

TOWN OF REDDING, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2019

The Town of Redding, Connecticut

Comprehensive Annual Financial Report

For

The Fiscal Year Ended June 30, 2019

Prepared By:

Town of Redding
Finance Department

Stephen Gniadek
Finance Director

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Introductory Section

TOWN OF REDDING CT FINANCE DEPARTMENT

December 23, 2019

To the Honorable First Selectman, Members of the Board of Selectmen, Members of the Board of Finance, and Citizens of the Town of Redding, Connecticut (the "Town").

The Finance Department is pleased to present the Comprehensive Annual Financial Report ("CAFR") of the Town of Redding, Connecticut for the year ended June 30, 2019. The report includes the independent auditors' report as required by the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles ("GAAP") and standards set forth by the Governmental Accounting Standards Board ("GASB").

Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

RSM US LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Redding, Connecticut for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Redding's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, State mandated "Single Audit" designed to meet the special needs of State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of State awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town of Redding

The Town of Redding was incorporated in 1767 and is located in Fairfield County in the southwest part of the State of Connecticut, bordered by the towns of Bethel, Danbury, Easton, Newtown, Ridgefield, Weston and Wilton. It is located about 65 miles northeast of New York City, and is served by Metro North Commuter Railroad. The Town has a land area of 32 square miles, of which 87% is existing watershed, and a population of 9,274 at 2017.

The Town operates under the Statutes of the State of Connecticut. The Town employs a Town Meeting form of government with the First Selectman, elected to a two-year term, acting as the Town's chief executive officer. A three-member Board of Selectmen generally supervises the administration of the Town. Fiscal matters are administered under a six-member Board of Finance and an appointed Finance Director. The Town provides a full range of services, including public education K -12, police and volunteer fire protection, the construction and maintenance of streets, a transfer and recycling center, recreational activities and cultural events.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

All departments are required to submit revenue estimates and requests for appropriations to the Finance Director. A budget workshop is conducted by the Board of Selectmen to review the department requests. The Town and Board of Education budgets are then presented to the Board of Finance at a public meeting. Additional Board of Finance meetings are held if deemed necessary. Upon approval of the Board of Finance, the budget is submitted to a town-wide referendum held on the first Tuesday in May.

Factors Affecting Financial Condition

Redding's presence in Fairfield County, its proximity to an excellent regional transportation network, its fine schools, public library, and wide range of recreational programs have all contributed to its continued growth and excellent financial condition. The Town is currently rated AAA by S&P with a healthy Unassigned Fund balance of 18.44% of the next year budgeted expenditures of \$50,960,997.

Factors Affecting Financial Condition (Continued)

The Town's economic base is supported primarily by its residential base, with the Georgetown and West Redding business districts supplying the majority of commercial business interests.

There were 743 Building Permits issued in fiscal year 2019, at a value of \$9.0 million, compared to 661 issued at a value of \$10.3 million in fiscal year 2018.

The unemployment rate for fiscal year 2019 in Redding was 3.1% which compares favorably with the State rate of 4.1%. Median Household Income is \$129,763.

Property taxes, which accounted for approximately 93% of the general fund revenue, have provided a reliable revenue source, with collections consistently at or around 99 percent. Current tax collections were 98.9% of the adjusted tax levy.

Housing prices are competitive relative to Fairfield County norms. Most residents work in Fairfield County, Westchester County, New York, or New York City.

The State has continued to reduce financial aid to the Town. The budgeted amount for 2019-20 has been reduced from the prior year by \$5,268 in the final state budget approved in May 2019. The reduction should not impact the Town's ability to meet its overall budget goals.

Long-Term Financial Planning

The vast majority of capital spending is incurred for Highway reconstruction and school facility improvements. The Town maintains a 5 year Capital Plan which is updated quarterly. Most capital projects are financed through short term borrowing (BAN) pending long term bonding. All rolling stock is financed through 5 year municipal leases.

The current 5 year capital cost projection is for a total of \$6.8 million, to be spent primarily on road reconstruction and Police/Fire communications upgrades.

The Town also maintains a Capital Non-Recurring Expense reserve, with a balance of approximately \$1.0 million, for use on selected capital projects as needed.

Relevant Financial Policies

The Town's financial policies have been applied consistently with no notable current year effect on the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the fifth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report.

This CAFR reflects a commitment to the citizens of Redding, the Board of Finance, the Board of Selectmen, and all concerned readers of this report to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "S. Gniadek".

Stephen Gniadek
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Redding
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

TOWN OF REDDING, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
As of JUNE 30, 2019

Board of Selectmen
Julia Pemberton
First Selectman

Margaret O'Donnell

Michael Thompson

Board of Finance
Dr. Kimberly Yonkers
Chairman

Jamie Barickman
Ed Miller

Ward Mazzucco
Rob Dean

Susan Clark

Finance Director
Stephen Gniadek

Building Official – Shaun Donnelly
Chief of Police – Mark O'Donnell
Public Works Director – Jeff Hanson
Social Services Director – Angelica Fontanez
Park and Rec Director – Robert Blick

Planning/Land Use – Aimee Pardee
Tax Collector - Patricia Moasio
Tax Assessor – John Ford
Town Clerk – Michele Grande
Treasurer – Wes Higgins
Zoning Official – Aimee Pardee

Board of Education
Dr. Melinda Irwin
Chairman

Laura Hoeing
Chris Parkin
Heather Whaley

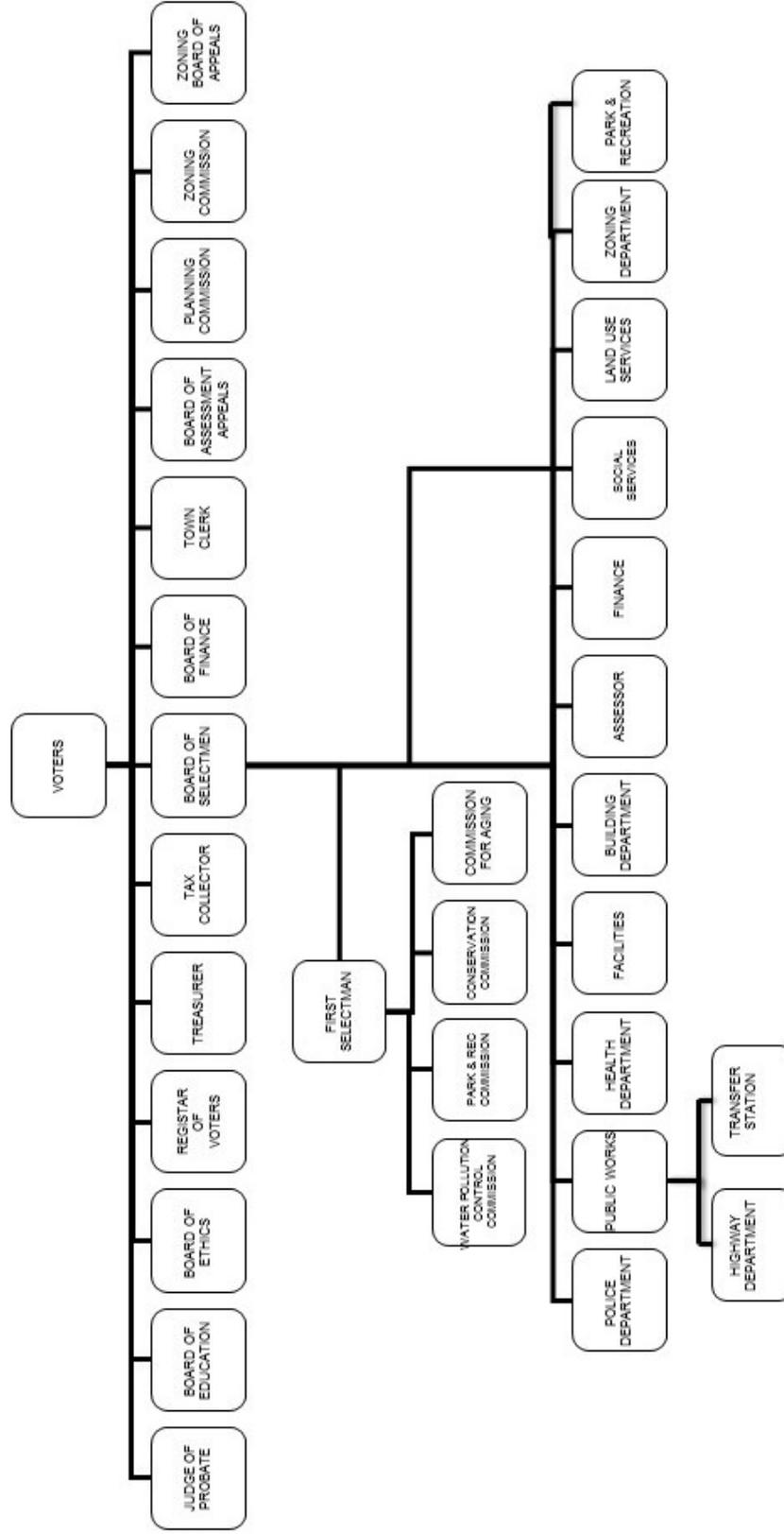
Colleen Pilato
John Reilly
Michael Hoffman

Dr. Thomas McMorran
Superintendent of Schools

Scott Reiss – Director of
Finance and Operations

Independent Auditors
RSM US LLP
New Haven, CT

TOWN OF REDDING, CONNECTICUT ORGANIZATIONAL CHART



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Financial Section



RSM US LLP

Independent Auditor's 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 (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 from 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 Town'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 Town'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, 2019 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, the budgetary comparison information, the pension and OPEB related schedules, 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's basic financial statements. The introductory section, the combining and individual fund financial statements and other schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other 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 fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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.

RSM US LLP

New Haven, Connecticut
December 23, 2019

Town of Redding, Connecticut

Management's Discussion and Analysis - unaudited For the Year Ended June 30, 2019

As management of the Town of Redding, Connecticut (the Town) 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, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$57,541,560 (net position). Of this amount, \$10,817,468 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position for governmental activities increased by \$2,210,339 due to increased investment in road reconstruction and school facility improvement, along with expense savings.
- Total General Fund fund balance at June 30, 2019 is \$12,254,513 which is \$1,317,990 or 12.05% higher than the prior year fund balance of \$10,936,523. The General Fund balance consists of the Unassigned Fund Balance, Assigned Fund Balance and Nonspendable Fund Balance. The Unassigned Fund Balance totals \$9,396,397 and represents 18.44% of the next year budgeted expenditures of \$50,960,998. The Assigned Fund Balance of \$45,000 which represents encumbrances and the Nonspendable Fund Balance totals \$2,813,206 and comprises primarily a receivable from the sewer enterprise fund, which will be reclassified to Unassigned Fund Balance when the receivable is paid, as well as certain prepaids.
- Actual expenditures were \$331,765 under budget due to responsible spending within Town departments.
- Expenditures for Educational purposes were \$34,527,399 on the General Fund budgetary basis. This amounts represents 70.6% of total General Fund budgetary expenditures of \$48,903,051.
- Actual revenues were 101.9% of budget due primarily to higher than budgeted property tax collections of \$957,390 and investment income exceeding budget by \$162,775. This was partially offset by lower than budgeted revenues from Town Services totaling (\$18,934). The net increase in revenue was \$1,460,478, or 3% higher than the June 30, 2018 amount of \$48,723,072.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them 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 net position and statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, deferred inflows/outflows, 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 education and interest and fiscal charges. 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 and provide sound management of Town resources. 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 resources 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 one individual governmental fund. 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 within the supplementary information section of this report.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison statements are 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 an internal service fund 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. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's General Fund budget, and pension and OPEB related schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented 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. The Town's net position is \$62,719,880 at the close of the most recent fiscal year.

	Summary Statement of Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 27,324,733	\$ 23,545,904	\$ 37,386	\$ 67,517	\$ 27,362,119	\$ 23,613,421
Capital Assets	72,171,104	71,553,835	8,521,013	7,976,232	80,692,117	79,530,067
Total assets	99,495,837	95,099,739	8,558,399	8,043,749	108,054,236	103,143,488
Deferred outflows of resources	7,038,826	1,993,037	-	-	7,038,826	1,993,037
Long-Term Liabilities	41,345,343	38,403,489	412,324	-	41,757,667	38,403,489
Other Current Liabilities	3,447,750	2,972,482	2,967,755	2,459,153	6,415,505	5,431,635
Total liabilities	44,793,093	41,375,971	3,380,079	2,459,153	48,173,172	43,835,124
Deferred inflows of resources	4,200,010	385,584	-	-	4,200,010	385,584
Net Position						
Net investment in capital assets	46,117,535	44,516,602	7,982,293	7,976,232	54,099,828	52,492,834
Restricted	606,957	383,743	-	-	606,957	383,743
Unrestricted	10,817,068	10,430,876	(2,803,973)	(2,391,636)	8,013,095	8,039,240
Total net position	\$ 57,541,560	\$ 55,331,221	\$ 5,178,320	\$ 5,584,596	\$ 62,719,880	\$ 60,915,817

By far, the largest portion of the Town's net position (86.2%) 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.

Restricted net position is to be used for certain grant requirements.

The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities increased the Town's net position by \$2,210,339 mainly due to better than expected revenues from property taxes and expenses being lower than anticipated.

Revenues. Governmental activities revenues (which differ from budgetary by amounts presented in Exhibit IV and other certain State allocations) totaled \$53,012,971 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 91.6% of governmental revenues. Operating grants and contributions are the Town's second largest revenue source and account for 4.5% of governmental revenues.

Expenses. Governmental expenses (which differ from budgetary by amounts presented in Exhibit IV and other certain State allocations) totaled \$50,802,632 for the fiscal year. Of the expenses, \$36,224,776 or 71.3% is related to education. Public safety expenses amounted \$3,657,877 or 7.2%. General government expenses amounted to \$4,946,271 or 9.7% and highway and streets expenses were \$2,564,363 or 5.1% all other expenses totaled \$3,409,345 or 6.7%.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 1,354,370	\$ 1,297,370	\$ 292,045	\$ 305,522	\$ 1,646,415	\$ 1,602,892
Operating grants and contributions	2,401,529	5,173,221	-	-	2,401,529	5,173,221
Capital grants and contributions	-	23,458	-	-	-	23,458
General revenues						
Property taxes	48,539,324	47,419,072	-	-	48,539,324	47,419,072
Grants and contributions not restricted to specific purposes	131,771	154,017	-	-	131,771	154,017
Investment income	437,775	279,280	-	-	437,775	279,280
Miscellaneous	148,202	93,562	-	-	148,202	93,562
Total revenues	53,012,971	54,439,980	292,045	305,522	53,305,016	54,745,502
Program Expenses						
General government	4,946,271	4,451,222	-	-	4,946,271	4,451,222
Public safety	3,657,877	3,648,280	-	-	3,657,877	3,648,280
Highway and streets	2,564,363	2,986,971	-	-	2,564,363	2,986,971
Transfer station and recycling	353,620	347,886	-	-	353,620	347,886
Health and social services	242,308	181,853	-	-	242,308	181,853
Library	539,655	513,958	-	-	539,655	513,958
Parks and recreation	1,231,606	1,277,454	-	-	1,231,606	1,277,454
Education	36,224,776	38,508,001	-	-	36,224,776	38,508,001
Interest expense	1,042,156	988,539	-	-	1,042,156	988,539
Sewer department	-	-	698,321	881,612	698,321	881,612
Total program expenses	50,802,632	52,904,164	698,321	881,612	51,500,953	53,785,776
Changes in net position	2,210,339	1,535,816	(406,276)	(576,090)	1,804,063	959,726
Net Position, Beginning	55,331,221	53,795,405	5,584,596	6,160,686	60,915,817	59,956,091
Net Position, Ending	\$ 57,541,560	\$ 55,331,221	\$ 5,178,320	\$ 5,584,596	\$ 62,719,880	\$ 60,915,817

Business-Type Activities. Business-type activities decreased the Town's net position by \$406,276. General revenues do not support the Town's business-type activities; revenues come from charges for services.

The Georgetown sewer expenses were \$698,321 which was a 20.8% decrease from the prior year due to less expenses related to repairs and maintenance of membranes.

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, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

General Fund:

At year end, unassigned fund balance in the General Fund was as follows:

Unassigned fund balance, July 1, 2018	\$ 8,595,402
Actual revenue greater than budgeted	957,390
Actual expenditures less than budgeted	331,765
Changes in other fund balance categories	(488,250)
	<hr/>
Unassigned fund balance, June 30, 2019	<u><u>\$ 9,396,307</u></u>

General Fund actual expenditures were .7% under budget due to responsible spending within Town departments. Additionally, actual revenues were 1.9% higher than budgeted primarily due to property tax collections partially offset by charges for services.

General Fund Budgetary Highlights

Actual revenue was at 101.9% of budget. Property tax collections both current and prior exceeded the budgeted amounts.

Actual expenditures were 99.3% of budget primarily due to controlling departmental spending.

Non-Major Governmental Funds

The total fund balance for the non-major governmental funds was \$2,994,134 as of June 30, 2019. This was a decrease of \$1,693,514 as compared to the prior year. This decrease was a result of planned expenditures on capital projects.

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, 2019 amounts to \$80,692,117 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture and fixtures and infrastructure.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 19,908,742	\$ 19,908,742	\$ 15,342	\$ 15,342	\$ 19,924,084	\$ 19,924,084
Construction in Progress	1,201,558	6,205,639	-	-	1,201,558	6,205,639
Buildings	19,483,604	14,357,248	-	-	19,483,604	14,357,248
Sewer Plant	-	-	7,574,440	7,657,649	7,574,440	7,657,649
Sewer Collection System	-	-	929,156	300,749	929,156	300,749
Machinery and Equipment	2,728,568	2,802,741	2,075	2,492	2,730,643	2,805,233
Infrastructure	26,547,834	25,963,290	-	-	26,547,834	25,963,290
Vehicles	1,867,130	1,853,957	-	-	1,867,130	1,853,957
Furniture and Fixtures	433,668	462,218	-	-	433,668	462,218
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 72,171,104	\$ 71,553,835	\$ 8,521,013	\$ 7,976,232	\$ 80,692,117	\$ 79,530,067

The Town completed upgrades to HVAC at both schools at a cost of \$5.5 million which was financed as part of the March 2017 bond. That amount is reflected above in buildings, net of depreciation. Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total long-term debt outstanding of \$27,221,745. The entire amount is backed by the full faith and credit of the Town.

**Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2019	2018
General Obligation Bonds - Town Improvements	\$ 17,438,745	\$ 19,055,535
General Obligation Bonds - School Improvements	9,783,000	10,495,000
	<u>\$ 27,221,745</u>	<u>\$ 29,550,535</u>

The Town maintained its “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 \$348,856,681 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, 2019, which matures through 2026, amounted to \$13,535,000. The Town’s share of the debt was \$6,419,610.

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 Assumptions

The unemployment rate for the Town was 3.1%, down significantly from last year’s 4.0%. The rate compares favorably with the state’s average rate of 4.1%.

Interest income is projected to be approximately \$50,000 lower due to the Federal rate reductions.

The 2019-20 budget increased 3.52% over prior year, primarily due to an increase in the allocated cost for the regional high school.

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.

Basic Financial Statements

Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 18,697,311	\$ 37,386	\$ 18,734,697
Receivables, net	5,814,216	-	5,814,216
Other	56,427	-	56,427
Internal balances	2,756,779	(2,756,779)	-
Capital assets, not being depreciated	21,110,300	15,342	21,125,642
Capital assets being depreciated, net	51,060,804	8,505,671	59,566,475
Total assets	99,495,837	5,801,620	105,297,457
Deferred Outflows of Resources			
Deferred pension items	6,381,394	-	6,381,394
Deferred OPEB items	337,155	-	337,155
Deferred charge on refunding	320,277	-	320,277
Total deferred outflows of resources	7,038,826	-	7,038,826
Liabilities			
Accounts payable and accrued expenses	2,460,653	84,580	2,545,233
Due to other governments	3,529	-	3,529
Due to Regional School District No.9	963,568	-	963,568
Unearned revenue	20,000	-	20,000
Long-term liabilities:			
Noncurrent liabilities due within one year	2,521,523	126,396	2,647,919
Due in more than one year	38,823,820	412,324	39,236,144
Total liabilities	44,793,093	623,300	45,416,393
Deferred Inflows of Resources			
Advance property tax collections	2,963,839	-	2,963,839
Deferred pension credit	556,672	-	556,672
Deferred OPEB credit	679,499	-	679,499
Total deferred inflows of resources	4,200,010	-	4,200,010
Net Position			
Net investment in capital assets	46,117,535	7,982,293	54,099,828
Restricted for:			
Public safety	148,895	-	148,895
Public works	369,581	-	369,581
Education	88,481	-	88,481
Unrestricted (deficit)	10,817,068	(2,803,973)	8,013,095
Total net position	\$ 57,541,560	\$ 5,178,320	\$ 62,719,880

See notes to financial statements.

Town of Redding, Connecticut

Exhibit II

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 4,946,271	\$ 401,301	\$ 102,888	\$ (4,442,082)	\$ -	\$ (4,442,082)
Public Safety	3,657,877	16,926	5,586	(3,635,365)	-	(3,635,365)
Highway and street	2,564,363	141,652	262,221	(2,160,490)	-	(2,160,490)
Transfer station and recycling	353,620	143,934	-	(209,686)	-	(209,686)
Health and Welfare	242,308	34,291	-	(208,017)	-	(208,017)
Library	539,655	-	-	(539,655)	-	(539,655)
Education	36,224,776	-	2,030,834	(34,193,942)	-	(34,193,942)
Park and Recreation	1,231,606	616,266	-	(615,340)	-	(615,340)
Interest and fiscal charges	1,042,156	-	-	(1,042,156)	-	(1,042,156)
Total governmental activities	50,802,632	1,354,370	2,401,529	(47,046,733)	-	(47,046,733)
Business-type activities:						
Georgetown sewer	698,321	292,045	-	-	(406,276)	(406,276)
	\$ 51,500,953	\$ 1,646,415	\$ 2,401,529			
General revenues:						
Property taxes, interest and liens				48,539,324	-	48,539,324
Grants and contributions not restricted to specific programs				131,771	-	131,771
Investment income				437,775	-	437,775
Miscellaneous				148,202	-	148,202
Total general revenues				49,257,072	-	49,257,072
Change in net position				2,210,339	(406,276)	1,804,063
Net position - beginning				55,331,221	5,584,596	60,915,817
Net position - ending				\$ 57,541,560	\$ 5,178,320	\$ 62,719,880

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2019**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 15,042,053	\$ 3,411,172	\$ 18,453,225
Receivables:			
Property taxes and interest, net	5,723,843	-	5,723,843
Sewer assessments	-	5,506	5,506
Intergovernmental	-	728	728
Other	84,139	-	84,139
Due from other funds	12,848	4,968	17,816
Prepays	56,068	-	56,068
Inventory	359	-	359
Advance to other funds	2,756,779	-	2,756,779
	<u>23,676,089</u>	<u>3,422,374</u>	<u>27,098,463</u>
Total assets	\$ 23,676,089	\$ 3,422,374	\$ 27,098,463
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,541,953	\$ 384,918	\$ 1,926,871
Due to other governments	3,529	-	3,529
Due to Regional School District No. 9	963,568	-	963,568
Due to other funds	224,845	17,816	242,661
Unearned revenue	-	20,000	20,000
	<u>2,733,895</u>	<u>422,734</u>	<u>3,156,629</u>
Total liabilities	2,733,895	422,734	3,156,629
Deferred inflows of resources:			
Advance tax collections	2,963,838	-	2,963,838
Unavailable resources-other	5,723,843	5,506	5,729,349
	<u>8,687,681</u>	<u>5,506</u>	<u>8,693,187</u>
Total deferred inflows of resources	8,687,681	5,506	8,693,187
Fund balances:			
Nonspendable	2,813,206	-	2,813,206
Restricted	-	2,071,346	2,071,346
Committed	-	928,604	928,604
Assigned	45,000	-	45,000
Unassigned	9,396,307	(5,816)	9,390,491
	<u>12,254,513</u>	<u>2,994,134</u>	<u>15,248,647</u>
Total fund balances	12,254,513	2,994,134	15,248,647
	<u>\$ 23,676,089</u>	<u>\$ 3,422,374</u>	<u>\$ 27,098,463</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 23,676,089	\$ 3,422,374	\$ 27,098,463

See notes to financial statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2019**

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)	\$ 15,248,647
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	91,247,201
Less accumulated depreciation	<u>(19,076,097)</u>
Net capital assets	<u>72,171,104</u>
Assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds:	
Property tax and sewer assessment interest and lien receivable	5,729,349
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 position	250,166
Net deferred outflows/inflows of resources relating to pension and OPEB are not reported in the funds	5,482,377
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	(27,221,745)
Deferred amounts on refunding	320,277
Compensated absences	(239,033)
Accrued interest payable	(315,017)
Capital leases	(260,809)
MERS net pension liability	(10,347,773)
OPEB liability	(3,263,983)
Landfill closure and post-closure care	<u>(12,000)</u>
Net position of governmental activities (Exhibit I)	<u>\$ 57,541,560</u>

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019**

	General	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 48,054,156	\$ -	\$ 48,054,156
Intergovernmental	1,961,527	578,775	2,540,302
Investment income	437,775	-	437,775
Charges for services	1,274,149	80,223	1,354,372
Other	57,397	90,805	148,202
Total revenues	51,785,004	749,803	52,534,807
Expenditures:			
Current:			
General government	2,815,052	47,311	2,862,363
Public safety	2,614,735	7,875	2,622,610
Highway and street	1,389,445	5,268	1,394,713
Transfer station and recycling	250,642	-	250,642
Health and welfare	139,082	46,416	185,498
Library	539,655	-	539,655
Parks and recreation	908,223	15,453	923,676
Employee benefits	2,677,525	-	2,677,525
Education	36,083,853	248,748	36,332,601
Debt service	3,048,802	276,243	3,325,045
Capital outlay	255,464	1,796,003	2,051,467
Total expenditures	50,722,478	2,443,317	53,165,795
Revenues over (under) expenditures	1,062,526	(1,693,514)	(630,988)
Other financing sources (uses):			
Capital lease proceeds	255,464	-	255,464
Transfer in	-	4	4
Transfer out	-	(4)	(4)
Total other financing sources (uses)	255,464	-	255,464
Change in fund balances	1,317,990	(1,693,514)	(375,524)
Fund balances, beginning of year	10,936,523	4,687,648	15,624,171
Fund balances, end of year	\$ 12,254,513	\$ 2,994,134	\$ 15,248,647

See notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities (Continued) For the Year Ended June 30, 2019

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) \$ (375,524)

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 capital outlay exceeded depreciation in the current period:

Capital outlay	2,038,828
Depreciation expense	(1,409,340)
Loss on disposal of assets	(12,219)
	617,269

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 485,169

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 has any effect on net position. Also, governmental funds report the 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:

Premium amortization	98,790
Deferred amounts on refunding	(37,280)
Bond principal repayments	2,230,000
Issuance of capital leases	(255,464)
Capital lease payments	323,743
	2,359,789

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 MERS pension expense	(1,847,702)
Net OPEB expense	716,784
Landfill post-closure care	4,000
Compensated absences	8,931
Accrued interest payable	(8,621)
	(1,126,608)

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. 250,244

Change in net position of governmental activities (Exhibit II) \$ 2,210,339

See notes to financial statements.

**Statement of Net Position - Proprietary Funds
June 30, 2019**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,386	\$ 244,086
Due from other funds	-	224,845
Total current assets	37,386	468,931
Noncurrent assets:		
Capital assets, net:		
Land	15,342	-
Sewer plant	7,574,440	-
Sewer collection system	928,739	-
Furniture	2,492	-
Total capital assets, net	8,521,013	-
Total assets	8,558,399	468,931
Liabilities		
Current liabilities:		
Lease payable	126,396	-
Accounts payable	84,580	-
Claims payable	-	218,765
Total current liabilities	210,976	218,765
Noncurrent liabilities:		
Lease payable	412,324	-
Advance from other funds	2,756,779	-
Total non-current liabilities	3,169,103	-
Total liabilities	3,380,079	218,765
Net Position		
Investment in capital assets	7,982,293	-
Unrestricted (deficit)	(2,803,973)	250,166
Total net position	\$ 5,178,320	\$ 250,166

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) - Proprietary Funds
For the Year Ended June 30, 2019**

	Business-Type	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Operating revenues:		
Charges for services	\$ 292,045	\$ 2,924,582
Total operating revenues	292,045	2,924,582
Operating expenses:		
Claims incurred	-	2,447,243
Administration	22,860	234,120
Contracted services	342,373	-
Outside services	7,418	-
Materials disposal	14,244	-
Materials and supplies	73,896	-
Utilities	94,311	-
Depreciation	143,219	-
Total operating expenses	698,321	2,681,363
Operating income (loss)	(406,276)	243,219
Nonoperating revenues		
Investment income	-	7,025
Total nonoperating revenues	-	7,025
Change in net position (deficit)	(406,276)	250,244
Net position (deficit), beginning	5,584,596	(78)
Net position, ending	\$ 5,178,320	\$ 250,166

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund charges for risk management services	\$ -	\$ 2,896,200
Receipts from customers and others	292,045	-
Payments to suppliers	(640,816)	-
Claim payments	-	(2,719,510)
Net cash provided by (used in) operating activities	(348,771)	176,690
Cash flows from noncapital financing activities:		
Advances from other funds	467,920	-
Cash flows from financing activities:		
Payment on capital lease	(149,280)	
Cash flows from investing activities:		
Income from investments	-	7,025
Net increase (decrease) in cash and cash equivalents	(30,131)	183,715
Cash and cash equivalents, beginning of year	67,517	60,371
Cash and cash equivalents, ending	\$ 37,386	\$ 244,086
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (406,276)	\$ 243,219
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	143,219	-
Increase in:		
Due from other funds	-	(28,382)
Decrease in:		
Accounts, lease and claims payable	(85,714)	(38,147)
Net cash provided by (used in) operating activities	\$ (348,771)	\$ 176,690

See notes to financial statements.

Statement of Fiduciary Net Position - Agency Funds
June 30, 2019

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 70,472
	<u>70,472</u>
Liabilities	
Due to others	\$ 70,472
	<u>70,472</u>

See notes to financial statements.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Redding, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

Reporting entity: The Town of Redding, Connecticut 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Governmental Accounting Standards Board Codification, Section 2100, have been considered and there are no agencies or entities, which should be presented with the Town.

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. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. 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 services.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Measurement focus, basis of accounting and financial statement presentation: The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow 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. Intergovernmental grants and entitlements and similar items are recognized as revenue 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 are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, landfill post-closure monitoring, claims and judgments, pension expense and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

The Town reports the following major governmental fund:

- 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 use charges.

Additionally, the Town reports the following fund types:

- The *Internal Service Fund* accounts for risk financing activities for the medical insurance benefits provided to departments on a cost reimbursement basis as allowed by the GASB Statement No. 10.
- 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 are charges to customers for sales and services and of the Town's internal service fund are the charges to departments for employee health benefits. 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, claim expense, 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, and then unassigned.

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 3 months or less from the date of acquisition.

The Connecticut State Treasurer's Short-Term Investment Fund (STIF) 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 through 3-27e. Investment guidelines are adopted by the State Treasurer.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The balance of the pooled fixed income investments were invested in a pool. The investments in the pool adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* which accounts for the asset investment. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost. All certificate of deposit's are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are recorded at amortized cost.

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.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable classification in the applicable governmental fund to indicate that they are not expendable available financial resources.

Property taxes: Property taxes are assessed as of October 1 and levied on the following July 1st. Real estate taxes are generally due and payable in two installments on July 1 and January 1. Motor vehicle taxes are due and payable in one installment on July 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1½% per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are recorded July 1.

Allowance for doubtful accounts: Receivables for the primary government are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$115,000 has been established as an allowance for uncollectible taxes.

Investments: Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment income, including changes in the fair value of investments, is reported as revenue in accompanying statements of revenues, expenses and changes in net position. All of the Town's investments in 2019 qualified to be reported as cash equivalents and are reported at amortized cost.

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 and the enterprise fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at acquisition 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Assets	Years
Buildings	100
Roads	40
Bridges	25
Sewer plant	100
Sewer lines	10-20
Vehicles	10-25
Equipment	5-40

Capital assets additions are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The investments of the Plan are measured at fair value.

Total OPEB liability: The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability). The Town has accumulated no assets to fund OPEB and therefore does not have a fiduciary fund for OPEB. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the statement of net position.

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. For the Town, sick leave does not accrue, and cannot be carried forward. For the Board of Education, sick leave may be carried forward. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for amounts that have become due. The General Fund is typically used to liquidate the liability.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

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 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.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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, and debt principal payments other than bond anticipation notes (BANs) are reported as debt service expenditures.

Fund equity and net position: In the government-wide and proprietary fund financial statements, net position is classified into the following categories:

Net investments in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted net position: These amounts are restricted to specific purposes when constraints placed on the use of the resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position: This category presents the net position of the Town, not included in the other two categories, which are not restricted. A deficit will require future funding.

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

Nonspendable fund balance: These amounts cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance: These amounts are restricted to specific purposes when constraints placed on the use of the resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This represents amounts constrained for a specific purpose by a government as approved by the Board of Finance. Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

Assigned fund balance: 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. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by either the Board of Finance or Board of Selectman or the Finance Director who 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

Deficit fund balance: The following funds had fund balance deficits at June 30, 2019:

Nonmajor governmental:		
Station Road Bridge	\$	848
Parking Permits/Lot Fund	\$	4,968

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability (Continued)

Capital projects authorization: The following is a summary of major capital projects at June 30, 2019:

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Commitment Balance June 30, 2019
Road Reconstruction Fund	\$ 6,753,000	\$ 1,479,119	\$ 6,272,646	\$ 480,354
School HVAC	5,450,000	202,550	4,702,500	747,500

Note 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. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. 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.

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

The STIF cash portfolio adheres to GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Town of Redding, Connecticut

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

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*, approximately \$852,000 of the Town's bank balance of approximately \$18,698,000 was uninsured and uncollateralized at June 30, 2019.

Cash equivalents: At June 30, 2019, the Town's cash equivalents amounted to \$227,000, which is recorded at amortized cost. The following table provides a summary of the Town's cash equivalents 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

Cash of the Town consist of the following at June 30, 2019:

Cash, restricted cash and equivalents:	
Deposits with financial institutions	\$ 18,578,317
State short-term investment fund	<u>226,852</u>
Total cash, cash equivalents and investments	<u><u>\$ 18,805,169</u></u>

Cash is classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 18,734,697
	<u>18,734,697</u>
Fiduciary funds:	
Cash and cash equivalents	70,472
	<u>70,472</u>
Total cash, cash equivalents and investments	<u><u>\$ 18,805,169</u></u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 4. Receivables

Receivables as of year-end for the Town's individual major fund, enterprise fund and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor and Other Funds	Enterprise Fund	Total
Receivables:				
Taxes	\$ 3,079,161	\$ -	\$ -	\$ 3,079,161
Interest on property taxes	2,759,682	-	-	2,759,682
Accounts	84,139	-	2,303,698	2,387,837
Sewer assessments	-	5,506	-	5,506
Intergovernmental	-	728	-	728
Gross receivables	5,922,982	6,234	2,303,698	8,232,914
Less allowance for uncollectible	(115,000)	-	(2,303,698)	(2,418,698)
Net receivables	<u>\$ 5,807,982</u>	<u>\$ 6,234</u>	<u>\$ -</u>	<u>\$ 5,814,216</u>

Note 5. Deferred Inflows of Resources/Unearned Revenue

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

	Unavailable Revenues	Unearned Revenues
Property taxes collected in advance	\$ 2,963,838	\$ -
Delinquent property taxes receivable and interest receivable	5,723,843	-
Special assessments not yet due	5,506	-
Grants	-	20,000
	<u>\$ 8,693,187</u>	<u>\$ 20,000</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 19,908,742	\$ -	\$ -	\$ 19,908,742
Construction in progress	6,205,639	1,681,669	(6,685,750)	1,201,558
Total capital assets, not being depreciated	<u>26,114,381</u>	<u>1,681,669</u>	<u>(6,685,750)</u>	<u>21,110,300</u>
Capital assets, being depreciated				
Buildings	19,391,118	5,500,000	-	24,891,118
Machinery and equipment	3,873,167	-	-	3,873,167
Vehicles	3,683,835	357,159	(122,206)	3,918,788
Furniture and fixtures	655,171	-	-	655,171
Infrastructure	35,612,907	1,185,750	-	36,798,657
Total capital assets, being depreciated	<u>63,216,198</u>	<u>7,042,909</u>	<u>(122,206)</u>	<u>70,136,901</u>
Less accumulated depreciation for				
Buildings	5,033,870	373,644	-	5,407,514
Machinery and equipment	1,070,426	74,173	-	1,144,599
Vehicles	1,829,878	331,767	(109,987)	2,051,658
Furniture and fixtures	192,953	28,550	-	221,503
Infrastructure	9,649,617	601,206	-	10,250,823
Total accumulated depreciation	<u>17,776,744</u>	<u>1,409,340</u>	<u>(109,987)</u>	<u>19,076,097</u>
Total capital assets, being depreciated, net	<u>45,439,454</u>	<u>5,633,569</u>	<u>(12,219)</u>	<u>51,060,804</u>
Governmental activities capital assets, net	<u>\$ 71,553,835</u>	<u>\$ 7,315,238</u>	<u>\$ (6,697,969)</u>	<u>\$ 72,171,104</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
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	1,106,541	688,000	-	1,794,541
Machinery and equipment	9,250	-	-	9,250
Total capital assets, being depreciated	10,361,310	688,000	-	11,049,310
Less accumulated depreciation for:				
Sewer plant	1,587,870	83,209	-	1,671,079
Sewer collection system	805,792	59,593	-	865,385
Machinery and equipment	6,758	417	-	7,175
Total accumulated depreciation	2,400,420	143,219	-	2,543,639
Total capital assets, being depreciated, net	7,960,890	544,781	-	8,505,671
Business-type activities capital assets, net	\$ 7,976,232	\$ 544,781	\$ -	\$ 8,521,013

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

Governmental activities:	
General government	\$ 250,174
Public safety	116,782
Highways and streets	692,664
Transfer station and recycling	6,846
Health and social services	15,497
Parks and recreation	7,015
Education	320,362
Total depreciation expense – governmental activities	<u>\$ 1,409,340</u>
Business-type activities:	
Sewer	<u>\$ 143,219</u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 7. Interfund Accounts

At June 30, 2019, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 12,848	\$ 224,845
Internal service fund	224,845	-
Nonmajor governmental fund	4,968	17,816
	<u>\$ 242,661</u>	<u>\$ 242,661</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year.

	Advances to Other Funds	Advances from Other Funds
General fund	\$ 2,756,779	\$ -
Georgetown sewer	-	2,756,779
	<u>\$ 2,756,779</u>	<u>\$ 2,756,779</u>

The advances amongst the funds relate to loans made between the Georgetown Sewer fund and the General fund. The Georgetown Sewer plans to repay funds with future revenues and collection of past accounts receivable and upon settlement of a current litigation matter. Pending the outcome of the current litigation the Town anticipates to collect the current receivable. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers during the year ended June 30, 2019 were as follows:

	Transfer from Other Funds	Transfer to Other Funds
Athletic fields fund	\$ -	\$ 4
Miscellaneous grants fund	4	-
	<u>\$ 4</u>	<u>\$ 4</u>

Transfers to other funds from the General Fund represent monies used to fund projects accounted for in the Reserve for Capital Nonrecurring Fund in accordance with budget authorizations.

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities

Changes in long-term obligations:

Summary of changes: The following is a summary of changes in long-term obligations during the fiscal year. All long-term liabilities are generally liquidated by the General Fund.

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2018	Additions	Deductions	Balance Outstanding June 30, 2019	Current Portion
Bonds:									
General purpose:									
Improvement bond	\$ 8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 834,000	\$ -	\$ 417,000	\$ 417,000	\$ 417,000
Improvement bond	6,729,950	07/15/10	07/15/30	2.0-4.0	335,000	-	335,000	-	-
Refunding bond	2,680,000	08/30/12	08/01/20	2.0-3.0	1,020,000	-	345,000	675,000	340,000
Refunding bond	4,409,000	02/17/16	07/15/30	5.5-4.0	4,210,000	-	13,000	4,197,000	348,000
Improvement bond	11,787,629	03/15/17	06/15/37	5.0-3.0	11,376,000	-	408,000	10,968,000	456,000
Premium on refunding					1,280,535	-	98,790	1,181,745	-
Total general purpose					19,055,535	-	1,616,790	17,438,745	1,561,000
Schools:									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	466,000	-	233,000	233,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	180,000	-	180,000	-	-
Refunding bond	2,336,000	02/17/16	07/15/30	5.5-4.0	2,230,000	-	7,000	2,223,000	187,000
Improvement bond	7,907,371	03/15/17	06/15/37	5.0-3.0	7,619,000	-	292,000	7,327,000	319,000
Total schools					10,495,000	-	712,000	9,783,000	739,000
Total bonds					29,550,535	-	2,328,790	27,221,745	2,300,000
Compensated absences					247,964	316,066	324,997	239,033	100,000
Capital leases					329,088	255,464	323,743	260,809	117,523
MERS net pension liability					4,958,634	5,389,139	-	10,347,773	-
Total OPEB liability					3,301,268	-	37,285	3,263,983	-
Landfill closure and post-closure care					16,000	-	4,000	12,000	4,000
Total general long-term liabilities					\$ 38,403,489	\$ 5,960,669	\$ 3,018,815	\$ 41,345,343	\$ 2,521,523
Business-Type Activities:									
Capital leases					\$ -	\$ 688,000	\$ 149,280	\$ 538,720	\$ 126,396

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

The following is a summary of future principal and interest requirements for the Town's general obligation bonds:

	Principal Bonds	Interest Bonds
Year ending June 30:		
2020	\$ 2,300,000	\$ 878,006
2021	1,920,000	802,125
2022	1,585,000	731,650
2023	1,565,000	663,100
2024	1,570,000	592,775
2025-2029	7,845,000	2,069,669
2030-2034	6,180,000	1,011,794
2035-2039	3,075,000	203,719
	\$ 26,040,000	\$ 6,952,838

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, 2019, which matures through 2026, amounted to \$13,535,000. The Town's share of the debt was \$6,419,610.

In-substance defeasance – prior years: In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. At June 30, 2019, approximately \$5,680,000 of the defeased debt is outstanding.

Capital leases: The Town has entered into leases for the purchases of trucks, and the Georgetown Sewer Fund entered into a lease for equipment for the Wastewater Treatment plant PLC upgrade.

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 cost of these assets was approximately \$3,434,000 with accumulated depreciation as of June 30, 2019 of approximately \$1,126,000. 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, 2019. This schedule includes both Governmental Activities and Business-Type Activities:

Year ending June 30, includes both governmental and business-type activities:	
2020	\$ 277,860
2021	234,201
2022	219,967
2023	149,280
	881,308
Less amount representing interest	81,779
Present value of future minimum lease payment	\$ 799,529

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Legal debt limit: The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 112,132,505	\$ 18,486,507	\$ 93,645,998
Schools	224,265,009	16,202,610	208,062,399
Sewers	186,887,508	-	186,887,508
Urban renewal	161,969,173	-	161,969,173
Pension deficit	149,510,006	-	149,510,006

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$348,856,681.

The indebtedness reflected above includes bonds outstanding in addition to the Town's portion of Regional School District No.9's debt and the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Total authorized but unissued debt at June 30, 2019 consists of the following:

General purpose	<u>\$ 157,000</u>
-----------------	-------------------

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 3 years at \$4,000 per year are \$12,000. 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.

Claims and judgments: Various litigation is pending against the Town. For certain cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonable estimated, a loss contingency would be accrued for in the government-wide statement of net position. Management believes ultimate resolution of these various litigation matters will not have a material adverse effect on the financial statements of the Town.

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Fund Balances

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Fund balances:			
Nonspendable:			
Advance to other funds	\$ 2,756,779	\$ -	\$ 2,756,779
Prepays	56,068	-	56,068
Inventory	359	-	359
	<u>2,813,206</u>	<u>-</u>	<u>2,813,206</u>
Restricted for:			
Capital projects	-	1,464,789	1,464,789
Public works	-	606,557	606,557
	<u>-</u>	<u>2,071,346</u>	<u>2,071,346</u>
Committed to:			
General government	-	124,536	124,536
Debt Service	-	804,068	804,068
	<u>-</u>	<u>928,604</u>	<u>928,604</u>
Assigned to:			
Education	45,000	-	45,000
	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Unassigned (deficits)	9,396,307	(5,816)	9,390,491
Total fund balances	<u>\$ 12,254,513</u>	<u>\$ 2,994,134</u>	<u>\$ 15,248,647</u>

Note 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, employee health 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 Town does not have aggregate stop-loss coverage but has individual stop-loss coverage of \$150,000. 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 10. Risk Management (Continued)

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2017-2018	\$ 244,090	\$ 2,763,726	\$ 2,750,904	\$ 256,912
2018-2019	256,912	2,447,243	2,485,390	218,765

Note 11. Employee Retirement Fund and Pension Plans

Municipal Employees' Retirement Fund:

Plan description: All full-time employees participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establish MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit provisions: The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal retirement: For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early retirement: Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability retirement - service connected: This applies to employees who are totally and permanently disabled and such disability has arisen out of an in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

Disability retirement - non-service connected: This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death benefit: The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

Contributions by members: For members not covered by Social Security: 5% of compensation. For members covered by Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Contributions by municipalities: Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

Assumptions: The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	7/1/2018
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	Smoothed market with 20% recognition of investment gains and losses
Investment rate return	7.0%, net of investment related expense
Projected salary increases	3.50-10.00%, including inflation (3.25%)

Mortality rates - For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

The long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2019, the Town reported a liability of \$10,347,773 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2019, Town's proportion was 5.52%. The decrease in proportion from 2018 was (0.33%).

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 7.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's proportionate share of the net pension liability	\$ 14,670,568	\$ 10,347,773	\$ 6,306,414

For the year ended June 30, 2019, the Town recognized pension expense of \$1,650,000. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 650,068	\$ -
Difference between expected and actual experience	1,207,526	(258,855)
Changes in proportion and differences between employer contributions and proportionate share of contributions	132,702	(297,817)
Changes in assumptions	3,654,356	-
Contributions subsequent to the measurement date	736,742	-
Total	<u>\$ 6,381,394</u>	<u>\$ (556,672)</u>

\$736,742 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	\$ 1,568,192
2021	1,323,179
2022	1,013,874
2023	1,182,735

Connecticut State Teachers' Retirement System: Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the System. The System is considered 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 at www.ct.gov.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Section 10-183z (which reflects Public Act 79-436).

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following key actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases, including inflation	3.25-6.50 percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 percent, net of investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to year 2020 using BB improvement scales.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bonds	3.0%	1.0%
Emerging markets bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Fund and Pension Plans (Continued)

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflow or outflow to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$32,318,538 and 100% of the collective net pension liability is allocated to the State.

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

June 30, 2018 is the actuarial valuation date and the measurement date upon which the total pension liability is based.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2019, the Town recognized \$3,627,185 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (OPEB)

Plan Administration – The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses through a single-employer defined benefit plan administered by the Town. No assets are accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement 75. The Town does not issue a separate stand-alone financial statement for this program. The payment of the benefits is on pay-as-you-go basis and are paid from the General Fund and the Internal Service Fund.

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 receive other post-employment benefits (OPEB). 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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Board of education: The Board of Education (BOE) 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, or age 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.

Membership: Membership in the plan consisted of the following at July 1, 2018:

	Retiree Medical Program
	<hr/>
Inactive plan members or beneficiaries currently receiving benefits	7
Active participants	175
	<hr/> <hr/>
	182

Description of actuarial assumptions and methods: The following is a summary of certain significant actuarial assumptions and other OPEB information. Since the previous valuation actuarial assumptions related to interest, mortality, retirement healthcare trend rates and morbidity have changed.

	<u>Retiree Medical Program</u>
Actuarial valuation date	July 1, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar, closed
Inflation rate	2.60%
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return/discount rate	3.51% per annum
Medical inflation	8.0%, decreasing .5% per year

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teachers) and for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018 (generational).

OPEB liability of the Town: The components of the total OPEB liability of the Town at June 30, 2019 were as follows:

	<u>June 30, 2019</u>
OPEB Liability:	
Total OPEB liability	<u>\$ 3,263,983</u>
Covered payroll	13,347,300
Total OPEB liability as % of covered payroll	24.45%

Discount rate: The discount rate to measure the total OPEB liability was 3.51%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Changes in the Total OPEB Liability:

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
	<u>(a)</u>
Changes in the total OPEB liability:	
Balances at June 30, 2018	\$ 3,301,268
Changes for the year:	
Service cost	154,304
Interest	132,515
Differences between expected and actual experience	(629,057)
Changes of assumptions	368,373
Benefit payments, including refunds of members contributions	<u>(63,420)</u>
Net changes	<u>(37,285)</u>
Balances at June 30, 2019	<u>\$ 3,263,983</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Town calculated using the discount rate of 3.51%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease	Current	1% Increase
	2.51%	Discount Rate	4.51%
	3.51%	3.51%	4.51%
Total OPEB liability as of June 30, 2019	\$ 3,625,767	\$ 3,263,983	\$ 2,945,986

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates: The following presents the OPEB liability of the Town, as well as what the Town's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing 3.60%)	Trend Rates (8.00% decreasing to 4.60%)	1% Increase (9.00% decreasing to 5.60%)
Total OPEB liability as of June 30, 2019	\$ 2,856,019	\$ 3,263,983	\$ 3,748,645

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2019, the Town recognized OPEB expense of \$229,457. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (605,861)
Change of assumptions	337,155	(73,638)
Total	<u>\$ 337,155</u>	<u>\$ (679,499)</u>

Amounts reported in deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2020	\$ (42,842)
2021	(42,842)
2022	(42,842)
2023	(42,842)
2024	(42,844)
Thereafter	(128,132)

Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan

Plan description: Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Benefit provisions: There are two types of the health care benefits offered through the System. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Survivor health care coverage: Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Credited service: One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement, if the Member pays one-half the cost.

Eligibility: Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

Normal retirement: Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Early retirement: Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

Proratable retirement: Age 60 with 10 years of credited service

Disability retirement: 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of employment: 10 or more years of Credited Service.

Contributions:

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employers (School District) - School District employers are not required to make contributions to the plan.

Employees - Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>6,460,671</u>
	<u>\$ 6,460,671</u>

The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and (revenue) of (\$2,146,231) in Exhibit II for on-behalf amounts for the benefits provided by the State.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits Provided (Continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will Be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

Discount rate: The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the net OPEB liability to changes in the health care cost trend rate and the discount rate: The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other information: Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

Town of Redding, Connecticut

Notes to Financial Statements

Note 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.

Note 14. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

The impact to the financial statements of the following accounting pronouncements is currently being assessed by the Town.

GASB Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new Statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the Town's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Town of Redding, Connecticut

Notes to Financial Statements

Note 14. Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method for government issuers to report conduit debt obligations and related commitments. The enhanced guidance is designed to eliminate diversity in practice associated with these issues. Statement No. 91:

- Clarifies what is a conduit debt obligation;
- Eliminates the option for government issuers to recognize conduit debt obligations, thereby providing a single method of reporting;
- Broadens the definition of conduit debt obligations to include those for which government issuers (1) make related additional commitments, such as guarantees or moral obligation pledges, or (2) voluntarily agree to make debt service payments or request an appropriate for such payments, if necessary;
- Clarifies how government issuers should account for and report (1) commitments they extend or voluntarily provide and (2) arrangements associated with conduit debt obligations, which often are characterized in practice as leases, but are not leases for financial reporting purposes; and
- Enhances note disclosures.

The requirements for this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. This will be effective for Town in fiscal year 2021. It has been disclosed as a recent accounting pronouncement.

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Required Supplementary Information - unaudited

**Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual
 General Fund
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Property taxes, current and prior	\$ 46,832,804	\$ 46,832,804	\$ 47,733,558	\$ 900,754
Interest and lien fees	239,854	239,854	320,598	80,744
Total taxes, liens and interest	47,072,658	47,072,658	48,054,156	981,498
Intergovernmental:				
Educational assistance grants:				
ECS grant	134,702	134,702	133,517	(1,185)
Adult education	547	547	622	75
Regional School District No. 9	44,900	44,900	47,828	2,928
Total educational assistance	180,149	180,149	181,967	1,818
Town assistance grants:				
Disability exemption	-	-	258	258
Veterans' exemption	-	-	571	571
Telephone access line grant	30,000	30,000	21,739	(8,261)
Heritage Center Senior	-	-	23,765	23,765
Grants	75,147	75,147	73,165	(1,982)
Total town assistance grants	105,147	105,147	119,498	14,351
Total intergovernmental	285,296	285,296	301,465	16,169
Other:				
MUNISHARE	58,606	58,606	58,606	-
Cell Tower and Rebates	40,000	40,000	54,597	14,597
Proceeds	-	-	2,802	2,802
Investment income	275,000	275,000	437,775	162,775
Total other	373,606	373,606	553,780	180,174
Charges for services:				
Town Clerk	265,500	265,500	305,605	40,105
Assessor	900	900	638	(262)
Conservation	4,000	4,000	4,003	3
Heritage Center	23,900	23,900	19,972	(3,928)
Town Planning Commission	-	-	2,148	2,148
Zoning Commission	45,000	45,000	34,144	(10,856)
Zoning Board of Appeals	-	-	1,400	1,400
Building Inspection	175,000	175,000	141,652	(33,348)
Transfer station-General Maintenance	152,000	152,000	141,093	(10,907)
Sanitarian Inspection	11,000	11,000	11,585	585
Parks and Recreation	3,500	3,500	2,024	(1,476)
Fiber optics	-	-	2,934	2,934
Summer Camp	220,000	220,000	195,878	(24,122)
Recreation program	158,000	158,000	175,835	17,835
Topstone park	40,800	40,800	41,755	955
Subtotal charges for services	1,099,600	1,099,600	1,080,666	(18,934)

(Continued)

**Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for services (continued):				
Rental of Town Property	8,000	8,000	7,392	(608)
Tennis Courts	6,000	6,000	4,868	(1,132)
Extended Day	173,000	173,000	181,223	8,223
Transfers	208,000	208,000	-	(208,000)
Total charges for services	1,494,600	1,494,600	1,274,149	(220,451)
Total revenues	\$ 49,226,160	\$ 49,226,160	50,183,550	\$ 957,390
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement/Health System for Town teachers are not budgeted			1,480,954	
Special education excess cost grant is recorded gross for GAAP			120,500	
The Town does not budget for capital leases issuances in the general fund. These amounts are recorded as revenue and expenditures for GAAP financial statement purposes.			255,464	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			\$ 52,040,468	

**Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2019**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 500	\$ -	\$ 500	\$ 1,176	\$ (676)
Board of selectmen	185,500	-	185,500	193,904	(8,404)
Probate court	2,100	-	2,100	1,860	240
Registrar's office	54,053	-	54,053	58,908	(4,855)
Controller's office	283,499	-	283,499	275,488	8,011
Independent audit	43,000	1,000	44,000	48,255	(4,255)
Assessor's office	201,196	-	201,196	198,493	2,703
Board of assessment appeals	750	-	750	874	(124)
Tax collector	179,422	-	179,422	171,328	8,094
Town treasurer	15,014	-	15,014	19,190	(4,176)
Computer capability	45,000	-	45,000	48,699	(3,699)
Management services	32,602	-	32,602	41,272	(8,670)
Special legal	200,000	-	200,000	168,529	31,471
Town clerk	171,653	-	171,653	168,486	3,167
Annual town report	4,500	-	4,500	-	4,500
Board of ethics	250	-	250	-	250
Conservation	62,066	-	62,066	56,222	5,844
Heritage Center	230,566	-	230,566	232,510	(1,944)
Town planning commission	36,590	-	36,590	27,010	9,580
Zoning commission	79,914	-	79,914	85,733	(5,819)
Zoning board of appeals	1,500	-	1,500	2,048	(548)
Land use services	103,721	-	103,721	47,673	56,048
Office of tree warden	1,500	-	1,500	-	1,500
Town office building	53,600	14,550	68,150	58,549	9,601
Old town house	5,000	-	5,000	3,007	1,993
Town office building annex	3,500	4,150	7,650	7,292	358
Community center	225,580	12,900	238,480	243,707	(5,227)
Police headquarters/communications center	17,000	-	17,000	9,484	7,516
Administrative services	489,550	7,656	497,206	496,185	1,021
Cemeteries	9,000	-	9,000	9,110	(110)
Insurance	162,750	-	162,750	138,309	24,441
Provision of contingencies	50,000	(31,600)	18,400	-	18,400
Total general government	2,950,876	8,656	2,959,532	2,813,301	146,231

(Continued)

**Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2019**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,585,021	\$ -	\$ 1,585,021	\$ 1,637,762	\$ (52,741)
Police Department - contractual services and expenses	136,500	-	136,500	112,294	24,206
Police Department - maintenance of vehicles	30,000	-	30,000	34,540	(4,540)
Volunteer fire companies	125,330	-	125,330	144,817	(19,487)
Building inspections	220,112	-	220,112	219,581	531
Communications Center	370,961	-	370,961	402,553	(31,592)
Animal Control	58,097	-	58,097	60,307	(2,210)
Total public safety	2,526,021	-	2,526,021	2,611,854	(85,833)
Highway and Streets:					
Wages-regular, overtime and seasonal	894,332	-	894,332	834,077	60,255
General maintenance and repair	222,000	-	222,000	199,488	22,512
Snow removal and ice control	235,500	-	235,500	239,154	(3,654)
Equipment maintenance and repair	93,000	-	93,000	104,012	(11,012)
Town garage buildings	12,000	-	12,000	9,839	2,161
Total highway and streets	1,456,832	-	1,456,832	1,386,570	70,262
Transfer Station and Recycling:					
Salaries	149,027	-	149,027	151,976	(2,949)
General maintenance	100,550	-	100,550	95,985	4,565
Equipment maintenance	7,000	-	7,000	2,681	4,319
Total transfers station and recycling	256,577	-	256,577	250,642	5,935
Health and Social Services:					
Sanitarian inspection	99,525	-	99,525	100,589	(1,064)
Social services	51,524	-	51,524	38,493	13,031
Total health and social services	151,049	-	151,049	139,082	11,967
Mark Twain Library:					
Operations	539,655	-	539,655	539,655	-
Parks and Recreation:					
Field maintenance	70,892	-	70,892	46,293	24,599
Administration	232,776	-	232,776	224,631	8,145
Summer camp	198,100	-	198,100	165,393	32,707
Recreation programs	172,500	-	172,500	183,683	(11,183)
Topstone park	103,188	-	103,188	96,285	6,903
Tennis courts	5,800	-	5,800	5,138	662
Extended day service	169,048	-	169,048	186,799	(17,751)
Total parks and recreation	952,304	-	952,304	908,222	44,082

(Continued)

**Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2019**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Employee Benefits	\$ 2,824,851	\$ -	\$ 2,824,851	\$ 2,677,524	\$ 147,327
Debt Service:					
Debt retirement	2,067,883	-	2,067,883	2,081,431	(13,548)
Interest payments	972,713	-	972,713	967,371	5,342
Total debt service	3,040,596	-	3,040,596	3,048,802	(8,206)
Education:					
Redding Board of Education:					
General instruction	9,079,421	(8,496)	9,070,925	9,158,518	(87,593)
Kindergarten	5,250	(168)	5,082	5,081	1
Humanities	36,687	(2,536)	34,151	31,740	2,411
Integrated language arts	17,013	-	17,013	15,215	1,798
Curriculum	36,377	(594)	35,783	33,059	2,724
Industrial technology	10,036	-	10,036	9,503	533
Science/math technology	56,061	-	56,061	52,637	3,424
Physical education/health	16,852	203	17,055	15,279	1,776
Student activity co-curricular	27,053	2,000	29,053	22,266	6,787
Special services	22,722	-	22,722	11,152	11,570
Special education	5,668,248	(582,608)	5,085,640	5,319,451	(233,811)
Pre-K	-	563,560	563,560	566,922	(3,362)
Guidance	3,726	-	3,726	3,546	180
Health services	191,345	5,090	196,435	193,525	2,910
Psychological services	20,132	12,000	32,132	22,644	9,488
Speech services	11,600	-	11,600	5,835	5,765
Educational media services	45,004	-	45,004	38,532	6,472
Technology plan	436,591	-	436,591	414,186	22,405
Board of Education	73,474	6,700	80,174	77,761	2,413
Central administration	580,725	-	580,725	580,725	-
Magnet school	85,134	-	85,134	80,623	4,511
School administration	1,271,554	1,459	1,273,013	1,237,466	35,547
Operation/maintenance physical plant	2,215,592	3,390	2,218,982	2,118,970	100,012
Student transportation	1,218,912	-	1,218,912	1,115,006	103,906
Food service	170	-	170	37	133
Total Redding Board of Education	21,129,679	-	21,129,679	21,129,679	-
Regional School District No. 9	13,397,720	-	13,397,720	13,397,720	-
Total education	34,527,399	-	34,527,399	34,527,399	-
Total expenditures	\$ 49,226,160	\$ 8,656	\$ 49,234,816	\$ 48,903,051	\$ 331,765

(Continued)

**Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2019**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Total expenditures and other financing uses	<u>\$ 49,226,160</u>	<u>\$ 8,656</u>	<u>\$ 49,234,816</u>	48,903,051	<u>\$ 331,765</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement/Health System for Town teachers are not budgeted				1,480,954	
Special education excess cost grant is recorded gross for GAAP				120,500	
The Town does not budget for capital leases issuances in the general fund. These amounts are recorded as revenue and expenditures for GAAP financial statement purposes				255,464	
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 incurred for financial reporting purposes.				<u>(37,491)</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>\$ 50,722,478</u>	

Required Supplementary Information**Note to the Required Supplementary Information- unaudited**

Note 1. Budgets and Budgetary Accounting

Budgetary information: 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 for any department per year. Subsequent appropriations and appropriations of more than \$20,000 must be approved by Town Meeting. During the year, there were no additional appropriations from fund balance.

Formal budgetary integration is employed as a management control device during the year.

- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Budgetary accounting uses encumbrance accounting. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all budgeted governmental type funds. Encumbrances outstanding at year end are reported in the GAAP financial statements as reservations of fund balances since they do not constitute expenditures or liabilities.

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last Two Fiscal Years*

	2019	2018
Changes in Total OPEB Liability		
Total OPEB liability:		
Service cost	\$ 154,304	\$ 153,123
Interest	132,515	119,869
Differences between expected and actual experience	(629,057)	(42,160)
Changes of assumptions	368,373	(103,092)
Benefit payments, including refunds of member contributions	(63,420)	(42,856)
Net change in total OPEB liability	(37,285)	84,884
Total OPEB liability, beginning	3,301,268	3,216,384
Total OPEB liability, ending	\$ 3,263,983	\$ 3,301,268
Covered payroll	\$ 13,347,300	\$ 14,686,000
Total OPEB liability as a % of covered payroll	24.45%	22.48%

There are no assets in a trust that meet the criteria of GASB Statement 75.

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Required Supplementary Information – unaudited
Schedule of Contributions – MERS Pension Plan
Last Five Fiscal Years**

Measurement Period Ended June 30,	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 990,420	\$ 857,489	\$ 1,025,459	\$ 1,131,728	\$ 870,369
Contributions in Relation to the Actuarially Determined Contribution	990,420	857,489	1,025,459	1,131,728	870,369
Contribution deficiency (excess)	\$ -				
Covered payroll	\$ 6,986,000	\$ 6,885,000	\$ 6,717,648	\$ 6,658,000	\$ 6,859,281
Contributions as a Percentage of covered-employee Payroll	14.18%	12.45%	15.27%	17.00%	12.69%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability – MERS Pension Plan
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	5.52%	5.85%	5.85%	6.40%	6.40%
Town's proportionate share of the net pension liability	\$ 10,347,773	\$ 4,958,634	\$ 5,860,625	\$ 4,469,285	\$ 3,405,997
Town's covered payroll	6,885,000	6,717,648	6,658,000	6,658,000	6,859,281
Town's proportionate share of the net pension liability as a percentage of its covered payroll	150.29%	73.82%	88.02%	67.13%	49.66%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	91.68%	88.29%	92.72%	90.48%

Method and assumptions used in calculations of actuarially determined contributions

Changes of assumptions	In 2018, the latest experience study, updated most actuarial assumptions.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	23 years
Asset valuation method	5-year smoothed market (20% write up)
Investment rate of return	8.00%, net of investment related expense
Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation

Note: This schedule is intended to show information for ten years.
 Additional years' information will be displayed as it becomes available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	32,318,538	32,168,470	33,937,982	30,396,474	28,095,448
Town's covered payroll	10,609,000	10,196,000	10,100,000	10,103,000	10,103,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Connecticut State Teachers' Retirement System

Method and assumptions used in calculations of actuarially determined contributions

Change in benefit terms	Beginning January 1, 2018, members' contributions increased from 6.00% to 7.00%
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increases were adjusted based on a 2015 experience study.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00 percent, net of investment related expense

Note: This schedule is intended to show information for ten years.
 Additional years' information will be displayed as it becomes available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retiree Health Plan
Last Two Fiscal Years*

	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	-	-
State's proportionate share of the net OPEB liability associated with the Town	\$ 6,460,671	\$ 8,279,799
Total	<u>\$ 6,460,671</u>	<u>\$ 8,279,799</u>
Town's covered payroll	\$ 10,007,700	\$ 10,196,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective July 1, 2018, during the January 11, 2018 meeting. The Board action added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System sponsored healthcare plan for those who cancel their coverage or choose not to enroll in a healthcare coverage option on or after the effective date. These changes were communicated to retired members during the months leading up to a special open enrollment period that preceded the July 1, 2018 implementation date.
Changes of assumptions	The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments. Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the TOL as of the June 30, 2018 measurement date. Expected annual per capita claims costs were updated to better reflect anticipated prescription drug claim experience both before and after the plan change that became effective on July 1, 2018. The assumed age related annual percentage increases in expected annual per capita healthcare claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that effective on July 1, 2018. Long-term healthcare cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods. The participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018. The post-disablement mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense

Note: This schedule is intended to show information for ten years. Additional years information will be displayed as it becomes available.

**Supplemental Combining and Individual
Fund Financial Statements and Other Schedules**

General Fund

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Balance Sheet
General Fund
June 30, 2019

Assets

Cash and cash equivalents	\$ 15,042,053
Uncollected property taxes, net of allowance for uncollectible amounts	5,723,843
Accounts receivable	84,139
Due from other funds	12,848
Other	56,068
Inventory	359
Advances to other funds	<u>2,756,779</u>
Total assets	<u><u>\$ 23,676,089</u></u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:

Accounts and other payables	\$ 1,541,953
Due to other governments	3,529
Due to Regional School District No. 9	963,568
Due to other funds	<u>224,845</u>
Total liabilities	<u><u>2,733,895</u></u>

Deferred inflows of resources:

Unavailable revenue	<u>8,687,681</u>
---------------------	------------------

Fund balances:

Nonspendable	2,813,206
Assigned	45,000
Unassigned	<u>9,396,307</u>
Total fund balance	<u><u>12,254,513</u></u>

Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 23,676,089</u></u>
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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Town Aid Road	State Grant	Maintain Roads
Police Funds	State Funds	Police Projects
Dog Fund	Fees	Fees to State and program costs
Federal Education Grants	Federal grants	School related programs
Railroad Parking Permits/Lot Fund	Parking Permits	Maintain RR grounds
Recycling	Recycle Revenue	Support recycling effort
Sewer Assessments	Taxpayer	Connection to Property
Parks and Recreation Concerts	Private Donations	Concert on Green Performances
Parks and Recreation Basketball	Private Donations	Basketball
Miscellaneous Grants	Federal Grants	Road Maintenance
Parade Path	Private Donations	Maintain Parade Path
Social Services	Private Donations	Social Service Programs
GIS	Portion Zoning Permit Fees	Maintain GIS System
Miscellaneous Funds	State grants	All other projects
Debt Service Fund	Premiums	Debt Service

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

Fund	Funding Source	Function
Road Construction	BANS/Bonds	Road improvements
Communication Tower	BANS/Bonds	Communication Tower Improvements
Athletic Fields	State Grant	Athletic Field Improvements
STEAP Georgetown Intersection	80% Fed 10% State 10% Town	Intersection Improvements
School Bonded Projects	BANS/Bonds	School Improvements
Reserve Fund for CNRE	Town Budget	Projects

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Town of Redding, Connecticut

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Assets				
Cash	\$ 369,581	\$ 141,070	\$ 10,920	\$ 62,226
Sewer Assessments	-	-	-	-
Accounts Receivable	-	-	-	728
Due from Other Funds	-	-	-	-
Total assets	\$ 369,581	\$ 141,070	\$ 10,920	\$ 62,954
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 2,806	\$ 289	\$ 6,313
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	2,806	289	6,313
Deferred Inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balances:				
Restricted	369,581	138,264	10,631	56,641
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	369,581	138,264	10,631	56,641
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 369,581	\$ 141,070	\$ 10,920	\$ 62,954

Special Revenue Funds						
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants	
\$ -	\$ 11,848	\$ 12,598	\$ 7,407	\$ 7,472	\$ 49,475	
-	-	5,506	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	4,968	
<u>\$ -</u>	<u>\$ 11,848</u>	<u>\$ 18,104</u>	<u>\$ 7,407</u>	<u>\$ 7,472</u>	<u>\$ 54,443</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,003	
4,968	-	12,000	-	-	-	
-	-	-	-	-	20,000	
<u>4,968</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>23,003</u>	
-	-	5,506	-	-	-	
-	-	-	-	-	31,440	
-	11,848	598	7,407	7,472	-	
(4,968)	-	-	-	-	-	
<u>(4,968)</u>	<u>11,848</u>	<u>598</u>	<u>7,407</u>	<u>7,472</u>	<u>31,440</u>	
<u>\$ -</u>	<u>\$ 11,848</u>	<u>\$ 18,104</u>	<u>\$ 7,407</u>	<u>\$ 7,472</u>	<u>\$ 54,443</u>	

(Continued)

Town of Redding, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds					Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	Debt Service Fund	
Assets						
Cash	\$ 10,713	\$ 57,962	\$ 21,124	\$ 9,278	\$ 804,068	\$ 1,575,742
Sewer Assessments	-	-	-	-	-	5,506
Accounts Receivable	-	-	-	-	-	728
Due From Other Funds	-	-	-	-	-	4,968
Total assets	\$ 10,713	\$ 57,962	\$ 21,124	\$ 9,278	\$ 804,068	\$ 1,586,944
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,266	\$ 600	\$ -	\$ -	\$ -	\$ 14,277
Due to other funds	-	-	-	-	-	16,968
Unearned revenues	-	-	-	-	-	20,000
Total liabilities	1,266	600	-	-	-	51,245
Deferred Inflows of resources:						
Unavailable revenue	-	-	-	-	-	5,506
Fund balances:						
Restricted	-	-	-	-	-	606,557
Committed	9,447	57,362	21,124	9,278	804,068	928,604
Unassigned	-	-	-	-	-	(4,968)
Total fund balances (deficits)	9,447	57,362	21,124	9,278	804,068	1,530,193
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,713	\$ 57,962	\$ 21,124	\$ 9,278	\$ 804,068	\$ 1,586,944

Capital Projects Funds						Total Nonmajor Governmental Funds
Road Reconstruction	Capital Projects-Schools	Bridges	Athletic Fields	Reserve Fund for CNRE	Total	
\$ 586,349	\$ 261,550	\$ -	\$ -	\$ 987,531	\$ 1,835,430	\$ 3,411,172
-	-	-	-	-	-	5,506
-	-	-	-	-	-	728
-	-	-	-	-	-	4,968
<u>\$ 586,349</u>	<u>\$ 261,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,531</u>	<u>\$ 1,835,430</u>	<u>\$ 3,422,374</u>
\$ 370,641	\$ -	\$ -	\$ -	\$ -	\$ 370,641	\$ 384,918
-	-	848	-	-	848	17,816
-	-	-	-	-	-	20,000
<u>370,641</u>	<u>-</u>	<u>848</u>	<u>-</u>	<u>-</u>	<u>371,489</u>	<u>422,734</u>
-	-	-	-	-	-	5,506
215,708	261,550	-	-	987,531	1,464,789	2,071,346
-	-	-	-	-	-	928,604
-	-	(848)	-	-	(848)	(5,816)
<u>215,708</u>	<u>261,550</u>	<u>(848)</u>	<u>-</u>	<u>987,531</u>	<u>1,463,941</u>	<u>2,994,134</u>
<u>\$ 586,349</u>	<u>\$ 261,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,531</u>	<u>\$ 1,835,430</u>	<u>\$ 3,422,374</u>

Town of Redding, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

	Special Revenue Funds			
	Town Aid Road	Police Funds	Dog Fund	Federal Education Grants
Revenues:				
Intergovernmental	\$ 269,221	\$ 5,586	\$ -	\$ 247,413
Charges for services	-	7,079	9,847	-
Miscellaneous	-	90,805	-	-
Total revenues	269,221	103,470	9,847	247,413
Expenditures:				
Current:				
General government	-	(2,364)	-	-
Public safety	-	-	7,875	-
Highways and streets	-	-	-	-
Health and social services	-	-	-	-
Education	-	-	-	248,748
Parks and recreation	-	-	-	-
Debt Service	-	-	-	-
Capital outlay	60,263	46,203	-	-
Total expenditures	60,263	43,839	7,875	248,748
Revenues over (under) expenditures	208,958	59,631	1,972	(1,335)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances (deficits)	208,958	59,631	1,972	(1,335)
Fund balances (deficits), beginning of year	160,623	78,633	8,659	57,976
Fund balances (deficits), end of year	\$ 369,581	\$ 138,264	\$ 10,631	\$ 56,641

Special Revenue Funds						
Parking Permits/Lot Fund	Recycling	Sewer Assessments	Parks and Recreation Concerts	Parks and Recreation Basketball	Miscellaneous Grants	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,137	2,841	-	10,515	4,168	-	-
-	-	-	-	-	-	-
19,137	2,841	-	10,515	4,168	-	-
22,243	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,268	-	-	-	-	-
-	-	-	-	-	-	46,416
-	-	-	-	-	-	-
-	-	-	8,000	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,243	5,268	-	8,000	-	-	46,416
(3,106)	(2,427)	-	2,515	4,168	-	(46,416)
-	-	-	-	-	-	4
-	-	-	-	-	-	-
-	-	-	-	-	-	4
(3,106)	(2,427)	-	2,515	4,168	-	(46,412)
(1,862)	14,275	598	4,892	3,304	-	77,852
\$ (4,968)	\$ 11,848	\$ 598	\$ 7,407	\$ 7,472	\$ -	\$ 31,440

(Continued)

Town of Redding, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds					Total
	Parade Path	Social Services	GIS	Miscellaneous Funds	Debt Service Fund	
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,220
Charges for services	3,930	22,706	-	-	-	80,223
Miscellaneous	-	-	-	-	-	90,805
Total revenues	3,930	22,706	-	-	-	693,248
Expenditures:						
Current:						
General government	-	4,660	22,772	-	-	47,311
Public safety	-	-	-	-	-	7,875
Highways and streets	-	-	-	-	-	5,268
Health and social services	-	-	-	-	-	46,416
Education	-	-	-	-	-	248,748
Parks and recreation	7,453	-	-	-	-	15,453
Debt Service	-	-	-	-	276,243	276,243
Capital outlay	-	-	-	-	-	106,466
Total expenditures	7,453	4,660	22,772	-	276,243	753,780
Revenues over (under) expenditures	(3,523)	18,046	(22,772)	-	(276,243)	(60,532)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	4
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	4
Net change in fund balances(deficits)	(3,523)	18,046	(22,772)	-	(276,243)	(60,528)
Fund balances (deficits), beginning of year	12,970	39,316	43,896	9,278	1,080,311	1,590,721
Fund balances (deficits), end of year	\$ 9,447	\$ 57,362	\$ 21,124	\$ 9,278	\$ 804,068	\$ 1,530,193

Capital Project Funds							Total Nonmajor Governmental Funds
Road Reconstruction	Capital Projects- Schools	Bridges	Athletic Fields	Reserve Fund for CNRE	Total		
\$ -	\$ -	\$ 56,555	\$ -	\$ -	\$ 56,555	\$	578,775
-	-	-	-	-	-		80,223
-	-	-	-	-	-		90,805
-	-	56,555	-	-	56,555		749,803
-	-	-	-	-	-		47,311
-	-	-	-	-	-		7,875
-	-	-	-	-	-		5,268
-	-	-	-	-	-		46,416
-	-	-	-	-	-		248,748
-	-	-	-	-	-		15,453
-	-	-	-	-	-		276,243
1,453,848	203,058	29,775	-	2,856	1,689,537		1,796,003
1,453,848	203,058	29,775	-	2,856	1,689,537		2,443,317
(1,453,848)	(203,058)	26,780	-	(2,856)	(1,632,982)		(1,693,514)
-	-	-	-	-	-		4
-	-	-	(4)	-	(4)		(4)
-	-	-	(4)	-	(4)		-
(1,453,848)	(203,058)	26,780	(4)	(2,856)	(1,632,986)		(1,693,514)
1,669,556	464,608	(27,628)	4	990,387	3,096,927		4,687,648
\$ 215,708	\$ 261,550	\$ (848)	\$ -	\$ 987,531	\$ 1,463,941		\$ 2,994,134

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Fiduciary Funds

Fiduciary Funds

Agency Funds:

Student activity fund: This fund is used to account for the monies generated by student activities in the Redding Public School System.

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Redding Elementary School	\$ 64,952	\$ 53,178	\$ 104,156	\$ 13,974
John Read Middle School	72,364	101,532	117,398	56,498
Total assets	\$ 137,316	\$ 154,710	\$ 221,554	\$ 70,472
Liabilities				
Redding Elementary School	\$ 64,952	\$ 53,178	\$ 104,156	\$ 13,974
John Read Middle School	72,364	101,532	117,398	56,498
Total liabilities	\$ 137,316	\$ 154,710	\$ 221,554	\$ 70,472

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Other Schedules

Town of Redding, Connecticut

Exhibit D-1

Report of Tax Collector
For the Year Ended June 30, 2019

Grand List Year	Uncollected Taxes/Levy July 1, 2018	Current Year Levy	Lawful Corrections		Transfers to Suspense	Bounced Checks	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2019
			Additions	Deletions				Taxes	Liens and Interest	Refunds	Total	
2017	\$ -	\$ 48,041,372	\$ 177,265	\$ 254,178	\$ -	\$ 33,779	47,998,238	\$ 47,451,696	\$ 104,764	\$ (89,176)	\$ 47,467,284	\$ 635,718
2016	655,243	-	7,967	9,505	-	565	654,270	288,612	65,898	(16,976)	337,534	382,634
2015	449,682	-	4,257	7,802	31,825	-	414,312	155,724	63,030	(2,686)	216,068	261,274
2014	303,069	-	44	-	-	-	303,113	107,876	42,189	-	150,065	195,237
2013	202,711	-	10	-	-	-	202,721	15,526	4,822	-	20,348	187,195
2012	187,358	-	-	-	-	-	187,358	4,673	4,229	-	8,902	182,685
2011	319,338	-	-	-	-	-	319,338	5,008	5,432	-	10,440	314,330
2010	307,715	-	-	-	-	-	307,715	-	-	-	-	307,715
2009	300,018	-	-	-	-	-	300,018	-	-	-	-	300,018
2008	281,470	-	-	-	-	-	281,470	-	-	-	-	281,470
2007	140,042	-	-	-	-	-	140,042	-	-	-	-	140,042
2006	6,102	-	-	-	-	-	6,102	-	-	-	-	6,102
2005	5,310	-	-	-	-	-	5,310	-	-	-	-	5,310
2004	5,272	-	-	-	-	-	5,272	-	-	-	-	5,272
2003	193	-	-	-	-	-	193	-	-	-	-	193
Total	\$ 3,163,523	\$ 48,041,372	\$ 189,543	\$ 271,485	\$ 31,825	\$ 34,344	\$ 51,125,472	48,029,115	290,364	(108,838)	48,210,641	\$ 3,205,195
			Suspense collections					39,652	30,696	-	70,348	
			Total					\$ 48,068,767	\$ 321,060	\$ (108,838)	\$ 48,280,989	

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Statistical Section

Statistical Section- unaudited

This part of the Town of Redding, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

TABLE 1

Town of Redding, Connecticut

Net Position by Component
Last 10 Years
(Unaudited)

	2019	2018	2017(a)	2016	2015	2014	2013(b)	2012(b)	2011(b)	2010
Governmental activities:										
Net investment in capital assets	\$ 46,117,535	\$ 44,516,602	\$ 44,149,628	\$ 44,090,719	\$ 30,966,996	\$ 37,246,394	\$ 34,773,827	\$ 35,631,967	\$ 32,091,707	\$ 32,800,707
Restricted	606,957	383,743	-	-	-	-	-	2,100	2,100	2,100
Unrestricted	10,817,068	10,430,876	9,645,777	5,684,357	16,784,958	10,220,417	10,436,878	8,610,909	9,510,148	4,843,714
	<u>57,541,560</u>	<u>55,331,221</u>	<u>53,795,405</u>	<u>49,775,076</u>	<u>47,751,954</u>	<u>47,466,811</u>	<u>45,210,705</u>	<u>44,244,976</u>	<u>41,603,955</u>	<u>37,646,521</u>
Business-type activities:										
Net investment in capital assets	7,982,293	7,976,232	8,110,693	8,421,063	8,420,654	8,600,245	8,371,800	8,571,683	8,744,029	2,263,303
Unrestricted (deficit)	(2,803,973)	(2,391,636)	(1,950,007)	(1,861,133)	(1,526,012)	(1,337,548)	(450,816)	(321,475)	(146,611)	8,461
	<u>5,178,320</u>	<u>5,584,596</u>	<u>6,160,686</u>	<u>6,559,930</u>	<u>6,894,642</u>	<u>7,262,697</u>	<u>7,920,984</u>	<u>8,250,208</u>	<u>8,597,418</u>	<u>2,271,764</u>
Total Town:										
Net investment in capital assets	54,099,828	52,492,834	44,149,628	52,511,782	39,387,650	45,846,639	43,145,627	44,203,650	40,835,736	35,064,010
Restricted	606,957	383,743	-	-	-	-	-	2,100	2,100	2,100
Unrestricted	8,013,095	8,039,240	7,695,770	3,823,224	15,258,946	8,882,869	9,986,062	8,289,434	9,363,537	4,852,175
	<u>\$ 62,719,880</u>	<u>\$ 60,915,817</u>	<u>\$ 51,845,398</u>	<u>\$ 56,335,006</u>	<u>\$ 54,646,596</u>	<u>\$ 54,729,508</u>	<u>\$ 53,131,689</u>	<u>\$ 52,495,184</u>	<u>\$ 50,201,373</u>	<u>\$ 39,918,285</u>

(a) as restated for GASB 75

(b) as restated for correction of errors

Town of Redding, Connecticut

Changes in Net Position
Last 10 Years
(Unaudited)

	Fiscal Year Ended				
	2019	2018	2017 (a)	2016	2015
Program Revenues:					
Governmental Activities					
Charges for services:					
General government	\$ 401,301	\$ 385,363	\$ 390,035	\$ 466,523	\$ 358,776
Public Safety	16,926	37,436	31,258	23,120	56,852
Highway and street	141,652	149,361	192,207	217,342	172,574
Transfer station and recycling	143,934	147,453	158,964	151,867	160,617
Health and Welfare	34,291	32,974	30,185	23,256	21,620
Library	-	-	-	-	-
Education	-	-	-	-	-
Park and Recreation	616,266	544,783	515,613	584,318	619,545
	<u>1,354,370</u>	<u>1,297,370</u>	<u>1,318,262</u>	<u>1,466,426</u>	<u>1,389,984</u>
Operating grants and contributions	2,401,529	5,173,221	4,871,857	4,249,637	4,720,743
Capital grants and contributions	-	23,458	957,169	18,328	85,933
Total governmental activities revenues	<u>3,755,899</u>	<u>6,494,049</u>	<u>7,147,288</u>	<u>5,734,391</u>	<u>6,196,660</u>
Business-type activities:					
Charges for services	292,045	305,522	363,392	402,799	402,752
Total business-type activities revenues	<u>292,045</u>	<u>305,522</u>	<u>363,392</u>	<u>402,799</u>	<u>402,752</u>
Total primary government program revenue	<u>4,047,944</u>	<u>6,799,571</u>	<u>7,510,680</u>	<u>6,137,190</u>	<u>6,599,412</u>
Expenses					
Governmental activities:					
General government	4,946,271	4,451,222	4,194,610	4,689,605	4,011,987
Public safety	3,657,877	3,648,280	3,093,208	3,329,417	3,228,429
Highway and streets	2,564,363	2,986,971	2,153,408	2,165,108	1,592,510
Transfer station and recycling	353,620	347,886	300,523	364,100	373,408
Health and social services	242,308	181,853	169,249	164,654	159,177
Library	539,655	513,958	513,958	628,876	613,563
Parks and recreation	1,231,606	1,277,454	1,199,143	1,301,883	1,212,541
Education	36,224,776	38,508,001	37,068,091	36,813,034	36,531,377
Interest expense	1,042,156	988,539	718,828	558,787	554,372
Total governmental activities expenses	<u>50,802,632</u>	<u>52,904,164</u>	<u>49,411,018</u>	<u>50,015,464</u>	<u>48,277,364</u>
Business-type activities:					
Georgetown sewer	698,321	881,612	762,966	737,511	770,814
Total business-type activities expenses	<u>698,321</u>	<u>881,612</u>	<u>762,966</u>	<u>737,511</u>	<u>770,814</u>
Total primary government expenses	<u>51,500,953</u>	<u>53,785,776</u>	<u>50,173,984</u>	<u>50,752,975</u>	<u>49,048,178</u>

(a) as restated for GASB 75

TABLE 2

		Fiscal Year Ended							
		2014	2013	2012	2011	2010			
\$	376,178	\$	604,900	\$	265,720	\$	459,768	\$	349,312
	44,227		37,774		25,278		51,226		35,373
	246,619		3,992		259,087		161,872		164,664
	168,716		164,580		186,202		174,927		168,850
	18,315		11,573		12,525		12,240		14,785
	-		-		-		-		-
	-		183,736		189,607		207,683		171,601
	581,964		538,906		637,133		674,122		711,028
	1,436,019		1,545,461		1,575,552		1,741,838		1,615,613
	4,136,754		3,496,101		3,962,260		3,069,533		3,003,654
	790,408		1,522,374		433,162		2,375,220		75,746
	6,363,181		6,563,936		5,970,974		7,186,591		4,695,013
	358,717		407,068		415,802		403,788		427,038
	358,717		407,068		415,802		403,788		427,038
	6,721,898		6,971,004		6,386,776		7,590,379		5,122,051
	4,705,089		4,055,095		3,235,479		3,387,764		3,355,338
	3,354,838		3,842,256		3,400,036		3,083,444		3,294,031
	2,440,040		3,225,294		2,776,797		3,024,161		3,075,738
	413,983		633,954		426,824		420,676		399,680
	163,226		169,588		134,397		147,437		132,919
	578,440		559,548		520,739		513,022		471,883
	1,249,000		1,240,965		1,229,759		1,262,007		1,279,394
	37,271,718		36,781,143		35,846,468		34,452,536		33,235,635
	283,301		658,446		702,794		709,172		748,724
	50,459,635		51,166,289		48,273,293		47,000,219		45,993,342
	1,017,197		736,410		763,117		665,451		651,340
	1,017,197		736,410		763,117		665,451		651,340
	51,476,832		51,902,699		49,036,410		47,665,670		46,644,682

(Continued)

Town of Redding, Connecticut

**Changes in Net Position (Continued)
Last 10 Years
(Unaudited)**

	Fiscal Year Ended				
	2019	2018	2017	2016	2015
Net (expense) revenue:					
Governmental activities	\$ (47,046,733)	\$ (46,410,115)	\$ (4,263,730)	\$ (44,281,073)	\$ (42,080,704)
Business-type activities	(406,276)	(576,090)	(399,574)	(334,712)	(368,062)
Total primary government net expense	(47,453,009)	(46,986,205)	(4,663,304)	(44,615,785)	(42,448,766)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	48,539,324	47,419,072	46,697,212	46,079,769	46,019,078
Grants and contributions not restricted to specific purposes	131,771	154,017	119,516	115,748	38,028
Investment income	437,775	279,280	76,004	54,708	28,052
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	148,202	93,562	96,588	53,970	134,788
Total governmental activities	49,257,072	47,945,931	46,989,320	46,304,195	46,219,946
Business-type activities:					
Unrestricted investment earnings	-	-	330	-	7
Donated capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	-	-	330	-	7
Total primary government	49,257,072	47,945,931	46,989,650	46,304,195	46,219,953
Changes in net position:					
Governmental activities	2,210,339	1,535,816	4,725,590	2,023,122	4,139,242
Business-type activities	(406,276)	(576,090)	(399,244)	(334,712)	(368,055)
Total primary government	\$ 1,804,063	\$ 959,726	\$ 4,326,346	\$ 1,688,410	\$ 3,771,187

TABLE 2

Fiscal Year Ended				
2014	2013	2012	2011	2010
\$ (44,096,454)	\$ (44,602,353)	\$ (42,302,319)	\$ (39,813,628)	\$ (41,298,329)
(658,480)	(329,342)	(347,315)	(261,663)	(224,302)
(44,754,934)	(44,931,695)	(42,649,634)	(40,075,291)	(41,522,631)
46,215,357	45,609,619	44,457,954	44,118,692	42,120,967
	414,294	411,826	283,135	286,709
43,246	-	-	-	-
27,443	23,757	73,560	89,793	153,349
-	-	-	420,111	-
66,514	32,927	-	-	361,632
46,352,560	46,080,597	44,943,340	44,911,731	42,922,657
193	118	105	117	218
-	-	-	6,587,200	-
-	-	-	-	-
193	118	105	6,587,317	218
46,352,753	46,080,715	44,943,445	51,499,048	42,922,875
2,256,106	1,478,244	2,641,021	5,098,103	1,624,328
(658,287)	(329,224)	(347,210)	6,325,654	(224,084)
\$ 1,597,819	\$ 1,149,020	\$ 2,293,811	\$ 11,423,757	\$ 1,400,244

TABLE 3

Town of Redding, Connecticut

Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund:										
Nonspendable:										
Prepays and other	\$ 2,812,847	\$ 2,329,377	\$ 1,983,526	\$ 1,739,456	\$ 1,522,209	\$ 1,272,748	\$ -	\$ -	\$ -	\$ -
Inventory	359	1,914	2,635	2,549	3,813	-	1,720	1,661	-	-
Committed to	-	-	200,000	200,000	208,822	208,822	208,822	-	-	-
Assigned to:										
General government	-	9,830	-	-	-	-	153,124	73,685	8,222	-
Public safety	-	-	-	-	-	-	11,095	-	30,994	-
Highway and streets	-	-	-	-	-	-	5,050	-	28,930	-
Health and social services	-	-	-	-	-	-	-	-	4,000	-
Education	45,000	-	-	224,909	159,412	91,466	-	-	-	-
Parks and recreation	-	-	-	-	-	-	5,970	-	-	-
Capital projects	-	-	-	-	-	-	5,280	-	-	-
Unassigned	9,396,307	8,595,402	7,956,552	7,139,238	6,594,466	5,298,426	6,037,102	5,298,353	4,993,060	3,494,069
Total general fund balances	12,254,513	10,936,523	10,142,713	9,306,152	8,488,722	6,871,462	6,428,163	5,373,699	5,065,206	3,494,069
All other governmental funds:										
Nonspendable										
permanent funds	-	-	-	-	-	63,711	-	-	2,100	-
Restricted for										
Capital projects	1,464,789	3,124,555	-	-	-	-	-	-	-	-
Grants	606,557	383,743	6,762,191	200,526	187,936	170,951	237,901	89,901	196,877	-
Committed to:										
General government	124,536	128,529	103,320	79,798	124,986	102,658	52,208	109,272	167,532	-
Public safety	-	-	-	62,770	66,289	14,506	12,426	22,006	131,855	-
Highway and streets	-	-	-	17,950	19,269	17,862	86,113	34,323	615,948	-
Health and social services	-	-	-	4	-	31,529	-	-	13,376	-
Education	-	-	-	36,376	32,888	4	-	10,626	2,281,049	-
Parks and recreation	-	-	-	15,252	26,973	22,210	6,057	4,946	7,328	-
Debt Service	804,068	1,080,311	1,285,073	-	-	-	-	-	-	-
Capital projects	-	-	-	993,874	1,002,175	1,069,069	1,221,893	1,371,785	846,486	-
Assigned	-	-	-	-	-	224,909	-	-	-	-
Unassigned	(5,816)	(29,490)	(5,450)	(10,687,673)	(6,403,338)	(5,249,301)	(2,274,309)	(842,021)	(31,896)	(4,600,061)
Total all other govt funds balances	2,994,134	4,687,648	8,145,134	(9,281,123)	(4,942,822)	(3,531,892)	(657,711)	800,838	4,230,655	(4,600,061)
Total fund balances	\$ 15,248,647	\$ 15,624,171	\$ 18,287,847	\$ 25,029	\$ 3,545,900	\$ 3,339,570	\$ 5,770,452	\$ 6,174,537	\$ 9,295,861	\$ (1,105,992)

TABLE 4

Town of Redding, Connecticut

Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	Fiscal Year Ended									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Property taxes	\$ 48,054,156	\$ 46,755,432	\$ 46,133,174	\$ 45,448,399	\$ 45,698,262	\$ 45,676,124	\$ 45,701,489	\$ 43,547,989	\$ 43,297,765	\$ 41,615,116
Intergovernmental	2,540,302	5,327,238	5,372,921	5,024,795	4,752,111	4,187,573	5,598,773	4,906,946	6,076,308	3,930,091
Investment income	437,775	275,978	76,004	54,708	28,052	27,443	23,757	73,560	89,793	45,956
Charges for services	1,354,372	1,297,370	1,298,884	1,466,652	1,482,577	1,448,854	1,365,108	1,465,969	1,393,418	1,463,784
Other	148,202	93,562	96,588	53,970	134,788	66,514	47,276	9,884	-	-
Total revenues	52,534,807	53,749,580	52,977,571	52,048,524	52,095,790	51,406,508	52,736,403	50,004,348	50,857,284	47,054,947
Expenditures:										
Current:										
General government	2,862,363	2,861,319	3,031,957	3,031,266	3,074,285	3,323,685	2,815,720	2,400,642	2,397,733	2,337,993
Public Safety	2,622,610	2,510,602	2,496,700	2,437,713	2,375,522	2,422,748	2,277,369	2,556,360	2,136,012	2,484,792
Highway and Streets	1,394,713	1,375,751	1,469,813	1,395,543	1,498,512	1,497,120	1,370,592	1,872,501	1,588,140	1,741,321
Transfer Station and Recycling	250,642	234,370	239,387	251,371	258,057	293,302	309,323	330,170	321,376	313,413
Health and welfare	185,498	120,994	120,281	118,511	112,938	115,931	126,788	103,157	110,949	102,913
Library	539,655	513,958	513,958	489,950	457,898	433,000	423,000	402,250	395,000	378,000
Parks and Recreation	923,676	931,089	969,489	981,165	904,104	920,143	948,449	958,269	968,994	912,767
Employee Benefits	2,677,525	2,959,303	2,766,777	2,716,527	2,745,402	2,843,901	2,557,585	2,418,832	2,365,880	2,054,303
Education	36,332,601	38,061,517	37,329,226	36,521,277	36,558,889	36,823,250	36,439,462	35,470,497	33,993,948	33,237,176
Capital outlay	2,051,467	3,692,011	4,593,148	5,821,147	2,107,563	3,441,502	3,595,008	5,747,363	4,266,470	1,225,467
Debt service- Principal	2,059,384	1,886,681	1,570,000	1,669,362	1,575,066	-	-	-	-	-
Debt service- Interest	1,265,661	1,265,661	416,181	479,684	615,151	2,049,173	2,265,134	2,264,829	1,906,514	1,981,047
Total expenditures	53,165,795	56,413,256	55,516,917	55,913,516	52,283,387	54,163,755	53,128,430	54,524,870	50,451,016	46,769,192
Excess (deficiency) of revenues Over Expenditures	(630,988)	(2,663,676)	(2,539,346)	(3,864,992)	(187,597)	(2,757,247)	(392,027)	(4,520,522)	406,268	285,755
Other financing sources (uses):										
Payment to escrow	-	-	-	(7,091,096)	-	-	-	-	-	-
Proceeds from Capital Leases	255,464	-	171,271	242,252	393,927	291,816	410,948	1,393,337	269,675	-
Premium	-	-	935,893	447,965	-	34,549	-	-	-	-
Proceeds from bond sale	-	-	19,695,000	6,745,000	-	-	66,426	-	10,315,000	-
Sale of capital assets	-	-	-	-	-	-	23,084	5,861	551,579	-
Transfers in	4	60,000	624,945	296,000	87,500	104,856	104,856	547,856	226,416	-
Transfers out	(4)	(60,000)	(624,945)	(296,000)	(87,500)	(104,856)	(104,856)	(547,856)	(226,416)	-
Net other financing sources (uses)	255,464	-	20,802,164	344,121	393,927	326,365	500,458	1,399,198	11,136,254	-
Net change in fund balances	(375,524)	(2,663,676)	18,262,818	(3,520,871)	206,330	(2,430,882)	108,431	(3,121,324)	11,542,522	285,755
Fund balance - beginning of year	15,624,171	18,287,847	25,029	3,545,900	3,339,570	5,770,452	6,174,537	10,436,530	(1,105,992)	(1,391,747)
Restatement	-	-	-	-	-	-	(512,516)	(1,140,669)	-	-
Fund balances - end of year	\$ 15,248,647	\$ 15,624,171	\$ 18,287,847	\$ 25,029	\$ 3,545,900	\$ 3,339,570	\$ 5,770,452	\$ 6,174,537	\$ 10,436,530	\$ (1,105,992)
Debt service as a percentage of noncapital expenditures	6.67%	6%	4%	4%	5%	4%	5%	5%	4%	4%

TABLE 5

Town of Redding, Connecticut

Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (Thousands)
 (Unaudited)

Year Ended June 30	Real Estate		Personal Property		Total		Percentage of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
	(1) Assessed Value	(2) Estimated Value	(3) Net Assessed Value	(4) Net Actual Value	Net Assessed Value	Estimated Actual Value		
2019	\$ 1,404,471,246	\$ 2,006,387,494	\$ 162,002,034	\$ 231,431,477	\$ 1,566,473,280	\$ 2,237,818,971	70.00%	32.84
2018	1,403,872,806	2,005,532,580	162,146,806	231,638,294	1,566,019,612	2,237,170,874	70.00%	31.72
2017	1,473,281,848	2,104,688,354	160,004,955	228,578,507	1,633,286,803	2,333,266,861	70.00%	29.62
2016	1,471,441,194	2,102,058,849	161,839,813	231,199,732	1,633,281,007	2,333,258,581	70.00%	29.24
2015	1,469,940,798	2,099,915,426	161,708,448	231,013,069	1,631,649,246	2,330,928,495	70.00%	28.91
2014	1,467,057,238	2,095,796,054	160,031,086	228,615,837	1,627,088,324	2,324,411,891	70.00%	28.95
2013	1,833,807,098	2,619,724,426	161,761,817	231,088,310	1,995,568,915	2,850,812,736	70.00%	23.28
2012	1,833,698,548	2,619,569,354	156,543,350	223,633,357	1,990,241,898	2,843,202,711	70.00%	22.79
2011	1,840,340,582	2,629,057,974	152,994,171	218,563,101	1,993,334,753	2,847,621,075	70.00%	22.22
2010	1,828,228,980	2,611,755,686	152,956,540	218,509,343	1,981,185,520	2,830,265,029	70.00%	21.79

Source: Town of Redding, Assessor's Office

TABLE 6

Town of Redding, Connecticut
2019
Principal Taxpayers

Taxpayer	2019			2010		
	(1) Assessment	Rank	% of Net Net Taxable Grand List	Assessment	Rank	% of Net Net Taxable Grand List
Redding Life Care, LLC	\$ 78,144,979	1	4.99%	\$ 85,581,097	1	4.32%
Eversource (former CL&P)	55,462,540	2	3.54%	58,123,337	2	2.93%
Georgetown Land Development	5,813,010	3	0.37%	12,560,450	3	0.63%
Prusak Robert & Jamie	5,167,700	4	0.33%	7,045,300	4	0.36%
Chippawalla Properties	4,031,600	5	0.26%			0.00%
Escape from CT, LLC	3,941,640	6	0.25%			0.00%
Aquarion Water Company of CT	3,775,830	7	0.24%	5,250,680	5	0.27%
Redding Country Club Inc	3,471,300	8	0.22%	7,738,800	6	0.39%
LaPeyre Pierre F Jr	3,179,790	9	0.20%			0.00%
ABCH LLC	3,008,820	10	0.19%			0.00%
Angeloni Luciano & Debra				3,403,680	7	0.17%
123 Mountain Road Associates LLC				3,968,700	8	0.20%
Falciglia & Valeri Construction LLC				3,564,600	9	0.18%
RP Trust The				4,744,800	10	0.24%
	<u>\$ 165,997,209</u>		<u>10.60%</u>	<u>\$ 191,981,444</u>		<u>9.69%</u>

Source: Town Assessor Department

(1) The net taxable grand list as of October 1, 2017 and 2008 totaled \$1,566,473,280 and \$1,981,185,520, respectively.

TABLE 7

Town of Redding, Connecticut

Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)

Year Ended June 30	Total Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	TOTAL COLLECTIONS TO DATE	
		Net Current Tax Collections	% of Current Levy Collected		Total Collections	% of Levy Collected
2019	\$ 47,998,238	\$ 47,451,696	98.9%	\$ -	\$ 47,451,696	98.9%
2018	47,282,332	46,627,089	98.6%	288,612	46,627,089	98.6%
2017	46,257,519	45,589,148	98.6%	388,135	45,977,283	99.4%
2016	45,708,421	45,056,402	98.6%	497,852	45,358,419	99.2%
2015	45,899,052	45,147,782	98.4%	766,796	45,914,578	100.0%
2014	45,791,419	45,142,235	98.6%	472,021	45,614,256	99.6%
2013	45,263,999	44,324,390	97.9%	944,617	45,269,007	100.0%
2012	44,044,397	43,119,722	97.9%	435,775	43,555,497	98.9%
2011	44,117,180	42,930,490	97.3%	248,557	43,179,047	97.9%
2010	42,068,864	41,453,864	98.5%	110,324	41,564,188	98.8%
2009	40,826,214	40,345,062	98.8%	393,411	40,738,473	99.8%

2017 and 2012 were revaluation years

TABLE 8

Town of Redding, Connecticut

Ratios of Outstanding Debt by Type
Last Ten Years (Unaudited)

Year Ended June 30	General Bonded Debt and Other Outstanding					% of Personal Income	Debt Per Capita
	General Obligation Bonds (1)		Capital Leases	Clean Water Notes	Total		
	General Purpose	Schools					
2019	\$ 17,438,745	\$ 9,783,000	\$ 799,529	\$ -	\$ 28,021,274	0.5%	\$ 3,021
2018	19,055,535	10,495,000	329,088	-	29,879,623	0.4%	3,221
2017	20,498,955	11,105,371	691,346	-	32,295,672	0.4%	3,336
2016	9,014,223	3,628,000	1,018,962	-	13,661,185	0.9%	1,416
2015	9,685,539	4,030,000	1,194,873	42,493	14,952,905	0.8%	1,635
2014	10,818,462	4,443,000	1,468,215	92,559	16,822,236	0.7%	1,839
2013	11,725,426	4,856,000	1,488,884	141,635	18,211,945	0.7%	1,991
2012	12,746,200	5,268,800	1,363,428	189,739	19,568,167	0.6%	2,160
2011	13,832,950	5,682,050	211,061	236,892	19,962,953	0.5%	2,232
2010	7,856,500	2,538,500	-	428,119	10,823,119	1.3%	1,231
2009	8,624,250	2,990,750	-	496,629	12,111,629	1.0%	1,377

(1) Presented net of original issuance discounts and premiums

TABLE 9

Town of Redding, Connecticut

Ratio of Long-Term Debt to Net Assessed Value and Long-Term Debt per Capita
Last Ten Years (Unaudited)

Grand List Year	Year Ended June 30	Population	Net Assessed Value	General Obligation Bonded Debt/Notes (1)	Ratio of Bonded Debt/Notes to Net Assessed Value	Debt Per Capita
2017	2019	9,274	\$ 1,566,473,280	\$ 27,221,745	1.74%	\$ 2,935
2016	2018	9,276	1,566,019,612	29,550,535	1.89%	3,186
2015	2017	9,216	1,633,286,803	31,604,326	1.94%	3,429
2014	2016	9,267	1,633,281,007	12,642,223	0.77%	1,364
2013	2015	9,148	1,631,649,246	13,715,539	0.84%	1,499
2012	2014	9,148	1,627,088,324	15,261,462	0.94%	1,668
2011	2013	9,148	1,995,568,915	16,581,426	0.83%	1,813
2010	2012	9,148	1,990,241,898	18,015,000	0.91%	1,969
2009	2011	9,058	1,993,334,753	19,515,000	0.98%	2,154
2008	2010	8,945	1,981,185,520	10,395,000	0.52%	1,162
2007	2009	8,790	2,011,160,445	11,615,000	0.58%	1,321

(1) Presented net of original issuance discounts and premiums

TABLE 10

Town of Redding, Connecticut

Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
(Unaudited)

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Overlapping debt			
Regional School District No. 9	<u>\$ 6,419,610</u>	100%	<u>\$ 6,419,610</u>
Town direct debt	27,482,554		<u>27,482,554</u>
Total			<u><u>\$ 33,902,164</u></u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Redding, Connecticut. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Town of Redding, Connecticut

TABLE 11

Schedule of Debt Limitation
 Connecticut General Statutes, Section 7-374 b
 For the Year Ended June 30, 2019

Total Tax Collections (including interest and lien fees) for current year:

Town of Redding	\$ 48,280,989
Fire District	1,555,680
	<u>1,555,680</u>

Base for Debt Limitation Computation

\$ 49,836,669

Debt Limitation	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 112,132,505				
4 1/2 times base	-	\$ 224,265,009			
3 3/4 times base	-	-	\$ 186,887,508		
3 1/4 times base	-	-	-	\$ 161,969,173	
3 times base	-	-	-	-	\$ 149,510,006
Total debt limitation	<u>112,132,505</u>	<u>224,265,009</u>	<u>186,887,508</u>	<u>161,969,173</u>	<u>149,510,006</u>
Indebtedness					
Bonds payable	17,438,745	9,783,000	-	-	-
Georgetown Special District	890,762	-	-	-	-
Redding's Portion of Regional School District No. 9 bonds net of school building grants	-	6,419,610	-	-	-
Bond anticipation notes	-	-	-	-	-
Debt authorized but unissued	157,000	-	-	-	-
Net indebtedness	<u>18,486,507</u>	<u>16,202,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limit in excess of outstanding and Authorized debt	<u>\$ 93,645,998</u>	<u>\$ 208,062,399</u>	<u>\$ 186,887,508</u>	<u>\$ 161,969,173</u>	<u>\$ 149,510,006</u>

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

\$ 348,856,681

Town of Redding, Connecticut

TABLE 12

Legal Debt Margin Information
Last Ten Years
(Unaudited)

Year Ended June 30	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable
2019	\$ 348,856,681	\$ 34,689,117	\$ 314,167,564	9.94%
2018	337,428,666	37,870,305	299,558,361	11.22%
2017	333,617,849	39,486,547	294,131,302	11.84%
2016	329,083,720	36,473,504	292,610,216	11.08%
2015	329,519,064	22,237,425	307,281,639	6.75%
2014	330,662,262	24,885,948	305,776,314	7.53%
2013	329,738,836	27,169,573	302,569,263	8.24%
2012	315,333,865	29,173,585	286,160,280	9.25%
2011	315,120,344	32,013,777	283,106,567	10.16%
2010	305,718,406	33,550,592	272,167,814	10.97%
2009	263,507,454	31,493,744	232,013,710	11.95%

Demographic and Economic Statistics
Last 10 Years
(Unaudited)

Year Ended June 30	(1) Population	Personal Income	(2) Per Capita Income	(1) Median Age	(1) Education Level in Years of Formal Schooling	(3) School Enrollment	(1) Unemployment Rate
2019	9,274	\$ 129,763	\$ 66,046	47	67% Bachelor Degree or more	1,298	3.10%
2018	9,276	129,270	63,762	48	68% Bachelor Degree or more	1,414	4.00%
2017	9,216	121,270	65,503	49	71% Bachelor Degree or more	1,386	4.30%
2016	9,267	131,006	64,934	49	70% Bachelor Degree or more	1,454	4.20%
2015	9,148	120,233	69,519	48	68% Bachelor Degree or more	1,447	4.50%
2014	9,148	126,309	69,519	48	68% Bachelor Degree or more	1,569	5.40%
2013	9,148	123,229	69,519	48	68% Bachelor Degree or more	1,677	5.40%
2012	9,148	120,223	69,519	48	68% Bachelor Degree or more	1,712	6.00%
2011	9,058	113,697	69,243	47	66% Bachelor Degree or more	1,747	5.80%
2010	8,945	119,788	65,594	46.4	65% Bachelor Degree or more	1,776	6.00%

(1) Connecticut Economic Resource Center

(2) Connecticut Department of Labor, Research Office

(3) Town of Redding, Board of Education

Town of Redding, Connecticut

TABLE 14

Principal Employers
Current and Nine Years Ago
(Unaudited)

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Redding Life Care, LLC	400	1	2.94%	271	2	3.03%
Town of Redding	245	2	2.64%	312	1	3.49%
Joel Barlow High School	143	3	1.54%	140	3	1.57%
Redding Elementary School	105	4	1.13%	115	4	1.29%
Redding Country Club	89	5	0.96%	91	6	1.02%
John Read Middle School	82	6	0.88%	100	5	1.12%

Source: Town and Board of Education Human Resource Departments

Full-Time Equivalent Town Government Employees By Function/Program
Last 10 Years
(Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Administrative and General Government:										
Board of Selectman	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Town Clerk	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Registrar of Voters	2.00	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.25
Town Planning and Land Use	1.50	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Zoning and Wetlands Enforcement	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Probate Court	-	-	-	-	-	-	-	-	-	2.00
Finance:										
Finance	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Assessor	2.50	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00
Tax Collector	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Public Safety:										
Police	17.00	17.00	18.00	18.00	18.00	17.00	17.00	17.00	17.00	16.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Communications/Dispatch	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.00	5.00
Public Works:										
Public Works	13.00	13.00	13.00	13.00	12.75	12.75	12.75	12.75	12.75	12.75
Building	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Facilities Maintenance	3.75	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00
Health, Social, Human Services:										
Health	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Social and Human Services	3.00	2.75	2.25	2.25	4.00	4.00	4.00	4.50	4.50	4.50
Recycling Center	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Recreation:										
Parks and Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Grand total	83.25	82.75	84.25	84.25	85.25	83.75	83.75	84.25	83.75	84.50

Source: Town Human Resource Departments

Town of Redding, Connecticut

TABLE 16

Full-Time Equivalent Employees By Function/Program
Last 10 Years
(Unaudited)

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Town										
Administrative and General Government	9.75	9.75	10.75	10.75	10.50	10.50	10.50	10.50	10.50	12.50
Finance	8.25	8.25	8.25	8.25	8.00	8.00	8.00	8.00	8.00	7.75
Public Safety	23.50	23.50	24.50	24.50	24.50	23.50	23.50	23.50	22.00	22.00
Public Works	19.75	19.50	19.50	19.50	19.25	18.75	18.75	18.75	18.75	18.75
Health, Social, Human Services	8.50	8.25	7.75	7.75	9.50	9.50	9.50	10.00	10.00	10.00
Recreation	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Total town	83.25	82.75	84.25	84.25	85.25	83.75	83.75	84.25	82.75	84.50

Source: Town and Board of Education Human Resource Departments

Town of Redding, Connecticut

TABLE 17

Operating Indicators By Function / Program

Last 10 Years

(Unaudited)

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety										
Fire										
Fire and EMS responses	-	609	514	649	458	590	549	431	557	463
Police										
Criminal Incidents	-	192	209	792	543	721	664	792	736	588
Traffic violations	-	3,189	2,062	3,534	1,515	3,029	3,097	2,976	2,763	3,202
Motor vehicle accidents	-	245	258	232	195	241	256	203	282	265
Building Safety										
Building inspections	-	2,298	2,805	2,841	2,444	2,892	2,917	3,086	2,404	3,073
Total building permits	-	661	659	689	653	822	860	874	520	595
Total value all permits	\$ -	\$ 10,372,854	\$ 16,852,919	\$ 20,033,514	\$ 12,543,740	\$ 19,219,414	\$ 10,095,400	\$ 13,791,399	\$ 8,273,691	\$ 10,086,646
Public Works										
Street resurfacing	-	6	6	13	18	8	9	11	4	4
Recycling Center / Transfer Station										
Permits issued	-	1,072	1,168	1,190	1,195	1,042	1,149	1,112	1,104	1,148
Refuse collected (tons per year)	-	162	140	165	176	171	179	194	187	178
Park and Recreation										
No. of recreation programs	-	11	11	11	11	11	10	10	10	10
Library										
Circulation	-	113,082	119,871	123,664	129,254	130,739	128,807	125,428	122,983	124,893
Education										
School enrollment										
High School	-	890	894	997	1,050	1,050	1,012	1,008	974	959
Middle School	-	426	422	454	470	513	553	559	582	595
Elementary School	-	494	489	472	420	488	578	581	661	670

Source: Various Town Departments

NA = Not Available

Town of Redding, Connecticut

TABLE 18

Capital Asset Statistics By Function / Program
Last 10 Years
(Unaudited)

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety:										
Fire and ambulance stations	4	4	4	4	4	4	4	4	4	4
Fire Trucks	15	15	15	15	15	15	15	15	15	15
Ambulances	4	4	4	4	4	4	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	11	10	10	10	10	10	10	10	10	10
Public Works:										
Highway department										
Miles of streets										
Paved	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88	86.88
Unpaved	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.19
Traffic lights	1	1	1	1	3	1	1	1	0	0
Dump trucks	15	13	13	13	15	15	15	15	14	13
Other public works vehicles/heavy equipment	13	13	13	13	14	14	14	14	14	12
Health and Welfare:										
Senior van	1	1	1	1	1	1	1	1	1	1
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Education:										
High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	1	1	1	1	1	1	1	1	1	1

Source: Town capital asset records and various Town Departments

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