium on refunding of bonds	<u>167,385</u>

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

\$ 53,399,126

TOWN OF REDDING, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 1,500	\$	\$ 1,500	\$ 986	\$ 514
Board of selectmen	156,699	3,787	160,486	160,921	(435)
Probate court	3,400		3,400	1,914	1,486
Registrar's office	38,215	390	38,605	42,918	(4,313)
Controller's office	229,390	14,793	244,183	240,021	4,162
Independent audit	42,187		42,187	43,100	(913)
Assessor's office	151,678	2,709	154,387	141,103	13,284
Assessor's other	88,000		88,000	61,919	26,081
Board of assessment appeals	800		800	769	31
Tax collector	145,675	3,491	149,166	145,665	3,501
Town treasurer	22,826	312	23,138	21,075	2,063
Computer capability	45,000		45,000	40,540	4,460
Management services	28,453		28,453	26,518	1,935
Special legal	200,000		200,000	163,642	36,358
Town clerk	131,351	3,419	134,770	136,336	(1,566)
Annual town report	6,000		6,000	6,000	-
Board of ethics	425		425		425
Conservation	43,181	658	43,839	38,214	5,625
Heritage Center	156,188	3,399	159,587	147,957	11,630
Heritage center senior bus	36,771	791	37,562	26,138	11,424
Town planning commission	30,830		30,830	39,784	(8,954)
HVCEO	11,092		11,092	11,092	-
Zoning commission	74,179	1,748	75,927	66,355	9,572
Zoning board of appeals	1,700		1,700	1,656	44
Council of small towns	825		825	825	-
Land use services	96,915	2,484	99,399	113,906	(14,507)
Office of tree warden	500		500	230	270
Town office building	58,236	446	58,682	56,843	1,839
Old town house	5,500		5,500	3,843	1,657
Town office building annex	3,000		3,000	2,823	177
Community center	198,140	2,960	201,100	189,173	11,927
Police headquarters/communication center	27,000		27,000	35,280	(8,280)
Administrative services	741,000		741,000	732,715	8,285
Memorial Day observance	350		350	100	250
Cemeteries	8,000		8,000	8,160	(160)
Insurance	127,500		127,500	124,647	2,853
Miscellaneous				1,757	(1,757)
Agencies serving residents	5,000		5,000	1,478	3,522
Provision for contingencies	125,000	(111,000)	14,000		14,000
Total general government	<u>3,042,506</u>	<u>(69,613)</u>	<u>2,972,893</u>	<u>2,836,403</u>	<u>136,490</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, 2013

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,275,988	\$ 166,203	\$ 1,442,191	\$ 1,412,893	\$ 29,298
Police Department - contractual services and expenses	127,850	3,667	131,517	163,044	(31,527)
Police Department - maintenance of vehicles	23,000		23,000	25,623	(2,623)
Volunteer fire companies	107,000		107,000	86,227	20,773
Building inspections	184,603	4,202	188,805	187,900	905
Communications Center	313,685	2,955	316,640	309,944	6,696
Dog licenses	58,452		58,452	52,895	5,557
Total public safety	<u>2,090,578</u>	<u>177,027</u>	<u>2,267,605</u>	<u>2,238,526</u>	<u>29,079</u>
Highway and Streets:					
Wages - regular, overtime and seasonal	833,300	22,936	856,236	760,098	96,138
General maintenance and repair	273,900		273,900	240,123	33,777
Snow removal and ice control	174,000		174,000	220,170	(46,170)
Equipment maintenance and repair	92,500		92,500	91,167	1,333
Town garage buildings	12,000		12,000	35,923	(23,923)
Total highway and streets	<u>1,385,700</u>	<u>22,936</u>	<u>1,408,636</u>	<u>1,347,481</u>	<u>61,155</u>
Transfer Station and Recycling:					
Salaries	169,289	3,469	172,758	184,791	(12,033)
General maintenance	142,950		142,950	158,807	(15,857)
Equipment maintenance	7,000		7,000	8,592	(1,592)
Total transfer station and recycling	<u>319,239</u>	<u>3,469</u>	<u>322,708</u>	<u>352,190</u>	<u>(29,482)</u>
Health and Social Services:					
Sanitarian inspection	88,344	1,223	89,567	85,158	4,409
Social services	21,000		21,000	22,003	(1,003)
Total health and social services	<u>109,344</u>	<u>1,223</u>	<u>110,567</u>	<u>107,161</u>	<u>3,406</u>
Mark Twain Library:					
Operations	423,000	-	423,000	423,000	-
Parks and Recreation:					
Field maintenance	96,480		96,480	69,536	26,944
Administration	196,905	3,664	200,569	210,373	(9,804)
Summer camp	221,156		221,156	202,090	19,066
Recreation programs	179,700		179,700	174,384	5,316
Topstone park	103,703		103,703	95,543	8,160
Tennis courts	10,385		10,385	8,561	1,824
Extended day service	158,016	1,969	159,985	175,497	(15,512)
Total parks and recreation	<u>966,345</u>	<u>5,633</u>	<u>971,978</u>	<u>935,984</u>	<u>35,994</u>

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TOWN OF REDDING, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,524,900	\$ 47,844	\$ 2,572,744	\$ 2,557,585	\$ 15,159
Capital Outlay:					
Selectmen's general maintenance	7,000		7,000	7,037	(37)
Debt Service:					
Debt retirement	1,548,105		1,548,105	1,548,105	-
Interest payments	676,692	(900)	675,792	650,603	25,189
Total debt service	2,224,797	(900)	2,223,897	2,198,708	25,189
Total town expenditures	13,093,409	187,619	13,281,028	13,004,075	276,953
Education:					
Redding Board of Education:					
General instruction	10,972,019	107,894	11,079,913	11,059,977	19,936
Kindergarten	14,000	(2,000)	12,000	11,686	314
Humanities	78,113	(5,744)	72,369	52,879	19,490
Integrated language arts	52,410	(3,289)	49,121	38,999	10,122
Curriculum	11,403	167	11,570	24,741	(13,171)
Industrial technology	10,511		10,511	10,506	5
Science/math technology	39,085	(4,302)	34,783	30,658	4,125
Physical education/health	14,492		14,492	15,010	(518)
Student activity co-curricular	87,485	(4,090)	83,395	69,759	13,636
Special services	31,210	5,483	36,693	40,628	(3,935)
Special education	4,387,911	(12,837)	4,375,074	4,334,515	40,559
Guidance	3,060		3,060	2,117	943
Health services	215,740	(5,383)	210,357	191,949	18,408
Psychological services	17,950	(1,000)	16,950	12,640	4,310
Speech services	10,400		10,400	1,923	8,477
Educational media services	55,567	(7,025)	48,542	37,038	11,504
Technology plan	427,769	(6,000)	421,769	453,611	(31,842)
Board of Education	115,900	(8,338)	107,562	106,631	931
Central administration	537,370		537,370	537,370	-
Magnet school	77,604		77,604	60,374	17,230
School administration	1,275,016	(20,137)	1,254,879	1,246,761	8,118
Operation/maintenance physical plant	2,201,239	(33,398)	2,167,841	2,238,728	(70,887)
Student transportation	995,297		995,297	1,054,430	(59,133)
Food service	4,000		4,000	2,621	1,379
Total Redding Board of Education	21,635,551	-	21,635,551	21,635,551	-
Regional School District No. 9	11,908,076	-	11,908,076	11,908,076	-
Total Education	33,543,627	-	33,543,627	33,543,627	-
Total Expenditures	46,637,036	187,619	46,824,655	46,547,702	276,953

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TOWN OF REDDING, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 104,856	\$ _____	\$ 104,856	\$ 104,856	\$ _____
Total Expenditures and Other Financing Uses	<u>\$ 46,741,892</u>	<u>\$ 187,619</u>	<u>\$ 46,929,511</u>	46,652,558	<u>276,953</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				2,206,516	
Special education excess cost grant is recorded gross for GAAP				232,521	
Payment to bond escrow agent				2,780,959	
Bond issuance costs				66,426	
Prior year encumbrances are reported in current year for financial reporting purposes				73,685	
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>(180,519)</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>\$ 51,832,146</u>	

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 12,185,590	\$ 9,575,539
Uncollected property taxes, net of allowance for uncollectible amounts	2,038,689	2,225,050
Due from State and Federal governments	6,481	378,961
Accounts receivable	81,251	118,550
Due from other funds	704,447	1,592,280
Other	185,762	202,263
Inventory	1,720	1,661
Total Assets	<u>\$ 15,203,940</u>	<u>\$ 14,094,304</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 1,715,338	\$ 1,925,944
Due to other governments	2,228	4,102
Due to Regional School District No. 9	631,810	825,715
Due to other funds	3,008,620	618,354
Bond anticipation notes payable		1,750,000
Deferred revenue	2,905,265	3,596,490
Total liabilities	<u>8,263,261</u>	<u>8,720,605</u>
Fund balance:		
Nonspendable	1,720	1,661
Committed	208,822	
Assigned	180,519	73,685
Unassigned	6,549,618	5,298,353
Total fund balance	<u>6,940,679</u>	<u>5,373,699</u>
Total Liabilities and Fund Balance	<u>\$ 15,203,940</u>	<u>\$ 14,094,304</u>

**TOWN OF REDDING, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2013**

Grand List Year	Uncollected Taxes July 1, 2012	Current Year Levy	Lawful Corrections		Transfers to Suspend	Overcollections/ Bounced Checks	Adjusted Taxes Collectible	Taxes	Interest and Liens Fees	Total	Uncollected Taxes June 30, 2013	
			Additions	Deductions								
2011	\$	\$ 44,659,180	\$ 451,591	\$ 153,296	\$	\$ 114,831	\$ 45,072,306	\$ 44,324,390	\$ 124,028	\$ 44,448,418	\$ 747,916	
2010		924,675	20,464	48,859		28,130	924,410	417,531	101,497	519,028	506,879	
2009		681,093	15,328	26,438	21,997	7,700	655,686	287,932	139,291	427,223	367,754	
2008		319,524	6,917	6,915			319,526	24,015	7,881	31,896	295,511	
2007		317,588					317,588	178,476	151,661	330,137	139,112	
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	
Total	\$	2,284,397	\$ 44,659,180	\$ 494,300	\$ 235,508	\$ 21,997	\$ 150,661	\$ 47,331,033	45,232,344	524,358	45,756,702	\$ 2,098,689
								Suspend collections	10,065	6,427	16,492	
								Total	\$ 45,242,409	\$ 530,785	45,773,194	
								Refunds adjustment			(89,552)	
								Property taxes receivable considered available (60-day collections):				
								After June 30, 2012 (collections July and August 2012)			(77,229)	
								After June 30, 2013 (collections July and August 2013)			95,076	
								Total Property Tax Revenue		\$ 45,701,489		

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TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

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>
ASSETS														
Cash	\$	200,358	\$	30,172	\$	12,426	\$	29,893	\$	34,244	\$	20,658	\$	23,643
Sewer assessments														5,506
Due from other funds														
Total Assets	\$	<u>200,358</u>	\$	<u>30,172</u>	\$	<u>12,426</u>	\$	<u>29,893</u>	\$	<u>34,244</u>	\$	<u>20,658</u>	\$	<u>29,149</u>
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable	\$		\$		\$		\$	22,522	\$		\$	2,386	\$	
Due to other funds														
Bond anticipation notes														
Deferred revenue														5,506
Total liabilities		<u>-</u>		<u>-</u>		<u>-</u>		<u>22,522</u>		<u>-</u>		<u>2,386</u>		<u>5,506</u>
Fund Balances:														
Restricted		200,358		30,172				7,371						
Committed						12,426				34,244		18,272		23,643
Unassigned														
Total fund balances		<u>200,358</u>		<u>30,172</u>		<u>12,426</u>		<u>7,371</u>		<u>34,244</u>		<u>18,272</u>		<u>23,643</u>
Total Liabilities and Fund Balances	\$	<u>200,358</u>	\$	<u>30,172</u>	\$	<u>12,426</u>	\$	<u>29,893</u>	\$	<u>34,244</u>	\$	<u>20,658</u>	\$	<u>29,149</u>

(Continued on next page)

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

JUNE 30, 2013

Special Revenue Funds

	<u>Parks and Recreation Concerts</u>	<u>Parks and Recreation Basketball</u>	<u>Senior Center Escrow</u>	<u>FEMA Grant</u>	<u>Adopt-A- Road</u>	<u>Parade Path</u>	<u>Social Services</u>
ASSETS							
Cash	\$ 6,057	\$	\$	\$	\$ 9,954	\$ 9,204	\$ 18,298
Sewer assessments							
Due from other funds							
Total Assets	<u>\$ 6,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,954</u>	<u>\$ 9,204</u>	<u>\$ 18,298</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 7,673	\$	\$ 1,825	\$ 1,776
Due to other funds							
Bond anticipation notes							
Deferred revenue							
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,673</u>	<u>-</u>	<u>1,825</u>	<u>1,776</u>
Fund Balances:							
Restricted							
Committed	6,057				9,954	7,379	16,522
Unassigned				(7,673)			
Total fund balances	<u>6,057</u>	<u>-</u>	<u>-</u>	<u>(7,673)</u>	<u>9,954</u>	<u>7,379</u>	<u>16,522</u>
Total Liabilities and Fund Balances	<u>\$ 6,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,954</u>	<u>\$ 9,204</u>	<u>\$ 18,298</u>

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

JUNE 30, 2013

	Special Revenue Funds					Capital Projects Fund	
	GIS	Gazebo	Misc Grants	Brownfield Municipal Grant	Total	Capital Projects- Schools	Georgetown STEAP
ASSETS							
Cash	\$ 24,931	\$ 784	\$ 4,744	\$ -	\$ 425,366	\$ 36,881	\$ -
Sewer assessments					5,506		
Due from other funds					-	107,170	
Total Assets	\$ 24,931	\$ 784	\$ 4,744	\$ -	\$ 430,872	\$ 144,051	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 36,182	\$ -	\$ -
Due to other funds					-		20,408
Bond anticipation notes					-		
Deferred revenue			2,152		7,658		
Total liabilities	-	-	2,152	-	43,840	-	20,408
Fund Balances:							
Restricted					237,901		
Committed	24,931	784	2,592		156,804	144,051	
Unassigned					(7,673)		(20,408)
Total fund balances	24,931	784	2,592	-	387,032	144,051	(20,408)
Total Liabilities and Fund Balances	\$ 24,931	\$ 784	\$ 4,744	\$ -	\$ 430,872	\$ 144,051	\$ -

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

JUNE 30, 2013

Capital Projects Fund

	<u>Water Wells and Oil Tanks</u>	<u>Bond Fund</u>	<u>Athletic Fields</u>	<u>STEAP Georgetown Intersection</u>	<u>Police Project</u>	<u>School Bonded Projects</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash	\$	\$	\$ 4	\$	\$	\$	\$ 36,885	\$ 462,251
Sewer assessments							-	5,506
Due from other funds	46,227	46,708				452,778	652,883	652,883
Total Assets	<u>\$ 46,227</u>	<u>\$ 46,708</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,778</u>	<u>\$ 689,768</u>	<u>\$ 1,120,640</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$ -	\$ 36,182
Due to other funds				269,039			289,447	289,447
Bond anticipation notes						534,000	534,000	534,000
Deferred revenue		36,678					36,678	44,336
Total liabilities	<u>-</u>	<u>36,678</u>	<u>-</u>	<u>269,039</u>	<u>-</u>	<u>534,000</u>	<u>860,125</u>	<u>903,965</u>
Fund Balances:								
Restricted							-	237,901
Committed	46,227	10,030	4				200,312	357,116
Unassigned				(269,039)		(81,222)	(370,669)	(378,342)
Total fund balances	<u>46,227</u>	<u>10,030</u>	<u>4</u>	<u>(269,039)</u>	<u>-</u>	<u>(81,222)</u>	<u>(170,357)</u>	<u>216,675</u>
Total Liabilities and Fund Balances	<u>\$ 46,227</u>	<u>\$ 46,708</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 452,778</u>	<u>\$ 689,768</u>	<u>\$ 1,120,640</u>

TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

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>
Revenues:							
Intergovernmental	\$ 133,867	\$ 659	\$	\$ 292,661	\$	\$	\$
Investment income		529			52	164	37
Charges for services		25,899	11,875		30,968	1,373	3,892
Miscellaneous							
Total revenues	<u>133,867</u>	<u>27,087</u>	<u>11,875</u>	<u>292,661</u>	<u>31,020</u>	<u>1,537</u>	<u>3,929</u>
Expenditures:							
Current:							
General government							8,890
Public safety		9,699	8,671				
Highways and streets					24,825	3,336	
Health and social services							
Education				295,916			
Parks and recreation							
Capital outlay							
Total expenditures	<u>-</u>	<u>9,699</u>	<u>8,671</u>	<u>295,916</u>	<u>24,825</u>	<u>3,336</u>	<u>8,890</u>
Net Change in Fund Balance	133,867	17,388	3,204	(3,255)	6,195	(1,799)	(4,961)
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 200,358</u>	<u>\$ 30,172</u>	<u>\$ 12,426</u>	<u>\$ 7,371</u>	<u>\$ 34,244</u>	<u>\$ 18,272</u>	<u>\$ 23,643</u>

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TOWN OF REDDING, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

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	<u>Special Revenue Funds</u>						
	<u>Parks and Recreation Concerts</u>	<u>Park and Recreation Basketball</u>	<u>Senior Center Escrow</u>	<u>FEMA Grant</u>	<u>Adopt-A- Road</u>	<u>Parade Path</u>	<u>Social Services</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Investment income						10	
Charges for services	4,955	1,361	348			11,933	
Miscellaneous					100		
Total revenues	<u>4,955</u>	<u>1,361</u>	<u>348</u>	<u>-</u>	<u>100</u>	<u>11,943</u>	<u>-</u>
Expenditures:							
Current:							
General government							
Public safety							
Highways and streets							
Health and social services					14,236		5,391
Education							
Parks and recreation	1,350	3,855				13,230	
Capital outlay							
Total expenditures	<u>1,350</u>	<u>3,855</u>	<u>-</u>	<u>-</u>	<u>14,236</u>	<u>13,230</u>	<u>5,391</u>
Net Change in Fund Balance	3,605	(2,494)	348	-	(14,136)	(1,287)	(5,391)
Fund Balances - Beginning of Year	<u>2,452</u>	<u>2,494</u>	<u>(348)</u>	<u>(7,673)</u>	<u>24,090</u>	<u>8,666</u>	<u>21,913</u>
Fund Balances - End of Year	<u>\$ 6,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,673)</u>	<u>\$ 9,954</u>	<u>\$ 7,379</u>	<u>\$ 16,522</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, 2013

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	<u>Special Revenue Funds</u>					<u>Capital Projects Fund</u>	
	<u>GIS</u>	<u>Gazebo</u>	<u>Misc Grants</u>	<u>Brownfield Municipal Grant</u>	<u>Total</u>	<u>Capital Projects- Schools</u>	<u>Georgetown STEAP</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$ 59,563	\$ 486,750	\$	\$ 35,667
Investment income					792	58	
Charges for services	11,629		1,750		105,983		
Miscellaneous					100		
Total revenues	<u>11,629</u>	<u>-</u>	<u>1,750</u>	<u>59,563</u>	<u>593,625</u>	<u>58</u>	<u>35,667</u>
Expenditures:							
Current:							
General government	8,054		12,630		29,574		
Public safety				17,883	36,253		
Highways and streets					28,161		
Health and social services					19,627		
Education					295,916		
Parks and recreation					18,435		
Capital outlay					-	1,000	14,310
Total expenditures	<u>8,054</u>	<u>-</u>	<u>12,630</u>	<u>17,883</u>	<u>427,966</u>	<u>1,000</u>	<u>14,310</u>
Net Change in Fund Balance	3,575	-	(10,880)	41,680	165,659	(942)	21,357
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 24,931</u>	<u>\$ 784</u>	<u>\$ 2,592</u>	<u>\$ -</u>	<u>\$ 387,032</u>	<u>\$ 144,051</u>	<u>\$ (20,408)</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, 2013

Capital Projects Fund

	<u>Water Wells and Oil Tanks</u>	<u>Bond Fund</u>	<u>Athletic Fields</u>	<u>STEAP Georgetown Intersection</u>	<u>Police Project</u>	<u>School Bonded Projects</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$ 1,472,458	\$	\$	\$ 1,508,125	\$ 1,994,875
Investment income							58	850
Charges for services							-	105,983
Miscellaneous				32,927		14,249	47,176	47,276
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,505,385</u>	<u>-</u>	<u>14,249</u>	<u>1,555,359</u>	<u>2,148,984</u>
Expenditures:								
Current:								
General government							-	29,574
Public safety							-	36,253
Highways and streets							-	28,161
Health and social services							-	19,627
Education							-	295,916
Parks and recreation							-	18,435
Capital outlay				1,386,124		63,614	1,465,048	1,465,048
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386,124</u>	<u>-</u>	<u>63,614</u>	<u>1,465,048</u>	<u>1,893,014</u>
Net Change in Fund Balance	-	-	-	119,261	-	(49,365)	90,311	255,970
Fund Balances - Beginning of Year	<u>46,227</u>	<u>10,030</u>	<u>4</u>	<u>(388,300)</u>	<u>-</u>	<u>(31,857)</u>	<u>(260,668)</u>	<u>(39,295)</u>
Fund Balances - End of Year	<u>\$ 46,227</u>	<u>\$ 10,030</u>	<u>\$ 4</u>	<u>\$ (269,039)</u>	<u>\$ -</u>	<u>\$ (81,222)</u>	<u>\$ (170,357)</u>	<u>\$ 216,675</u>

TOWN OF REDDING, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash:				
Redding Elementary School	\$ 24,160	\$ 20,165	\$ 20,352	\$ 23,973
John Read Middle School	<u>87,720</u>	<u>158,612</u>	<u>164,995</u>	<u>81,337</u>
Total Assets	<u>\$ 111,880</u>	<u>\$ 178,777</u>	<u>\$ 185,347</u>	<u>\$ 105,310</u>
LIABILITIES				
Due to others:				
Redding Elementary School	\$ 24,160	\$ 20,165	\$ 20,352	\$ 23,973
John Read Middle School	<u>87,720</u>	<u>158,612</u>	<u>164,995</u>	<u>81,337</u>
Total Liabilities	<u>\$ 111,880</u>	<u>\$ 178,777</u>	<u>\$ 185,347</u>	<u>\$ 105,310</u>

TOWN OF REDDING, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2013

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2013:

Town of Redding	\$ 45,683,642
Fire District	<u>1,421,906</u>

Base for Debt Limitation Computation

\$ 47,105,548

	<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	\$ 105,987,483	\$	\$	\$	\$
4 1/2 times base		211,974,966			
3 3/4 times base			176,645,805		
3 1/4 times base				153,093,031	
3 times base					<u>141,316,644</u>
Total debt limitation	<u>105,987,483</u>	<u>211,974,966</u>	<u>176,645,805</u>	<u>153,093,031</u>	<u>141,316,644</u>
Indebtedness:					
Bonds payable	11,725,426	4,856,000			
Fire District bonds	100,000				
Georgetown Special District	1,064,055				
Bonds authorized and unissued	3,215	4,586			
Redding's portion of Regional School District No. 9 bonds		<u>9,416,291</u>			
Net indebtedness	<u>12,892,696</u>	<u>14,276,877</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 93,094,787</u>	<u>\$ 197,698,090</u>	<u>\$ 176,645,805</u>	<u>\$ 153,093,031</u>	<u>\$ 141,316,644</u>

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

\$ 329,738,836