

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 25, 2016

NEW ISSUE: Book-Entry-Only

RATING: See "Ratings" herein.

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals trusts and estates required to pay the federal alternative minimum tax. See "TAX EXEMPTION" herein.



Town of Redding, Connecticut

\$12,644,000

General Obligation Bond Anticipation Notes (the "Notes")

Dated: March 16, 2016

Due: March 15, 2017

CUSIP: 757334__

Rate: ___%

Yield: ___%

Underwriter: TBD

Principal and interest on the Notes will be payable at maturity. The Notes are being offered for sale and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders in accordance with the Notice of Sale, dated February 25, 2016.

The Notes will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of, redemption premium, if any, and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Ownership of the Notes may be in principal amounts of \$5,000 or any multiple thereof. So long as Cede & Co. is the Noteowner, as nominee for DTC, reference herein to the Noteowner or owners shall mean Cede & Co., aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See "Book-Entry-Only Transfer System" herein.)

Sealed proposals and electronic bids via Parity for the Notes will be received before 11:30 A.M. Eastern Time on Thursday, March 3, 2016 at the Office of the First Selectman, Town Hall, 100 Hill Road, Redding, Connecticut, 06875. Telephone bids will be received by an authorized agent of Phoenix Advisors, the Town's Financial Advisor, before 11:30 A.M. for the Notes on the sale date at (203) 938-8481.

The Notes will be general obligations of the Town of Redding, Connecticut, (the "Town") and the Town will pledge its full faith and credit to pay the principal and interest on the Notes when due. (See "Security and Remedies" herein.)

The Notes are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut, Bond Counsel to the Town. It is expected that delivery of the Notes in book-entry-only form will be made to DTC or its agent via "FAST" on or about March 16, 2016. The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Table of Contents

	<u>Page</u>		<u>Page</u>
Note Issue Summary	1	IV. Tax Base Data	22
I. Note Information	2	Property Tax - Assessments.....	22
Introduction.....	2	Levy.....	22
Financial Advisor.....	2	Comparative Assessed Valuations.....	23
Description of the Notes.....	3	Property Tax Levies and Collections.....	23
Authorization and Purpose.....	3	Property Tax Receivable.....	23
Use of Proceeds.....	3	Ten Largest Taxpayers.....	24
Book-Entry-Only System.....	3	V. Debt Summary	25
DTC Practices.....	5	Principal Amount of Indebtedness.....	25
Replacement Notes.....	5	Short Term Debt.....	25
Security and Remedies.....	5	Overlapping Debt.....	25
Qualification for Financial Institutions.....	6	Underlying Debt.....	26
Availability of Continuing Information.....	6	Annual Bonded Debt Maturity Schedule.....	26
Ratings.....	6	Debt Statement.....	27
Tax Exemption of the Notes.....	6	Current Debt Ratios.....	27
Legal Opinion.....	8	Temporary Financing.....	28
Registrar, Transfer Agent, Paying Agent, Certifying Agent.....	8	Clean Water Fund Program.....	28
II. The Issuer	9	Limitation of Indebtedness.....	29
Description of the Municipality.....	9	Statement of Debt Limitation.....	30
Form of Government.....	9	Authorized But Unissued Debt.....	30
Principal Municipal Officials.....	10	Principal Amount of Outstanding Debt.....	31
Municipal Services.....	10	Ratios of Net Long-Term Debt to Valuation, Population and Income.....	31
Employee Relations and Collective Bargaining.....	12	Ratio of Total General Fund Debt Service Expenditures To Total General Fund Expenditures.....	31
Municipal Employees.....	12	VI. Financial Administration	32
Employee Relations.....	13	Fiscal Year.....	32
Educational Services.....	14	Basis of Accounting.....	32
Regional School District No. 9 - Principal Officials.....	14	Budget Procedure.....	32
Regional School District No. 9 - School Facilities.....	14	Audit.....	32
Regional School District No. 9 - School Enrollment.....	15	Liability Insurance.....	32
Redding School District.....	15	Pensions.....	32
Redding School District - Principal Officials.....	15	Other Post Employment Benefits.....	33
Redding School District - School Facilities.....	16	Investment Policy.....	33
Redding School District - School Enrollment.....	16	General Fund Revenues and Expenditures.....	34
III. Economic and Demographic Information	17	Analysis of General Fund Balance.....	34
Population and Density.....	17	VII. Legal and Other Information	36
Age Distribution of the Population.....	17	Legal Matters.....	36
Income Distribution.....	17	Litigation.....	36
Income Levels.....	18	Concluding Statement.....	37
Educational Attainment.....	18	Appendix A - 2015 Financial Statements Excerpted from the Town's Comprehensive Annual Financial Report	
Major Employers.....	18	Appendix B - Form of Opinion of Bond Counsel	
Employment by Industry.....	19	Appendix C - Form of Continuing Disclosure Agreement	
Employment Data.....	19	Appendix D - Notice of Sale	
Age Distribution of Housing.....	20		
Housing Inventory.....	20		
Owner Occupied Housing Values.....	20		
Building Permits.....	21		

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, March 3, 2016 at 11:30 A.M. Eastern Time.
Location of Sale:	Office of the First Selectman, Town Hall, 100 Hill Road, Redding, Connecticut, 06875.
Issuer:	Town of Redding, Connecticut (the "Town").
Issue:	\$12,644,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	March 16, 2016.
Principal Due:	At maturity: March 15, 2017.
Interest Due:	At maturity: March 15, 2017.
Purpose:	The Note are being issued to temporarily finance a portion of bond anticipation notes maturing on March 16, 2016 and as well as provide new money for various school and general purpose projects.
Redemption:	The Notes are <u>NOT</u> subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	No application for a rating has been made. The Town's current underlying bond ratings are: "AAA" from Standard & Poor's Corporation and "Aa1" from Moody's Investors Service.
Bond Insurance:	The Town has not purchased a credit enhancement facility.
Basis of Award:	Lowest Net Interest Cost (NIC).
Tax Exemption:	See "Tax Exemption" herein.
Bank Qualification:	The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of certain events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Phone: (203) 878-4945.
Legal Opinion:	Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made on or about March 16, 2016 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Mr. Steven Gniadek, Finance Director, Town Hall, 100 Hill Road, Redding, Connecticut, 06875. Telephone (203) 938-8481.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Redding, Connecticut (the "Town"), in connection with the original issuance and sale of \$12,644,000 General Obligation Bond Anticipation Notes (the "Notes").

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

U.S. Bank National Association will certify and act as Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent for the Notes.

The information in this Official Statement has been prepared by the Town, with the assistance of the Town's financial advisor, Phoenix Advisors, LLC, from information supplied by Town Officials (as defined herein) and other sources as indicated.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) notice of the occurrence of certain events within respect to the Notes, within 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed substantially in the form of Appendix C to this Official Statement. The Underwriter's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B) and Bond Counsel makes no representation that it has independently verified the same.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the Town with respect to the issuance of the Notes (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Notes

The Notes will be dated March 16, 2016 and will be due and payable as to both principal and interest at maturity, March 15, 2017. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Transfer System”. The Notes are not subject to redemption prior to maturity.

The Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.

Authorization and Purpose

The Notes are being issued pursuant to Title 7, Chapter 109, Sections 7-369 et seq. of the Connecticut General Statutes (“CGS”), as amended, and the issuance of the Notes was authorized at a various meetings of the Board of Selectmen.

Use of Proceeds

The Notes are being issued to provide financing for the following projects:

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>Notes Dated: 6/17/15 Due: 3/16/16</i>	<i>Paydowns Applied</i>	<i>New Money</i>	<i>This Issue Notes: Due: 3/15/17</i>
Road Reconstruction (2012).....	\$ 3,500,000	\$ 3,412,500	\$ (175,650)	\$ -	\$ 3,236,850
Poverty Hollow Rd. Bridge Rehabilitation.....	300,000	247,000	(12,350)	-	234,650
Various School Capital Expenditures (2013)....	534,000	534,000	(26,700)	-	507,300
Highway Garage addition.....	300,000	300,000	(15,000)	-	285,000
P&R Field Equip Storage.....	71,000	71,000	(3,550)	-	67,450
P&R Permanent Storage.....	55,000	55,000	(2,750)	-	52,250
Stepney Rd Bridge.....	739,000	-	-	739,000	739,000
Road Projects (four year plan).....	6,753,429	3,581,429	-	1,567,000	5,148,429
Communications Tower.....	423,000	423,000	-	-	423,000
Various School Projects.....	1,950,071	1,950,071	-	-	1,950,071
Total	\$ 14,625,500	\$ 10,574,000	\$ (236,000)	\$ 2,306,000	\$ 12,644,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. For the Notes, one fully-registered Note certificate will be issued for each interest rate of the Note.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both

U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to Town or Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of Notes act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Replacement Notes

In the event that: (a) DTC determines not to continue to act as securities depository for the Notes, and the Town fails to identify another qualified securities depository for the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will issue fully registered Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of Notes.

Security and Remedies

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

Unless paid from other sources, the Notes are payable from general property tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts.

Payment of the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. A Court of competent jurisdiction also has the power in appropriate proceedings to order a payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State of Connecticut having the power to levy taxes and issue bonds or other obligations.

THE TOWN OF REDDING HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

Qualification for Financial Institutions

The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.

Availability of Continuing Information

The Town prepares, in accordance with State law, annual independent audited financial statements and files an annual report with the State of Connecticut's Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) notice of the occurrence of certain events within respect to the Notes, within 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date, with the exception of failing to file the Town's Annual Financial Information report for the fiscal year ending June 30, 2010 by the original due date following the transition to the MSRB's EMMA system and the failure to file certain operating data as described in the paragraph below, the Town has not failed to comply, in all material respects, with its previous undertakings in such agreements.

For the fiscal years ending June 30, 2010, 2011, 2012 and 2013, the Town did not file with the repositories and EMMA all of the operating data required by its continuing disclosure agreements nor did it file the material event notices relating to its failure to file such operating data. The Town filed the operating data for the fiscal years ending June 30, 2010, 2011, 2012 and 2013 on EMMA on February 12, 2016. On February 10, 2016, a Notice of Material Event was filed with EMMA indicating the Town's failure to file the operating data for such fiscal years by the due dates.

The Town has recently promulgated policies and procedures with respect to its continuing obligations designed to ensure future compliance with its continuing disclosure obligations.

Ratings

No application has been made for a rating. The Town recently received a rating of "AAA" from Standard and Poor's Corporation for its General Obligation Refunding Bonds, Issue of 2016 on February 12, 2016. The Town has an underlying rating of "Aa1" from Moody's Investors Service.

The Town may issue short-term or other debt for which a rating is not requested.

Tax Exemption of the Notes

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the

issuance of the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Notes.

Original Issue Discount. The initial public offering price of the Notes may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the Notes will constitute original issue discount. The offering price relating to the yield set forth on the cover page of this Official Statement for the Notes is expected to be the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Notes are sold. Under existing law, original issue discount on the Notes accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Notes is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Note purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Note and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Note. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Note will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Note by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Notes at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Note owners purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Notes.

Original Issue Premium. The initial public offering price of the Notes may be more than their stated principal amount. An owner who purchases a Note at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Note for federal income tax purposes. Prospective purchasers of the Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Note is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Notes.

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Notes.

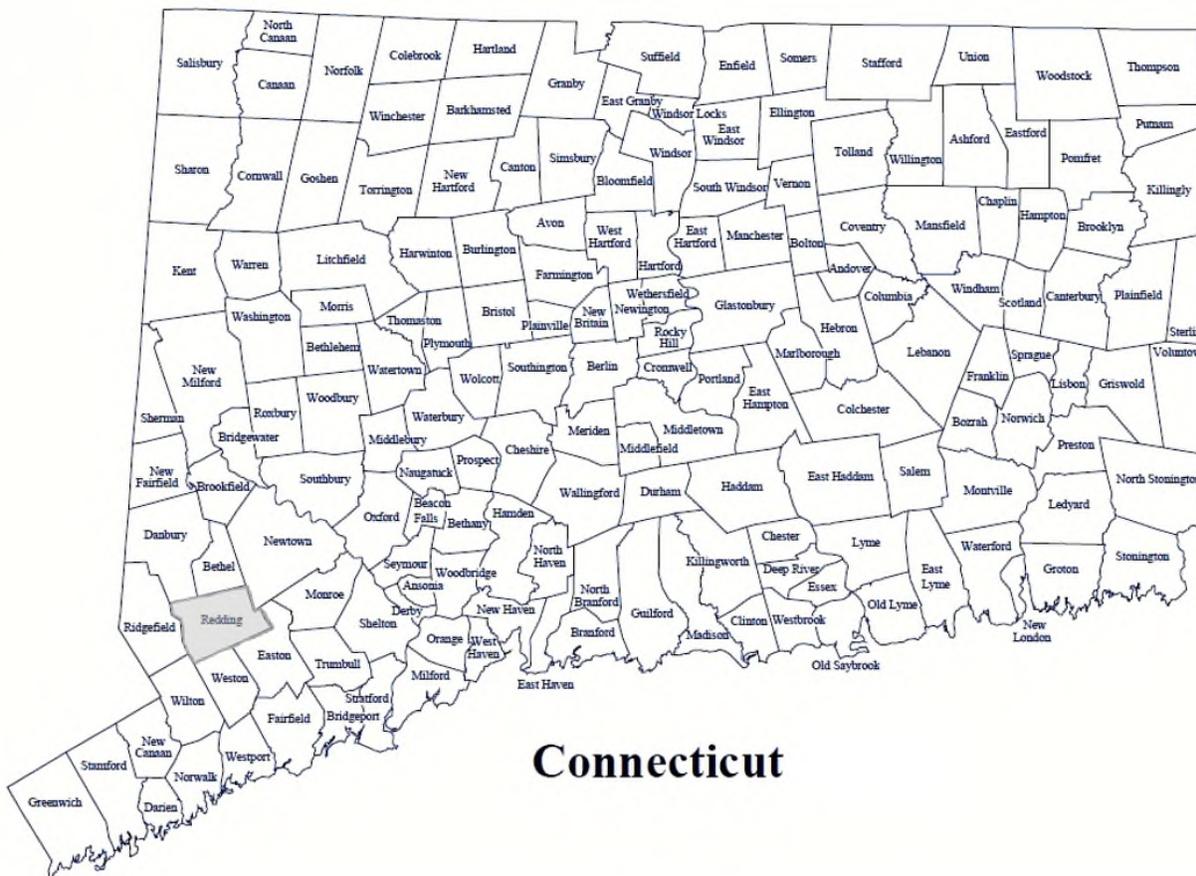
Legal Opinion

The legal opinion for the Notes will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B to this Official Statement.

Registrar, Transfer Agent, Paying Agent and Certifying Agent

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Notes will be U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

II. The Issuer



Description of the Municipality

A residential community located in the heart of Fairfield County, the Town of Redding is committed to excellence in education, maintaining open space, and preserving its historical and natural resources. The Town is traversed by U.S. Route 7 and State Highways 53, 58 and 107. Rail service is provided by Metro-North. The Town is consistently ranked at the top of the list of Connecticut small towns by Connecticut Magazine.

In May 2015, the residents passed Town and Board of Education budgets on the first vote approving a 0.7% tax increase for Fiscal Year 2015-16. Moreover, the political climate is historically very stable. Over the past 30 years, the Town has elected only four First Selectmen. The continuity of governance continues today as the First Selectman was re-elected in November 2015 to a second term in office with support of the major parties.

The Town's population has shown recent growth of 10.7% between 2000-2010. The Town deliberately manages growth through enlightened land use regulations and a willingness to purchase land for open space. Currently about 35% of the land within the Town is permanently preserved as open space, which enhances the value of developed and developable parcels. According to the Town's 2015 Financial Statements, the Town's median family income was \$157,568.

Form of Government

The Town was incorporated in 1767. The Town is governed by an elected Board of Selectmen and an elected Board of Finance. The Town Meeting acts as the legislative body, and 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.

Virtually all the governing powers of the Town are vested in the Town Meeting. Decisions at Town Meetings are made by majority vote of those present who are registered to vote in Redding or are 18 years old or older and own property assessed at \$1,000 or more on the Town's latest grand list.

A request for a referendum (a vote by machine count) must be submitted to the Town Clerk by the Selectmen or by a petition of 200 eligible voters at least 24 hours prior to a scheduled Town Meeting. The Town Meeting then selects the date of the referendum within seven to 14 days. The vote is taken at the Town's polling place.

Municipal election of all Town Officials and members of the elective Boards and Commissions is held on Election Day in every odd-numbered year. The Town Officials are elected for two years terms, and are the First Selectman, Town Clerk, Treasurer, Tax Collector, and Constables. Elected Boards and Commissions include Selectmen, Finance, Board of Education, Regional School District No. 9 Board of Education, Planning, Zoning, Tax Review, Assessors and members and alternates to the Zoning Board of Appeals. The lengths of terms vary.

Principal Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Term Expires</i>	<i>Length Of Service</i>
First Selectman.....	Julia Pemberton	Elected	11/2017	6 years
Selectman.....	Leon Karvelis	Elected	11/2017	2 years
Selectman.....	Michael Thompson	Elected	11/2017	2 years
Treasurer.....	Janice Meehan	Elected	11/2017	1st term
Tax Collector.....	Patricia Moisio	Elected	11/2017	36 years
Chairman, Board of Finance.....	William Alvarez	Elected	11/2017	11 years
Chairman, Board of Education....	Sara Sobel	Elected	11/2017	2 years
Finance Director.....	Stephen Gniadek	Appointed	Indefinite	6 years

Source: Town of Redding

Municipal Services

Police Protection. The Town of Redding has an organized municipal police department managed by a Chief of Police, who reports on a daily basis directly to the First Selectman as well as to the Board of Selectmen. The Chief has overall responsibility for the uniform and communications divisions of the department, which includes 15 full-time officers (one captain, four sergeants and ten officers). The department also employs a full-time animal control officer and a school resource officer.

With four full-time dispatchers, the department is staffed by a dispatcher at all times. The dispatchers are responsible for dispatching police, emergency medical services and fire calls within the Town of Redding, including fire and ambulance calls within the Georgetown Fire District. The dispatchers maintain 911 and Emergency Dispatch certifications.

The department's recent programs include a Child Passenger Safety Program; Child Identification and Fingerprinting; Radar Trailer; Speed Reduction efforts; and Computer Forensics Awareness Training.

Fire Protection. The Town of Redding has three volunteer fire departments: Redding Fire District No.1; Georgetown Volunteer Fire Company No. 1; and West Redding Volunteer Fire Company No. 2. Each fire department forms a separate taxing district, and each fire department maintains a separate annual budget approved by the residents of the district. A corresponding fire tax is levied directly by each district.

Ambulance service is provided by the fire departments, and the Town of Redding provides for paramedic service through a regional contract with the adjacent town of Bethel.

The Redding Police Department and the three volunteer fire departments participate in mutual aid agreements with surrounding communities. Additionally, the Town's Public Health Officer serves as the Town's Emergency Management Director.

Highway Department. Managed by the Superintendent, the Highway Department is responsible for the maintenance of approximately 94 miles of roads in the Town including repair, sweeping, snow removal, and debris

removal. The department also is responsible for removing damaged roadside trees throughout the Town. On July 22, 2014, a Town referendum approved \$6,753,000 for 20.1 miles of road reconstruction.

Planning and Zoning. The Town's Planning Commission is responsible for regulating private subdivisions and reviewing proposals for land use by Redding's governmental agencies. In 2008, the plan was updated as required by law.

The Zoning Board of Appeals is responsible for hearing and deciding appeals and variances from the zoning requirements. During fiscal year 2014-15, zero appeals were considered and approved. A total of 17 variances were considered and 10 were approved. Most of the requests sought relief from sight lines, building setback requirements and signage restrictions.

The Town's Zoning and Wetlands Officer reviews all zoning applications, and issues zoning permits for conforming uses, and serves as an advisor to the Zoning Commission, Conservation Commission and the Zoning Board of Appeals.

Building Department. Managed by a Building Official, the Building Department enforces the State's Building Codes which embrace all aspects of building construction including fire, structural, electrical and mechanical systems. Code officials and inspectors issued 653 permits in Fiscal year 2014-15, collecting \$168,574 in fees.

Public Health and Social Services. The Town employs a Director of Health and a Sanitarian. The Health Director is a volunteer licensed physician appointed by the Board of Selectmen with the approval of the State Health Department, and is responsible for the public health of all residents and the enforcement of public health laws. The Sanitarian's responsibilities include the inspection of restaurants, daycare centers, public pools, private wells, septic systems, and underground fuel tank removals. The department is also responsible for issuing permits for septic, well, and food services.

The Town's Senior Center is managed by a Director, as well as a Social Center Coordinator. The Director of Social Services' major responsibilities include counseling services, disbursement of Town financial assistance to those in need and development and coordination of needed social services.

Solid Waste. The Town is a member of the Housatonic Resources Recovery Authority (the "Authority"), a regional resource recovery authority established in 1986 pursuant to Chapter 103b of the Connecticut General Statutes to develop and offer a long-range solid waste management plan for the eleven member communities of Bethel, Bridgewater, Brookfield, Danbury, Kent, New Fairfield, New Milford, Newtown, Redding, Ridgefield and Sherman (the "Participating Municipalities"). The Authority is comprised of the Chief Elected Officials and other representatives of the Participating Municipalities, and each year the Participating Municipalities nominate and elect five officers to serve as Chairman, Vice-Chairman, Treasurer, Vice-Treasurer, and Secretary. With offices located in Brookfield Town Hall, the Authority is administratively staffed by a Director, an Assistant Director and an Administrative Aide.

The Town accepts about 5% of the household solid waste generated within Redding directly at the Town's Transfer Station and Recycling Center for delivery to the Transfer Station in Ridgefield, Connecticut; approximately 95% of the solid waste generated within the Town is collected by private haulers and brought to the Transfer Station in Ridgefield. The Transfer Station and Recycling Center also accepts some bulky waste for a charge, including demolition materials, large appliances and tires. Materials such as glass, metal, newspapers, office paper, motor oil, vehicle batteries, plastics and demolition are separated and hauled to out-of-town facilities. Household hazardous waste collection is held biannually without charge to residents of the Town. Historical MSW rates are shown below:

<i>Year</i>	<i>Tonnage Rate</i>
2016	\$ 85.73
2015	85.73
2014	85.42
2013	84.45
2012	83.60

The Town's Recycling Center has been recognized by the Connecticut Department of Environmental Protection as being a role model for other Connecticut towns. Residents may recycle items free of charge, including newspapers, glass, plastics, waste oil, telephone books and electronics, which comprise 20% of the waste stream. In 2012, the Town converted to single stream recycling.

Library. Shortly after his death, Mark Twain, a Redding resident, donated the funds to build a library in memory of his daughter Jean. Today, the Mark Twain Library Association, an independent organization, maintains a public library which employs a staff managed by a full time Library Director and Assistant Director who serves as head of children's and teen services. Other professional staff includes professional part time librarians, a part-time business manager, children teen and adult program coordinators and other support staff. The total collection of books and other material totals 65,000 items. The Town provides about 60% of the library's operating budget each year. The Mark Twain Library Association funds the remainder through five volunteer fundraisers. Programs held at the library are community centered and include programs appropriate for family, children and adult audiences.

Recreation. Overall administration of the Park and Recreation Department is vested in the Park and Recreation Commission. The Park and Recreation Department maintains Topstone Park, a 280 acre Town park with a swimming lake, tennis courts and community garden. The department also schedules community use of athletic spaces and the Town's Community Center, and offers extensive recreation programs, including summer camps, the "Concert on the Green" summer concert series, ski trips, open gyms and youth basketball leagues.

Employee Relations and Collective Bargaining

Municipal Employees

	2015	2014	2013	2012	2011
General Government.....	66	65	65	64	64
Board of Education... ¹	188	198	206	208	209
Total	254	263	271	272	273

¹ Includes part-time employees.

Source: Town of Redding

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Employee Relations

Bargaining Unit	Number of Members	Contract Expiration Date
<u>General Government</u>		
Highway Department -UPSEU.....	11	6/30/2017
Police Department -UPSEU.....	15	6/30/2017
Police Dispatch-UPSEU.....	4	6/30/2018
Non-bargaining (Full Time)	36	--
Sub-total.....	66	
<u>Board of Education</u>		
Administrators (Non-bargaining).....	5	
Certified Staff	103	6/30/2018
Secretaries, Nurses & Teachers Aides.....	61	6/30/2019
Custodians	10	6/30/2019
Sub-total.....	179	
Grand Total.....	245	

Sections 7-473c and 7-474 of the Connecticut General Statutes, as amended, provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, except certified teachers and administrative personnel.

Section 10-153f of the Connecticut General Statutes, as amended, provides a procedure for binding arbitration of collective bargaining agreements between local or regional boards of education and the exclusive representative of a bargaining unit of teachers or administrators.

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Educational Services
Regional School District No. 9

Regional School District No. 9 (the "Regional District") was organized in 1957 under the applicable provisions of the Connecticut General Statutes, Chapter 164, Section 10-45, as approved by the Towns of Easton and Redding (the "District Towns"). The Regional District provides education only to grades 9-12, and each of the District Towns maintains its own elementary education system from kindergarten through grade 8.

The Regional District is administered by an eight-person Board of Education comprised of four individuals from each of the District Towns (the "District Board"). Two representatives are elected to the District Board from each District Town on a biennial basis for a term of four years without compensation. The District Board is charged with establishing curriculum, setting school policy, preparing and presenting the annual District Board's budget, overseeing personnel matters, and otherwise supervising all other matters within its jurisdiction. Except as required by statute, or need, the District Board meets on a monthly basis.

The Regional District's operating and debt service expenses are paid by the District Towns in proportion to the number of pupils attending school from each District Town. For Fiscal Year 2015-16, the Town of Easton will contribute 47.20% and the Town of Redding will contribute 52.80% of total costs for the Regional District based upon enrollment figures as of October 1, 2015. Payments by the District Towns are made to the Regional District on a bi-weekly basis.

A District Town may withdraw from the Regional District, but such withdrawal does not affect the obligation of the withdrawing District Town to the Regional District's bondholders. Under the provisions of Section 10-63f of the Connecticut General Statutes, the withdrawal of a town from a regional district or the dissolution of a regional district does not impair the obligation of the withdrawing town or the regional district to the holders of the regional district's bonds or other outstanding indebtedness issued by the regional district prior to the member town's withdrawal or dissolution.

Principal Officials
Regional School District No.9

Office	Name	Manner of Selection	Term Expires	Length Of Service
Chairperson.....	Vance Hancock	Elected	12/2015-12/2019	5 years
Treasurer.....	Paul Coppinger	Elected	12/2015-12/2019	2 months
Secretary.....	Catherine Gombos	Elected	12/2015-12/2019	15 years
Superintendent of Schools.....	Thomas H. McMorran, Ed.D.	Appointed	--	6 months ¹
Director of Finance & Operations..	Margaret Sullivan	Appointed	--	10 years

¹ Dr. McMorran previously served Region 9 as the Assistant Superintendent for nine years.

Source: Director of Finance and Operations, Regional School District No. 9

School Facilities
Regional School District No.9

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2015	Operating Capacity
Joel Barlow High School	9-12	1959 (2005)	68	1,008	1,100

Source: Director of Finance and Operations, Regional School District No. 9.

**School Enrollment
Regional School District No.9**

School Year	9-12	Special Education¹	Total
Historical			
2006-07	970	18	988
2007-08	947	23	970
2008-09	954	-	954
2009-10	959	18	977
2010-11	974	17	991
2011-12	990	18	1,008
2012-13	997	16	1,013
2013-14	1,052	16	1,068
2014-15	1,050	17	1,067
2015-16	1,008	17	1,025
Projected			
2016-17	982	16	998
2017-18	914	16	930
2018-19	883	16	899

¹ Outplaced students, not broken out in projections.

Source: Director of Finance and Operations, Regional School District No. 9.

Redding School District

The Redding school district serves the students of Redding from grades pre-kindergarten through grade 8. It is comprised of two schools – Redding Elementary School, grades pre-K through grade 4, and John Read Middle School, grades 5 through 8. The district is administered by a seven person Board of Education who serve staggered four year terms without compensation. The Board is charged with determining curriculum, setting school policy, preparing and presenting the annual district budget, and all personnel matters within its jurisdiction. Except as required by state statute, the Board meets on a monthly basis.

Redding Elementary School. Redding Elementary School, with eight classrooms, was completed in 1948 and, in 1957, opened a new wing to double its capacity.

John Read Middle School. John Read Middle School opened in 1966, housing students in grades five through eight. The fifth grade moved to Redding Elementary School in 1980. A new wing was added to the Middle School in 1999 enabling the fifth grade to return to the facility.

**Redding School District
Principal Officials**

Office	Name	Manner of Selection	Term
Chairperson	Mrs. Sara Sobel	Elected	11/2013 - 11/2017
Vice Chairperson	Dr. Melinda Irwin	Elected	11/2013 - 11/2017
Secretary	Mrs. Allyson Florkowski	Elected	11/2015 - 11/2019

**Redding School District
School Facilities**

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2015	Operating Capacity
Redding Elementary	K-4	1948 (1973, 1988)	33	422	759
John Read Middle School.....	5-8	1966 (1988, 1999)	34	473	782
Total.....			67	895	1,541

Source: Superintendent's Office, Board of Education, Redding

**Redding School District
School Enrollment**

School Year	Elementary K-4	Middle School 5-8	Total
Historical			
2006-07	696	531	1,227
2007-08	672	574	1,246
2008-09	648	587	1,235
2009-10	608	595	1,203
2010-11	595	582	1,177
2011-12	544	592	1,136
2012-13	517	553	1,070
2013-14	483	520	1,003
2014-15	431	513	944
2015-16	422	473	895
Projected			
2016-17	415	441	856
2017-18	392	432	824
2018-19	362	402	764

Source: Superintendent's Office, Board of Education, Redding

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III. Economic and Demographic Information

Population and Density

Year	Actual		
	Population	% Increase	Density ¹
2014 ²	9,267	1.2%	287.8
2010	9,158	10.7%	284.4
2000	8,270	4.3%	256.8
1990	7,927	9.0%	246.2
1980	7,272	30.1%	225.8
1970	5,590	--	173.6

Source: U.S. Department of Commerce, Bureau of Census.

¹ Per square mile: 32.2 square miles.

² American Community Survey 2010-2014

Age Distribution of the Population

Age	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	431	4.7%	194,338	5.4%
5 to 9 years	548	5.9	217,491	6.1
10 to 14 years	816	8.8	234,666	6.5
15 to 19 years	709	7.7	255,499	7.1
20 to 24 years	335	3.6	234,482	6.5
25 to 34 years	536	5.8	433,145	12.1
35 to 44 years	724	7.8	459,130	12.8
45 to 54 years	1,750	18.9	563,772	15.7
55 to 59 years	692	7.5	253,952	7.1
60 to 64 years	848	9.2	214,499	6.0
65 to 74 years	961	10.4	280,541	7.8
75 to 84 years	499	5.4	162,971	4.5
85 years and over	418	4.5	87,567	2.4
Total	9,267	100.0%	3,592,053	100.0%

Source: American Community Survey 2010-2014

Income Distribution

Income	Town of Redding		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	24	1.0%	30,584	3.4%
10,000 - 14,999.....	8	0.3	18,591	2.1%
15,000 - 24,999.....	23	0.9	46,537	5.2%
25,000 - 34,999.....	31	1.2	56,473	6.3%
35,000 - 49,999.....	136	5.4	85,206	9.5%
50,000 - 74,999.....	225	9.0	140,776	15.6%
75,000 - 99,999.....	290	11.6	129,656	14.4%
100,000 - 149,999.....	432	17.3	184,327	20.5%
150,000 - 199,999.....	497	19.9	93,100	10.3%
200,000 and over.....	837	33.4	114,307	12.7%
Total	2,503	100.0%	899,557	100.0%

Source: American Community Survey 2010-2014

Income Levels

	Town of Redding	State of Connecticut
Per Capita Income, 2014.....	\$61,372	\$38,480
Per Capita Income, 2010.....	\$65,594	\$35,078
Median Family Income, 2014.....	\$157,568	\$81,246
Percent Below Poverty.....	3.7%	7.2%

Source: American Community Survey 2010-2014

Educational Attainment Years of School Completed Age 25 & Over

	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	31	0.5%	106,784	4.3%
9th to 12th grade, no diploma.....	63	1.0	150,227	6.1
High School graduate (includes equivalency)....	802	12.5	677,887	27.6
Some college, no degree.....	734	11.4	431,807	17.6
Associate degree.....	290	4.5	180,321	7.3
Bachelor's degree.....	2,477	38.5	506,662	20.6
Graduate or professional degree.....	2,031	31.6	401,889	16.4
Total.....	6,428	100.0%	2,455,577	100.0%
Percent high school graduate or higher.....		98.5%		89.5%
Percent bachelor's degree or higher.....		70.1%		37.0%

Source: American Community Survey 2010-2014

Major Employers As of January 2016

Name	Business	Approximate Number of Employees
Redding Life Care, LLC.....	Assisted Living Center	314
Town of Redding (full time)	Education	188
Redding Country Club.....	Golf/Banquet	92
Town of Redding (full time)	Municipal Government	66
Redding Road House.....	Restaurant	25

Source: Town of Redding, Finance Department.

Employment by Industry

Sector	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	52	1.2%	7,413	0.4%
Construction.....	126	2.9	97,974	5.5
Manufacturing.....	245	5.6	191,057	10.8
Wholesale trade.....	79	1.8	44,195	2.5
Retail trade.....	345	7.9	191,267	10.8
Transportation warehousing, and utilities.....	45	1.0	65,068	3.7
Information.....	73	1.7	41,905	2.4
Finance, insurance, real estate, and leasing....	656	15.0	161,926	9.2
Professional, scientific, management, administrative, and waste management.....	909	20.8	197,880	11.2
Education, health and social services.....	1,303	29.8	467,574	26.5
Arts, entertainment, recreation, accommodation and food services.....	318	7.3	154,005	8.7
Other services (except public admin.).....	147	3.4	80,179	4.5
Public Administration.....	79	1.8	66,491	3.8
Total Labor Force, Employed.....	4,377	100%	1,766,934	100.0%

Source: American Community Survey 2010-2014

Employment Data

Period	Town of Redding		Percentage Unemployed		
	Employed	Unemployed	Town of Redding	Bridgeport/ Stamford Labor Market	State of Connecticut
December 2015	4,314	167	3.7%	4.8%	5.0%
Annual Average					
2015.....	4,348	188	4.1	5.5	5.6
2014.....	4,633	209	4.3	6.2	6.7
2013.....	4,496	200	5.4	7.3	7.9
2012.....	4,554	290	6.0	7.8	8.3
2011.....	4,568	283	5.8	8.2	8.8
2010.....	4,542	292	6.0	8.4	9.0
2009.....	4,430	272	5.8	7.8	8.2
2008.....	4,553	177	3.7	5.3	5.7
2007.....	4,556	127	2.7	4.1	4.6
2006.....	4,536	132	2.8	3.9	4.3

Source: State of Connecticut, Department of Labor.

Age Distribution Of Housing

Year Built	Town of Redding		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	723	18.4%	334,290	22.4%
1940 to 1969.....	1,035	26.3	536,618	36.0
1970 to 1979.....	658	16.7	200,288	13.4
1980 to 1989.....	515	13.1	193,794	13.0
1990 to 1999.....	342	8.7	113,875	7.6
2000 or 2009.....	642	16.3	104,093	7.0
2010 or later.....	17	0.4	7,423	0.5
Total Housing Units.....	3,932	100.0%	1,490,381	100.0%

Source: American Community Survey 2010-2014

Housing Inventory

Housing Units	Town of Redding		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	3,269	83.1%	882,955	59.2%
1-unit, attached.....	11	0.3	79,922	5.4
2 units.....	102	2.6	120,070	8.1
3 or 4 units.....	44	1.1	133,452	9.0
5 to 9 units.....	31	0.8	81,574	5.5
10 to 19 units.....	10	0.3	55,609	3.7
20 or more units.....	465	11.8	124,683	8.4
Mobile home.....	-	-	11,819	0.8
Boat, RV, van, etc.....	-	-	297	0.0
Total Inventory.....	3,932	100.0%	1,490,381	100.0%

Source: American Community Survey 2010-2014

Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	35	1.2%	24,122	2.6%
\$50,000 to \$99,000.....	-	-	26,438	2.9
\$100,000 to \$149,999.....	10	0.4	72,756	8.0
\$150,000 to \$199,000.....	9	0.3	137,797	15.1
\$200,000 to \$299,999.....	104	3.7	257,364	28.2
\$300,000 to \$499,999.....	771	27.1	243,882	26.7
\$500,000 to \$999,999.....	1,521	53.4	109,918	12.0
\$1,000,000 or more.....	399	14.0	40,766	4.5
Total.....	2,849	100.0%	913,043	100.0%
Median Value.....	\$618,900		\$274,500	

Source: American Community Survey 2010-2014

Building Permits

The following schedule of building permits and their estimated values over the last ten years:

<i>Fiscal Year</i>		
<i>Ending 6/30</i>	<i>Number</i>	<i>Value</i>
2015	653	\$ 12,543,740
2014	822	19,219,414
2013	860	10,095,400
2012	874	13,791,399
2011	520	8,273,691
2010	595	10,086,646
2009	498	14,460,604
2008	568	16,655,031
2007	577	17,150,840
2006	821	72,693,252

Source: Town of Redding, Building Department

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IV. Tax Base Data

Property Tax - Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation which for the Town was as of October 1, 2012. Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must next revalue all real estate in 2017 and every fifth year thereafter. In addition, Section 12-62 of the Connecticut General Statutes, as amended, requires towns to implement a revaluation by physical observation not later than ten years following the date of the last revaluation by physical inspection.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

Public Act No. 15-244, which became effective October 1, 2015, allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (i) 32.00 mills for the 2015 assessment year and (ii) 29.36 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2014 assessment year is 28.91 mills.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments - July 1 and January 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent (1.5%) per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with state statutes.

Comparative Assessed Valuations

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal	Motor	Gross	Net		Percent Growth
	Real Property (%)	Real Property (%)	Real Property (%)	Property (%)	Vehicle (%)	Taxable Grand List	Less Exemption	Taxable Grand List	
2015	80.2	7.5	2.4	4.3	5.6	\$1,831,313,357	\$198,032,350	\$1,633,281,007	0.1%
2014	80.1	7.5	2.5	4.3	5.6	1,829,321,626	197,672,380	1,631,649,246	0.2%
2013	80.0	7.5	2.6	4.4	5.5	1,826,703,659	198,358,734	1,628,344,925	0.1%
2012	80.1	7.5	2.6	4.4	5.4	1,823,436,108	196,347,784	1,627,088,324	-18.5%
2011	82.1	6.8	3.0	3.6	4.5	2,236,448,240	240,879,325	1,995,568,915	0.3%
2010	82.2	6.8	3.1	3.5	4.4	2,232,627,253	242,385,355	1,990,241,898	-0.2%
2009	82.0	7.2	3.2	3.5	4.1	2,231,834,521	238,499,768	1,993,334,753	0.6%
2008	82.3	6.8	3.2	3.5	4.2	2,218,673,917	237,488,397	1,981,185,520	-1.5%
2007	81.0	6.7	3.4	4.4	4.5	2,239,679,258	228,518,813	2,011,160,445	28.5%
2006	80.8	5.1	6.2	2.2	5.7	1,708,099,479	143,147,064	1,564,952,415	--

Note: The latest revaluation was completed as of October 1, 2012 and became effective for fiscal year 2014.

Source: Assessor's Office, Town of Redding

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2015
2014	2016 ²	\$ 1,631,649,246	28.91	\$ 45,137,277	<i>IN COLLECTION</i>		
2013	2015	1,628,344,925	28.91	45,720,390	98.7%	1.3%	0.1%
2012 ¹	2014	1,627,088,324	28.95	45,791,419	98.6%	1.4%	0.6%
2011	2013	1,995,568,915	23.28	45,072,306	98.3%	1.7%	0.0%
2010	2012	1,990,241,898	22.79	44,044,397	97.9%	2.1%	1.1%
2009	2011	1,993,334,753	22.22	44,117,180	97.2%	2.8%	2.1%
2008	2010	1,981,185,520	21.79	42,068,864	99.0%	1.0%	1.2%
2007 ¹	2009	2,011,160,445	21.00	40,826,214	98.8%	1.2%	0.2%

¹ Revaluation.

² Subject to audit.

Source: Tax Collector's Office, Town of Redding.

Property Tax Receivable

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2015	\$572,608	\$2,367,490
2014	649,184	2,354,158
2013	747,916	2,098,689
2012	924,675	2,285,050
2011	1,186,690	1,975,780

Source: Annual Audit Reports, Town of Redding.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Redding Life Care LLC	Assisted Living Center	\$ 82,691,968	5.06%
Eversource.....	Public Utility	56,132,217	3.44%
Redding Country Club, Inc.	Private Golf Club	8,765,000	0.54%
Robert & Jamie D. Prusak.	Property Owner	6,052,700	0.37%
Aquarion Water Company of CT.....	Water Company	3,819,820	0.23%
Georgetown Land Development Co., LLC ²	Real Estate Developer	3,528,100	0.22%
123 Mountain Road Associates LLC	Property Owner	3,425,200	0.21%
Jerrold N. Fine.....	Property Owner	3,291,260	0.20%
EAN Holdings.....	Car Leasing and Rental	3,276,670	0.20%
Luciano & Debra Angeloni	Property Owner	2,894,780	0.18%
Total.....		\$ 173,877,715	10.65%

¹ Based on October 1, 2015 Net Taxable Grand List of \$1,633,281,007.

² Georgetown Land Development Co., LLC currently owes taxes of approximately \$1.7 million and accrued interest of \$1.1 million for the grand lists of October 1, 2007-2013. For each of the years, the grand list was reduced by the amount of the assessment when calculating the final mill rate. Accrued interest is not booked. In July 2015, the Town filed a lawsuit against the Georgetown Land Development Co., LLC. Liability is uncontested and no counterclaims have been asserted. However, certain holders of liens of the Georgetown Special Taxing District have claimed that their liens have an equal priority with the Town's tax liens. If such lienholders prevail, the Town's future recovery of the unpaid taxes and interest could be reduced. The parties are currently awaiting a ruling from the Court on the equal priority claim.

Source: Assessor's Office, Town of Redding

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V. Debt Summary

Principal Amount of Indebtedness As of March 16, 2016 (Pro Forma)

Long-Term Debt ¹			Amount of Original Issue	Outstanding After This Issue	Fiscal Year of Maturity
Dated	Purpose	Rate %			
1996	Sewer ²	2.00	\$ 1,293,905	\$ 4,281	2016
1999	Schools	4.75 - 6.50	4,755,000	1,668,000	2020
1999	General Purpose	4.75 - 6.50	8,345,000	932,000	2020
2010	General Purpose	2.00 - 4.00	6,729,950	670,000	2019
2010	Schools	2.00 - 4.00	3,585,050	360,000	2019
2012	General Purpose Refunding.....	1.00 - 4.00	2,680,000	1,725,000	2021
2016	General Purpose Refunding.....	2.00 - 4.00	4,409,000	4,409,000	2031
2016	Schools Refunding.....	2.00 - 4.00	2,336,000	2,336,000	2031
Total.....			34,133,905	12,104,281	

¹ Excludes the Refunded Bonds

² State of Connecticut Clean Water Fund (CWF) Permanent Loan Obligation. 46% of this loan is partially supported by benefit assessments levied on homeowners of the Georgetown section of the Town of Redding. See "Clean Water Fund Program" herein.

Short-Term Debt As of March 16, 2016 (Pro Forma)

Project	Aggregate Amount Authorized	This Issue Notes: Due: 3/15/17
Road Reconstruction (2012).....	\$ 3,500,000	\$ 3,236,850
Poverty Hollow Rd. Bridge Rehabilitation.....	300,000	234,650
Various School Capital Expenditures (2013)....	534,000	507,300
Highway Garage addition.....	300,000	285,000
P&R Field Equip Storage.....	71,000	67,450
P&R Permanent Storage.....	55,000	52,250
Stepney Rd Bridge.....	739,000	739,000
Road Projects (four year plan).....	6,753,429	5,148,429
Communications Tower.....	423,000	423,000
Various School Projects.....	1,950,071	1,950,071
Total	\$ 14,625,500	\$ 12,644,000

Overlapping/Underlying Debt As of March 16, 2016 (Pro Forma)

Overlapping

The following table discloses the overlapping debt of the Regional School District No. 9 of which Redding is a member.

Long-Term Debt			Amount of Original Issue	Amount Outstanding	Fiscal Year of Maturity
Dated	Purpose	Rate %			
03/03/10	School Refunding Bonds.....	3.00-4.00	\$ 5,430,000	\$ 3,745,000	2022
07/15/10	School Bonds.....	2.00-3.00	1,580,000	825,000	2021
11/15/11	School Refunding Bonds.....	3.00-5.00	9,720,000	8,265,000	2026
Total.....			\$ 16,730,000	\$ 12,835,000	

The Town of Redding and the Town of Easton are member Towns of the Regional School District No. 9, which provides a regional high school for each Member Town. Accordingly, the outstanding debt of the Regional District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2015, Redding's share is 52.8%. Total Regional District debt totals \$17,605,000, which includes bonds and notes. Based on school enrollment numbers as of October 1, 2015, each Member Town's gross share of the debt is as follows:

Entity	Debt Amount
Easton (47.2%)	\$ 8,309,560
Redding (52.8%)	9,295,440
Total Regional School District No. 9.....	\$ 17,605,000

Underlying

The Town of Redding has multiple districts within its borders, including fire districts and the Georgetown Special Taxing District, that have outstanding debt as of June 30, 2015 that would be considered underlying debt of the Town of Redding in the amount of \$1,049,867.

Annual Bonded Debt Maturity Schedule ¹
As of March 16, 2016
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	Cumulative Principal Retired %
2016 ¹	\$ 4,281	\$ 71,913	\$ 76,195	0.0%
2017	1,570,000	341,904	1,911,904	13.0%
2018	1,255,000	307,200	1,562,200	23.4%
2019	1,530,000	253,750	1,783,750	36.0%
2020	1,525,000	197,044	1,722,044	48.6%
2021	870,000	159,913	1,029,913	55.8%
2022	535,000	141,938	676,938	60.2%
2023	535,000	125,888	660,888	64.6%
2024	540,000	107,063	647,063	69.1%
2025	545,000	85,363	630,363	73.6%
2026	545,000	69,013	614,013	78.1%
2027	540,000	57,488	597,488	82.6%
2028	535,000	45,394	580,394	87.0%
2029	530,000	32,750	562,750	91.4%
2030	525,000	19,563	544,563	95.7%
2031	520,000	6,500	526,500	100.0%
Total.....	\$ 12,104,281	\$ 2,022,680	\$ 14,126,961	

¹ Excludes any refunded bonds and \$1,563,212 in principal payments and \$177,840 in interest payments from July 1, 2015 through March 16, 2016.

THE TOWN OF REDDING HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

Debt Statement
As of March 16, 2016
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose	\$ 7,736,000
Schools	4,364,000
Sewer	4,281
Total Long-Term Debt	\$ 12,104,281
Short-Term Debt (This issue to mature 3/15/17).....	12,644,000
Total Direct Debt	\$ 24,748,281
Less: School Construction Grants Receivable ¹	-
Total Direct Net Debt	\$ 24,748,281
Overlapping/Underlying Debt:	
Fire Districts (As of June 30, 2015).....	50,000
Georgetown Special Taxing District (As of June 30, 2015).....	999,867
Regional School District No. 9 (current Redding share = 52.80%).....	9,295,440
Total Overall Net Debt	\$ 35,093,588

¹ The State of Connecticut will reimburse the Town and Regional District for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Note: Excludes Refunded Bonds

Current Debt Ratios
As of March 16, 2016
(Pro Forma)

Population ²	9,267
Net Taxable Grand List (10/1/15)	\$ 1,633,281,007
Estimated Full Value	\$ 2,333,258,581
Equalized Net Taxable Grand List (10/1/13) ²	\$ 2,374,930,561
Money Income per Capita (2010) ¹	\$ 65,594
Money Income per Capita (2014) ²	\$ 61,372

	Total Direct Debt	Total Overall Net Debt
	\$24,748,281	\$35,093,588
Debt per Capita.....	\$2,670.58	\$3,786.94
Ratio to Net Taxable Grand List.....	1.52%	2.15%
Ratio to Estimated Full Value.....	1.06%	1.50%
Ratio to Equalized Grand List.....	1.04%	1.48%
Debt per Capita to Income per Capita (2010).....	4.07%	5.77%
Debt per Capita to Income per Capita (2014).....	4.35%	6.17%

¹ U.S. Department of Commerce, Bureau of Census.

² American Community Survey 2010-2014

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing no more than two years after they are issued (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school building projects) of the estimated net project cost. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date, except for sewer notes issued in anticipation of state and/or federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the issuance of such notes (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The Town is a participant in the State of Connecticut's Clean Water Fund Program (CGS Secs. 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs. The Town authorized \$1,636,000 to finance sewer facilities in the Georgetown section of the Town and entered into a Permanent Loan Obligation for \$1,293,905 in October 1996. Forty-six percent (46%) of the loan is supported by benefit assessments levied on the property owners of the Georgetown section of Redding. The balance of the loan is paid from the General Fund. The final payment on this loan is due on April 1, 2016.

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each such loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is 20 years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement, the first year's date, and thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water Fund commitments outstanding:

<u>Project</u>	<u>Amount Authorized</u>	<u>2% Permanent Loan Obligation ¹</u>	<u>Amount Outstanding As of 3/16/16</u>
CWF 131-C.....	\$1,293,905	\$1,293,905	\$4,281

¹ The Town's Project Loan Obligation (PLO) of \$1,293,905 was dated October 1, 1996. The Town will repay this obligation at an annual interest rate of 2% with equal monthly installments of \$6,484.77 commencing May 1, 1997 and on the first day in each month thereafter until April 1, 2016.

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

- General Purposes: 2.25 times annual receipts from taxation
- School Purposes: 4.50 times annual receipts from taxation
- Sewer Purposes: 3.75 times annual receipts from taxation
- Urban Renewal Purposes: 3.25 times annual receipts from taxation
- Unfunded Past Pension Purposes: 3.00 times annual receipts from taxation

“Annual receipts from taxation” (the “base”) are defined as total tax collections, including interest and penalties, late payment of taxes and state payments under CGS Sections 12-129d and 7-528. In no case shall total indebtedness exceed seven times the base.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt issued (i) in anticipation of taxes; (ii) for the supply of water, gas, electricity, for electric demand response, for conservation and load management, for distributed generation, for renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction and operation of a community antenna television system; the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes; (iii) in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment, an allocation from the State Bond Commission or contract but only to the extent such indebtedness can be paid from such proceeds; (v) for certain water pollution control projects; and (vi) upon placement in escrow of the proceeds of refunding bonds or notes.

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Statement of Debt Limitation
As of March 16, 2016
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the fiscal year ended June 30, 2015	\$ 45,664,887
Fire District tax and interest collections.....	1,409,019

Reimbursement For Revenue Loss:

Tax relief for elderly.....	246
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Base for Debt Limitation Computation.....	\$ 47,074,152
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	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$ 105,916,842	-	-	-	-
4 1/2 times base.....	-	\$ 211,833,684	-	-	-
3 3/4 times base.....	-	-	\$ 176,528,070	-	-
3 1/4 times base.....	-	-	-	\$ 152,990,994	-
3 times base.....	-	-	-	-	\$ 141,222,456
Total Debt Limitation	\$ 105,916,842	\$ 211,833,684	\$ 176,528,070	\$ 152,990,994	\$ 141,222,456

Indebtedness:

Bonds Outstanding ³	\$ 7,736,000	\$ 4,364,000	-	-	-	-
Notes: This Issue	12,644,000	-	-	-	-	-
State of CT, Clean Water Fund Debt ¹	-	-	4,281	-	-	-
Net Overlapping Debt (Share of RSD #9 Debt).....	-	9,295,440	-	-	-	-
Underlying Debt.....	1,049,867	-	-	-	-	-
Debt Authorized But Unissued	1,845,500	-	-	-	-	-
Total Indebtedness	\$ 23,275,367	\$ 13,659,440	\$ 4,281	\$ -	\$ -	\$ -

Less:

State School Grants Receivable ²	-	-	-	-	-	-
Total Net Indebtedness	\$ 23,275,367	\$ 13,659,440	\$ 4,281	\$ -	\$ -	\$ -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS	\$ 82,641,475	\$ 198,174,244	\$ 176,523,789	\$ 152,990,994	\$ 141,222,456
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¹ Supported by benefit assessments levied on property owners of the Georgetown section of the Town of Redding.

² The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

³ Excludes the Refunded Bonds.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$329,519,064.

Authorized but Unissued Debt
As of March 16, 2016
(Pro Forma)

<u>Project</u>	<u>Aggregate Amount Authorized</u>	<u>Bonds Issued</u>	<u>Notes Dated: 6/17/15 Due: 3/16/16</u>	<u>Paydowns Applied</u>	<u>New Money</u>	<u>This Issue Notes: Due: 3/15/17</u>	<u>Authorized but Unissued</u>
Road Reconstruction (2012).....	\$ 3,500,000	\$ -	\$ 3,412,500	(175,650)	-	\$ 3,236,850	\$ 87,500
Sprinkler System Fire Code Upgrade	100,000	-	-	-	-	-	100,000
Poverty Hollow Rd. Bridge Rehabilitation.....	300,000	-	247,000	(12,350)	-	234,650	53,000
Various School Capital Expenditures (2013)....	534,000	-	534,000	(26,700)	-	507,300	-
Highway Garage addition.....	300,000	-	300,000	(15,000)	-	285,000	-
P&R Field Equip Storage.....	71,000	-	71,000	(3,550)	-	67,450	-
P&R Permanent Storage.....	55,000	-	55,000	(2,750)	-	52,250	-
Stepney Rd Bridge.....	739,000	-	-	-	739,000	739,000	-
Road Projects (four year plan).....	6,753,429	-	3,581,429	-	1,567,000	5,148,429	1,605,000
Communications Tower.....	423,000	-	423,000	-	-	423,000	-
Various School Projects.....	1,950,071	-	1,950,071	-	-	1,950,071	-
Total	\$ 14,725,500	\$ -	\$ 10,574,000	\$ (236,000)	\$ 2,306,000	\$ 12,644,000	\$ 1,845,500

**Principal Amount of Outstanding Debt
Last Five Fiscal Years**

Long-Term Debt	2015	2014	2013	2012	2011
Bonds ¹	\$ 13,758,032	\$ 15,354,021	\$ 16,723,031	\$ 18,204,739	\$ 19,751,892
Short-Term Debt					
Bond Anticipation Notes....	10,574,000	5,638,000	4,281,000	1,750,000	-
Totals	\$ 24,332,032	\$ 20,992,021	\$ 21,004,031	\$ 19,954,739	\$ 19,751,892

¹ Includes State of Connecticut Clean Water Fund debt.

Ratios of Net Long-Term Debt to Valuation, Population and Income

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value ¹ (000s)	Net Long-Term Debt (000s) ²	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Income ⁴ (%)
2015	\$ 1,628,345	\$ 2,326,207	\$ 13,758	0.84%	0.59%	9,267	\$1,485	2.42%
2014	1,627,088	2,324,412	15,354	0.94%	0.66%	9,267	1,657	2.70%
2013	1,995,569	2,850,813	16,723	0.84%	0.59%	9,267	1,805	2.94%
2012	1,990,242	2,843,203	18,205	0.91%	0.64%	9,267	1,964	3.20%
2011	1,993,335	2,847,621	19,752	0.99%	0.69%	9,267	2,131	3.47%

¹ Assessment Ratio, 70%; Revaluation October 1, 2012.

² Includes State of Connecticut Clean Water Fund debt and subtracts school construction grants receivable.

³ American Community Survey 2010-2014

⁴ Money Income per Capita: American Community Survey 2010-2014: \$61,372 used for all calculations.

**Ratio of Total Debt Service Expenditures
To Total General Fund Expenditures and Transfers Out
Last Five Fiscal Years**

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2016	\$ 2,253,840	\$ 47,796,002	4.72%
2015	2,190,217	49,853,477	4.39%
2014	2,049,173	50,219,018	4.08%
2013	2,265,134	49,051,187	4.62%
2012	2,264,829	48,139,137	4.70%

¹ GAAP basis of accounting. Includes transfers out.

Note: Excludes capital lease payments and Clean Water Fund Permanent Loan Obligation debt service.

Source: Annual Audited Financial Statements, 2012-2015.

Adopted Budget, 2016. Budgetary basis.

VI. Financial Administration

Fiscal Year

The Town's fiscal year begins July 1 and ends June 30.

Basis of Accounting

See footnote number 1 in "Appendix A - Notes to General Purpose Financial Statements."

Budget Procedure

See footnote number 2 in "Appendix A - Notes to General Purpose Financial Statements."

Audit

The Town of Redding, pursuant to local ordinances and provisions of Chapter 111 of the Connecticut General Statutes (CGS Secs. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2015, the financial statements of the various funds of the Town were audited by Blum Shapiro, 29 South Main Street, P.O. Box 272000, West Hartford, CT 06127-2000.

Liability Insurance

See footnote number 10 in "Appendix A - Notes to General Purpose Financial Statements."

Pensions

All permanent Town employees who work at least 20 hours a week, excluding teachers, participate in the Municipal Employees' Retirement Fund (MERF). MERF is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. At June 30, 2015, the Town reported a liability of \$3,405,997 for its proportionate share of the net pension liability related to its participation in MERS.

Covered employees are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission.

The Town's required and actual contribution history is listed below:

Date	Required Contribution	Actual Contribution	Percentage Contributed
6/30/2012	\$ 350,209	\$ (5,729)	-1.64%
6/30/2013	359,269	21,284	5.92%
6/30/2014	243,714	11,814	4.85%
6/30/2015	249,280	130,128	52.20%

Beginning in 2010, the Town starting moving new employees to a defined contribution plan.

The Town's teachers participate in an employee contributory defined benefit plan administered by the State. The Town does not contribute to the plan nor does it have any legal obligation for benefit payments.

For additional information, see footnote number 11 in "Appendix A - Notes to General Purpose Financial Statements."

Other Post Employment Benefits

In addition to the pension benefits described above, certain Town employees retiring under the Town's Retiree Medical Program are provided post-employment benefits through age 65. Such benefits have traditionally been funded by the Town on a "pay-as-you-go" basis. The Town's Annual OPEB cost for Fiscal Year Ended June 30, 2015 was \$220,850 and its NET OPEB obligation as of June 30, 2015 was \$2,157,643.

Based on a July 1, 2014 actuarial valuation date, the Town has an Actuarial Accrued Liability of \$2,751,153.

For additional information, see footnote number 12 in "Appendix A - Notes to General Purpose Financial Statements."

Investment Policy

The Town of Redding's investment policy applies to all investment activities of the Town. All of the Town's funds are under the control of the Treasurer.

Funds may be invested in:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available;
- U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value;
- The State Treasurer's Short Term Investment Fund (STIF) established pursuant to CGS 3-27a;
- Certificates of deposit and other evidences of deposit at qualified public depositories, as defined in CGS 36a-330, in an amount not to exceed the maximum FDIC insurance guideline;
- Highest investment-grade obligations of state and local governments and public authorities;
- Repurchase agreements fully collateralized with US Government and agency securities held by a third-party custodian bank;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities and those guaranteed by the federal government.

Town funds not under the direct control of the Treasurer will be the responsibility of the director or head of that department until such time the funds are either transferred and collected by the Town Treasurer, disbursed or maintained for which the fund has been established.

In addition, the Town Treasurer monitors the risk based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, for which it places deposits or makes investments. Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes, Sections 7-400 and 7-402.

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis),
and Adopted Budget (Budgetary Basis)

	Adopted Budget ¹ 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
Revenues:					
Property taxes	\$ 45,137,277	\$ 45,698,262	\$ 45,676,124	\$ 45,701,489	\$ 43,547,989
Intergovernmental revenues	929,292	4,064,199	3,801,388	3,546,997	3,558,675
Investment income	22,500	25,464	21,099	21,046	22,249
Charges for Services.....	1,366,783	1,317,683	1,328,181	1,259,125	1,312,856
Other	340,150	76,509	33,339	-	-
Total.....	\$ 47,796,002	\$ 51,182,117	\$ 50,860,131	\$ 50,528,657	\$ 48,441,769
Expenditures:					
General government	3,053,594	2,999,900	2,952,518	2,786,146	2,324,192
Public safety	2,387,333	2,366,064	2,325,517	2,241,116	2,113,680
Highway and streets	1,418,948	1,497,305	1,494,389	1,342,431	1,598,912
Transfer station and recycling	282,657	258,057	293,302	309,323	330,170
Health and welfare	120,319	112,839	115,057	107,161	100,795
Library	489,950	457,898	433,000	423,000	402,250
Parks and recreation	950,077	888,842	900,669	930,014	924,460
Employee benefits	3,197,700	2,745,402	2,727,287	2,557,585	2,418,832
Education	33,635,584	36,249,453	36,823,250	35,982,664	35,106,197
Capital outlay	6,000	-	-	1,757	6,964
Debt service	2,253,840	2,190,217	2,049,173	2,265,134	2,264,829
Total.....	\$ 47,796,002	\$ 49,765,977	\$ 50,114,162	\$ 48,946,331	\$ 47,591,281
Excess (Deficiency) of Revenues					
Over Expenditures.....	-	1,416,140	745,969	1,582,326	850,488
Other financing sources (uses):					
Sale of capital assets	-	-	-	23,084	5,861
Payment to Bond Escrow Agent	-	-	-	(2,780,959)	-
Proceeds from Refunding Bonds	-	-	-	2,680,000	-
Premium from Refunding Bonds	-	-	-	167,385	-
Bond Anticipation Note Premium	-	-	34,549	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(87,500)	(104,856)	(104,856)	(547,856)
Total Other financing sources (uses).....	-	(87,500)	(70,307)	(15,346)	(541,995)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....					
	-	1,328,640	675,662	1,566,980	308,493
Fund Equity, Beginning of Year.....	8,488,722	7,160,082	6,940,679	6,514,368	6,205,875
Restatement	-	-	(456,259)	(1,140,669)	-
Fund Equity, End of Year.....	N/A	\$ 8,488,722	\$ 7,160,082	\$ 6,940,679	\$ 6,514,368

¹ Budgetary Basis. Subject to Audit. No assurances can be given that subsequent projections and the final result of operations will not change.

Analysis of General Fund Equity

	Adopted Budget 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
Nonspendable.....	N/A	\$ 1,526,022	\$ 1,272,748	\$ 1,720	\$ 1,661
Committed.....	N/A	208,822	208,822	208,822	-
Assigned.....	N/A	159,412	91,466	180,519	73,685
Unassigned.....	N/A	6,594,466	5,587,046	6,549,618	6,439,022
Total Fund Equity	N/A	\$ 8,488,722	\$ 7,160,082	\$ 6,940,679	\$ 6,514,368

Public Act No. 15-244 (the “Act”), which became effective October 1, 2015, creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose increases in general budget expenditures, with certain exceptions, exceed the spending limits specified in the Act. Each fiscal year, OPM must reduce the municipal revenue sharing grant paid to a municipality if the annual increase in its general budget expenditures is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over the expenditure cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in FY 15), the reduction shall not be more than the portion of the grant that exceeds the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Property Tax - Assessments" herein.)

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the increased spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.36 mills, for FY 18 disbursements and thereafter.

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VII. Legal And Other Information

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Notes and will render its opinion in substantially the form included in this Official Statement as Appendix B.

Litigation

The Town Attorney has advised that the Town, its officers, employees, boards and commissions are named defendants in several lawsuits. With regard to these pending lawsuits, it is the Town Attorney's opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments or settlements which would materially adversely affect the Town's financial position, except that an adverse judgment in the case described below could have an adverse fiscal impact on the Town which might be significant.

Redding Life Care, LLC Real Property Assessment Valuation Appeal.

Redding Life Care, LLC ("RLC"), filed a tax appeal in the Connecticut Superior Court against the Town challenging the assessment of the continuing care retirement community (CCRC) it owns at 100 Redding Road as of October 1, 2012, the date of the last Redding revaluation. The assessor valued the CCRC real property at a fair market value of \$112,500,000 and an assessed value of \$78,750,000 (70% of fair market value). The real estate assessment is estimated to yield annual taxes of \$2,279,812 on the October 1, 2012 Grand List, \$2,276,662 on the October 1, 2013 Grand List and \$2,276,662 on the October 1, 2014 Grand List. RLC asserts that the Town's fair market value, and therefore the taxes expected to be levied, are excessive by approximately 40% or \$900,000 of the annual taxes due. The case is currently stayed due to a pending appeal to the Connecticut Supreme Court on a procedural interlocutory issue. The Town believes that its valuation is correct and intends to vigorously defend it.

Transcript and Closing Documents

Upon delivery of the Notes, the winning purchaser(s) will be furnished with the following documents:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town, signed by the First Selectman, Treasurer, and Finance Director of the Town which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that at the time bids were accepted on the Notes, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Notes.
4. Executed continuing disclosure agreement for the Notes substantially in the form attached hereto as Appendix C.
5. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.
6. The Town of Redding has prepared an Official Statement for the Notes which is dated March __, 2016. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will make available to the winning purchaser of the Notes ten (10) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the Town's Financial Advisor is provided with the necessary information from the winning purchasers by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or re-offering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Notes. The winning purchasers shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchasers at their own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Notes will be kept on file at the offices of U.S. Bank, National Association, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any such statements will be realized. Information herein has been derived by the Town from official and other sources and is believed by the Town to be reliable, but such information other than that obtained from official records of the Town has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF REDDING, CONNECTICUT

By: _____
Julia Pemberton, *First Selectman*

By: _____
Janice Meehan, *Treasurer*

By: _____
Stephen Gniadek, *Finance Director*

March __, 2016

Appendix A

2015 General Purpose Financial Statements Excerpted from the Town's Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Redding, Connecticut for the fiscal year ended June 30, 2015. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite #1, Milford, Connecticut 06460. Telephone (203) 878-4945.



Independent Auditor's Report

RSM US LLP

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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Redding, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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, 2015 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.

Emphasis of a Matter

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB 68*, which resulted in the Town restating net position for recognition of the Town's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

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 schedule of employer contributions and the schedule of funding progress – OPEB, the schedule of contributions and the Town's proportionate share of the net pension liability – MERS pension plan and the schedule of the Town's proportionate share of the net pension liability – Teachers' Retirement Plan, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Redding, Connecticut's basic financial statements. The 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 nonmajor 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 9, 2015, on our consideration of the Town of Redding, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Redding, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 9, 2015

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Town of Redding, Connecticut

Management's Discussion and Analysis - unaudited For the Year Ended June 30, 2015

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, 2015.

Financial Highlights

- The assets of the Town's governmental activities exceeded its liabilities at the close of the most recent year by \$47,751,954 (net position). Of this amount, \$16,784,958 (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 \$4,139,242 due to increased tax collections and reduced expenses.
- Total General Fund fund balance at June 30, 2015 is \$8,488,722 which is \$1,328,640 or 18.6% higher than the prior year fund balance. The General Fund balance consists of the Unassigned Fund Balance, Nonspendable Fund Balance, the Committed Fund Balance and the Assigned Fund Balance. The Unassigned Fund Balance totals \$6,594,466 and represents 13.8% of the next year budgeted expenditures. The Nonspendable Fund Balance totals \$1,526,022 and represents 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 and inventories, and the Committed Fund Balance of \$ 208,822, for debt reduction, and the Assigned Fund Balance of \$159,412 for encumbrances.
- Actual expenditures came in 1.46% or \$694,219 under budget due to responsible spending within Town departments.
- Additionally, actual revenues were 1.37% or \$649,103, higher than budgeted primarily due to property tax collections and related interest.
- The Town issued \$10,574,000 in authorized bond anticipation notes (BANS) for road repair and construction, bridge rehabilitation, and school building renovations. The coupon rate of 1.0% is reduced by the premium, resulting in a net interest cost of .296%.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position, which presents information on all of the Town's assets, deferred outflows, liabilities and deferred inflows, 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 is 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 and education. The Town's business-type activities are for the Georgetown Sewer Enterprise Fund operations.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements 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 resource as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements within the supplementary information section of this report.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds. The Town maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions.

The Town uses internal service funds to account for its self-insured medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Georgetown Sewer fund (a major fund).

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide other post-employment benefits to its employees, and General Fund budget information. This information can be found on pages 51-56 of this report.

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. Assets exceeded liabilities by \$54,646,596 at the close of the most recent fiscal year.

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Current and Other Assets	\$ 23,671,607	\$ 16,988,586	\$ (1,432,255)	\$ (1,203,123)	\$ 22,239,352	\$ 15,785,463
Capital Assets	60,683,219	59,519,372	8,420,654	8,600,245	69,103,873	68,119,617
Total assets	84,354,826	76,507,958	6,988,399	7,397,122	91,343,225	83,905,080
Deferred outflows of resources	946,528	88,339	-	-	946,528	88,339
Long-Term Debt Outstanding	20,768,709	19,125,232	-	-	20,768,709	19,125,232
Other Liabilities	14,008,814	9,758,029	93,757	134,425	14,102,571	9,892,454
Total liabilities	34,777,523	28,883,261	93,757	134,425	34,871,280	29,017,686
Deferred inflows of resources	2,771,877	246,225	-	-	2,771,877	246,225
Net Position						
Net investment in capital assets	30,966,996	37,246,394	8,420,654	8,600,245	39,387,650	45,846,639
Unrestricted	16,784,958	10,220,417	(1,526,012)	(1,337,548)	15,258,946	8,882,869
Total net position	\$ 47,751,954	\$ 47,466,811	\$ 6,894,642	\$ 7,262,697	54,646,596	\$ 54,729,508

By far, the largest portion of the Town's net position (72%) 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.

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 \$4,139,242 mainly due to better expected revenues from property taxes and expenses being lower than anticipated.

Revenues. Governmental activities revenues totaled \$52,416,606 for the fiscal year. Property taxes are the largest revenue source for the Town and represent 88% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 9% of governmental revenues.

Expenses. Governmental expenses totaled \$48,277,364 for the fiscal year. Of the expenses, \$36,221,941 or 75% is related to education. Public safety expenses amounted \$3,228,429 or 7%. General government expenses amounted to \$4,011,987 or 8% and highway and streets expenses were \$2,259,779 or 5%.

Summary Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,389,984	\$ 1,436,019	\$ 402,752	\$ 358,717	\$ 1,792,736	\$ 1,794,736
Operating grants and contributions	4,720,743	4,136,754	-	-	4,720,743	4,136,754
Capital grants and contributions	85,933	790,408	-	-	85,933	790,408
General revenues						
Property taxes	46,019,078	46,215,357	-	-	46,019,078	46,215,357
Grants and contributions not restricted to specific purposes	38,028	43,246	-	-	38,028	43,246
Investment income	28,052	27,443	7	193	28,059	27,636
Miscellaneous	134,788	66,514	-	-	134,788	66,514
Total revenues	52,416,606	52,715,741	402,759	358,910	52,819,365	53,074,651
Program Expenses						
General government	4,011,987	4,705,089	-	-	4,011,987	4,705,089
Public safety	3,228,429	3,354,838	-	-	3,228,429	3,354,838
Highway and streets	1,592,510	2,440,040	-	-	1,592,510	2,440,040
Transfer station and recycling	373,408	413,983	-	-	373,408	413,983
Health and social services	159,177	163,226	-	-	159,177	163,226
Library	613,563	578,440	-	-	613,563	578,440
Parks and recreation	1,212,541	1,249,000	-	-	1,212,541	1,249,000
Education	36,531,377	37,271,718	-	-	36,531,377	37,271,718
Interest expense	554,372	283,301	-	-	554,372	283,301
Sewer department	-	-	770,814	1,017,197	770,814	1,017,197
Total program expenses	48,277,364	50,459,635	770,814	1,017,197	49,048,178	51,476,832
Changes in net position	4,139,242	2,256,106	(368,055)	(658,287)	3,771,187	1,597,819
Net Position, Beginning as Restated*	43,612,712	45,210,705	7,262,697	7,920,984	50,875,409	53,131,689
Net Position, Ending	\$ 47,751,954	\$ 47,466,811	\$ 6,894,642	\$ 7,262,697	\$ 54,646,596	\$ 54,729,508

* See Note 1

Business-Type Activities. Business-type activities decreased the Town's net position by \$368,055. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$770,814, which was a 24% decrease from the prior year. This decrease was due to a one-time charge last year associated with the replacement of failed 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, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

General Fund:

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

Unassigned fund balance, July 1, 2014	\$ 5,587,046
Actual revenue greater than budgeted	649,103
Actual expenditures less than budgeted	694,219
Less supplemental appropriation	(180,925)
Encumbrances	<u>(154,977)</u>
Unassigned fund balance, June 30, 2015	<u><u>\$ 6,594,466</u></u>

The supplemental appropriation approved at town meeting was used to fund highway department snow removal expenses, special legal expenses, and debt retirement.

General Fund actual expenditures came in 1.46% under budget due to responsible spending within Town departments. Additionally, actual revenues were 1.37% higher than budgeted primarily due to property tax collections and interest.

General Fund Budgetary Highlights

Actual revenue exceeded budget by approximately 1.37%. Property tax collections both current and prior, alone with associated interest, all exceeded the budgeted amounts.

Actual expenditures were 1.46% favorable to budget primarily due to controlling departmental spending and the transfer of a year-end Board of Education surplus. These factors helped mitigate the negative impact of severe winter weather and associated storm and snow removal costs.

Road reconstruction fund: The fund balance has decreased by approximately \$867,000 which resulted from expenditures related to the road improvement projects.

Capital Projects- Schools: The fund balance decreased by approximately \$298,000 which is a result of expenditures relating to capital improvements for the schools.

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, 2015 amounts to \$69,103,873 (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	
	2015	2014	2015	2014	2015	2014
Land	\$ 19,203,822	\$ 19,203,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 19,219,164
Construction in Progress	428,949	3,151,679	-	-	428,949	3,151,679
Buildings	15,002,786	14,839,160	-	-	15,002,786	14,839,160
Sewer Plant	-	-	7,907,279	7,990,489	7,907,279	7,990,489
Sewer Collection System	-	-	498,033	594,414	498,033	594,414
Machinery and Equipment	2,613,820	2,547,625	-	-	2,613,820	2,547,625
Infrastructure	20,905,184	17,211,324	-	-	20,905,184	17,211,324
Vehicles	2,298,745	2,392,182	-	-	2,298,745	2,392,182
Furniture and Fixtures	229,913	173,580	-	-	229,913	173,580
	<u>\$ 60,683,219</u>	<u>\$ 59,519,372</u>	<u>\$ 8,420,654</u>	<u>\$ 8,600,245</u>	<u>\$ 69,103,873</u>	<u>\$ 68,119,617</u>

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 debt outstanding of \$13,758,032. The entire amount is backed by the full faith and credit of the Town.

**Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2015	2014
General Obligation Bonds - Town Improvements	\$ 9,685,539	\$ 10,818,462
General Obligation Bonds - School Improvements	4,030,000	4,443,000
Clean Water Fund Note	42,493	92,559
	<u>\$ 13,758,032</u>	<u>\$ 15,354,021</u>

The Town received an “AAA” credit rating from Standard & Poor’s for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$329,519,064 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, 2015, which matures through 2026, amounted to \$13,965,000. The Town’s share of the debt was \$7,555,065.

Additional information on the Town’s long-term debt can be found in Note 9 of this report. The Town also has short-term debt in the form of BANS totaling \$10,574,000, the detail of which can be found in Note 8.

Economic Factors and Next Year’s Budget and Assumptions

The unemployment rate for the Town was 4.5%, down from last year reported of 5.5%. The rate compares favorably with the state’s average rate of 6.2%.

The Governor of the State has declared that there will be no reduction in state aid.

These factors, along with declining school enrollment forecasts and continued expense management were considered in the preparation of the budget for 2015-16, that resulted in an increase of only .35% over the prior year budget.

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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,763,097	\$ 33,492	\$ 17,796,589
Receivables, net (Note 4)	4,382,488	-	4,382,488
Other	60,275	-	60,275
Advance to other funds	1,465,747	(1,465,747)	-
Capital assets, not being depreciated	19,632,771	15,342	19,648,113
Capital assets being depreciated, net	41,050,448	8,405,312	49,455,760
Total assets	84,354,826	6,988,399	91,343,225
Deferred Outflows of Resources			
Deferred pension expense	870,809	-	870,809
Deferred charge on refunding	75,719	-	75,719
Total deferred outflows of resources	946,528	-	946,528
Liabilities			
Accounts payable and accrued expenses	2,450,512	93,757	2,544,269
Due to other governments	14,895	-	14,895
Due to Regional School District No.9	969,407	-	969,407
Bond anticipation notes	10,574,000	-	10,574,000
Long-term liabilities:			
Noncurrent liabilities due within one year	1,634,694	-	1,634,694
Due in more than one year	19,134,015	-	19,134,015
Total liabilities	34,777,523	93,757	34,871,280
Deferred Inflows of Resources			
Deferred pension credit	1,057,230	-	1,057,230
Advance property tax collections	1,714,647	-	1,714,647
Total deferred inflows of resources	2,771,877	-	2,771,877
Net Position			
Net Investment in Capital Assets	30,966,996	8,420,654	39,387,650
Unrestricted (Deficit)	16,784,958	(1,526,012)	15,258,946
Total net position	\$ 47,751,954	\$ 6,894,642	\$ 54,646,596

See Notes to Financial Statements.

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 4,011,987	\$ 358,776	\$ 324,815	\$ -	\$ (3,328,396)	\$ -	\$ (3,328,396)
Public Safety	3,228,429	56,852	12,948	-	(3,158,629)	-	(3,158,629)
Highway and street	1,592,510	172,574	268,879	85,933	(1,065,124)	-	(1,065,124)
Transfer station and recycling	373,408	160,617	-	-	(212,791)	-	(212,791)
Health and Welfare	159,177	21,620	-	-	(137,557)	-	(137,557)
Library	613,563	-	-	-	(613,563)	-	(613,563)
Education	36,531,377	-	4,114,101	-	(32,417,276)	-	(32,417,276)
Park and Recreation	1,212,541	619,545	-	-	(592,996)	-	(592,996)
Interest and fiscal charges	554,372	-	-	-	(554,372)	-	(554,372)
Total governmental activities	48,277,364	1,389,984	4,720,743	85,933	(42,080,704)	-	(42,080,704)
Business-Type Activities							
Georgetown sewer	770,814	402,752	-	-	-	(368,062)	(368,062)
	\$ 49,048,178	\$ 1,792,736	\$ 4,720,743	\$ 85,933			
General revenues:							
Property taxes					46,019,078	-	46,019,078
Grants and contributions not restricted to specific programs					38,028	-	38,028
Investment income					28,052	7	28,059
Miscellaneous					134,788	-	134,788
Total general revenues					46,219,946	7	46,219,953
Change in net position					4,139,242	(368,055)	3,771,187
Net Position - Beginning , as Restated- Note 1					43,612,712	7,262,697	50,875,409
Net position - Ending					\$ 47,751,954	\$ 6,894,642	\$ 54,646,596

See Notes to Financial Statements.

**Balance Sheet - Governmental Funds
June 30, 2015**

	General	Road Reconstruction	Capital Projects- Schools	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 10,862,854	\$ 3,041,597	\$ 2,033,102	\$ 1,646,237	\$ 17,583,790
Receivables					
Property taxes	3,470,716	-	-	-	3,470,716
Sewer assessments	-	-	-	5,506	5,506
Intergovernmental	-	-	-	774,200	774,200
Other	132,066	-	-	-	132,066
Due from Other Funds	723,752	17,600	-	261,687	1,003,039
Prepays	56,462	-	-	-	56,462
Inventory	3,813	-	-	-	3,813
Advance to Other Funds	1,465,747	-	-	-	1,465,747
Total assets	\$ 16,715,410	\$ 3,059,197	\$ 2,033,102	\$ 2,687,630	\$ 24,495,339
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities					
Accounts payable	\$ 1,483,307	\$ 412,272	\$ 207,817	\$ 29,404	\$ 2,132,800
Due to other governments	14,895	-	-	-	14,895
Due to Regional School District No.9	969,407	-	-	-	969,407
Due to other funds	664,806	-	-	723,752	1,388,558
Bond anticipation notes payables	-	7,280,699	2,336,301	957,000	10,574,000
Total liabilities	3,132,415	7,692,971	2,544,118	1,710,156	15,079,660
Deferred Inflows of Resources					
Advance tax collections	1,714,647	-	-	-	1,714,647
Unavailable resources-other	3,379,626	-	-	775,506	4,155,132
	5,094,273	-	-	775,506	5,869,779
Fund Balances (Deficits)					
Nonspendable	1,526,022	-	-	-	1,526,022
Restricted	-	-	-	187,936	187,936
Committed	208,822	-	-	1,272,580	1,481,402
Assigned	159,412	-	-	-	159,412
Unassigned	6,594,466	(4,633,774)	(511,016)	(1,258,548)	191,128
Total fund balances (deficits)	8,488,722	(4,633,774)	(511,016)	201,968	3,545,900
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 16,715,410	\$ 3,059,197	\$ 2,033,102	\$ 2,687,630	\$ 24,495,339

See Notes to Financial Statements.

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2015**

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)	\$ 3,545,900
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	75,108,978
Less accumulated depreciation	<u>(14,425,759)</u>
Net capital assets	<u>60,683,219</u>

Assets are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds:

Property tax and sewer assessment interest and lien accrual	1,230,778
Property tax and sewer assessment receivable	2,154,354
Intergovernmental	770,000

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	395,619
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Net deferred outflows/inflows relating to pension	(186,421)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(13,758,032)
Deferred amounts on refunding	75,719
Compensated absences	(224,414)
Accrued interest payable	(148,505)
Capital leases	(1,194,873)
MERS net pension liability	(3,405,997)
Net OPEB obligation	(2,157,643)
Landfill closure and post-closure care	<u>(27,750)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 47,751,954</u>
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See Notes to Financial Statements.

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2015

	General	Road Reconstruction Fund	Capital Projects- Schools	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 45,698,262	\$ -	\$ -	\$ -	\$ 45,698,262
Intergovernmental	4,064,199	-	-	687,912	4,752,111
Investment income	25,464	29	318	2,241	28,052
Charges for services	1,317,683	-	-	164,894	1,482,577
Other	76,509	-	-	58,279	134,788
Total revenues	51,182,117	29	318	913,326	52,095,790
Expenditures					
Current:					
General government	2,999,900	337	-	74,048	3,074,285
Public safety	2,366,064	-	-	9,458	2,375,522
Highway and street	1,497,305	-	-	1,207	1,498,512
Transfer station and recycling	258,057	-	-	-	258,057
Health and welfare	112,839	-	-	99	112,938
Library	457,898	-	-	-	457,898
Parks and recreation	888,842	-	-	15,262	904,104
Employee benefits	2,745,402	-	-	-	2,745,402
Education	36,249,453	-	-	309,436	36,558,889
Debt service	2,190,217	-	-	-	2,190,217
Capital outlay	-	910,385	341,868	855,310	2,107,563
Total expenditures	49,765,977	910,722	341,868	1,264,820	52,283,387
Revenues over (under) expenditures	1,416,140	(910,693)	(341,550)	(351,494)	(187,597)
Other Financing Sources (Uses)					
Transfer in	-	43,750	43,750	-	87,500
Transfer out	(87,500)	-	-	-	(87,500)
Capital leases proceeds	-	-	-	393,927	393,927
Total other financing sources (uses)	(87,500)	43,750	43,750	393,927	393,927
Change in fund balances (deficits)	1,328,640	(866,943)	(297,800)	42,433	206,330
Fund Balances (Deficits), Beginning of Year	7,160,082	(3,766,831)	(213,216)	159,535	3,339,570
Fund Balances (Deficits), End of Year	\$ 8,488,722	\$ (4,633,774)	\$ (511,016)	\$ 201,968	\$ 3,545,900

See Notes to Financial Statements.

(Continued)

**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, 2015**

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)	\$ 206,330
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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	2,300,915
Depreciation expense	(1,036,600)
Loss on disposal of assets	(100,468)
	<u>1,163,847</u>

Change in some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

<u>320,816</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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	20,923
Deferred amounts on refunding	(12,620)
Bond principal repayments	1,525,000
Proceeds from capital leases	(393,927)
Capital lease payments	667,269
Notes payable	50,066
	<u>1,856,711</u>

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

Net MERF pension expense	261,681
Net OPEB expense	(90,722)
Landfill post-closure care	3,750
Compensated absences	(19,839)
Accrued interest payable	52,476
	<u>207,346</u>

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

<u>384,192</u>

Change in Net Position of Governmental Activities (Exhibit II)

<u>\$ 4,139,242</u>

See Notes to Financial Statements.

Statement of Net Position - Proprietary Funds
June 30, 2015

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets		
Current Assets		
Cash and cash equivalents	\$ 33,492	\$ 179,307
Due from other funds	-	385,519
Total current assets	33,492	564,826
Noncurrent Assets		
Capital Assets, net:		
Land	15,342	-
Sewer plant	7,907,279	-
Sewer collection system	498,033	-
Total capital assets, net	8,420,654	-
Total assets	8,454,146	564,826
Liabilities		
Current Liabilities		
Accounts payable	93,757	-
Claims payable	-	169,207
Total current liabilities	93,757	169,207
Noncurrent Liabilities		
Advance from other funds	1,465,747	-
Total liabilities	1,559,504	169,207
Net Position		
Net Investment in Capital Assets	8,420,653	-
Unrestricted (Deficit)	(1,526,011)	395,619
Total net position	\$ 6,894,642	\$ 395,619

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Operating Revenues		
Charges for services	\$ 402,752	\$ 3,039,289
Total operating revenues	402,752	3,039,289
Operating Expenses		
Claims incurred	-	2,331,000
Administration	23,104	324,607
Contracted services	332,107	-
Outside services	17,637	-
Materials disposal	17,775	-
Materials and supplies	100,033	-
Utilities	100,567	-
Depreciation	179,591	-
Total operating expenses	770,814	2,655,607
Operating (loss) Income	(368,062)	383,682
Nonoperating Revenues		
Investment income	7	510
Change in net position	(368,055)	384,192
Net Position, Beginning	7,262,697	11,427
Net Position, Ending	\$ 6,894,642	\$ 395,619

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015**

	Business-Type Activities	
	Enterprise Fund	Governmental Activities
	Georgetown Sewer	Internal Service Fund
Cash Flows From Operating Activities		
Receipts from customers and others	\$ 402,754	\$ -
Payments to suppliers	(631,892)	-
Claim payments	-	(2,380,793)
Charges for services	-	2,658,962
Administrative payments	\$ -	(324,607)
Net cash used in operating activities	(229,138)	(46,438)
Cash Flows From Noncapital Financing Activities		
Advances from other funds	235,746	-
Cash Flows From Investing Activities		
Income from investments	7	510
Net (decrease) increase in cash and cash equivalents	6,615	(45,928)
Cash and Cash Equivalents, Beginning of year	26,877	225,235
Cash and cash equivalents, Ending	\$ 33,492	\$ 179,307
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities		
Operating loss	\$ (368,062)	\$ 383,682
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation expense	179,591	-
(Increase) decrease in:		
Due from other funds	-	(380,327)
Increase (decrease) in:		
Accounts and claims payable	(40,667)	(49,793)
Net cash used in operating activities	(229,138)	(46,438)

See Notes to Financial Statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

	Agency Funds
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 129,843
	<hr/> <hr/>
Liabilities	
Due to Others	\$ 129,843
	<hr/> <hr/>

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.

Accounting standards adopted in the current year:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, ("GASB 68") was implemented on July 1, 2014. This statement revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, GASB 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The effects on the Town's financials are as follows: beginning net position was adjusted by \$3,854,099, a net pension liability of \$4,724,468 was added, and deferred pension expense of \$870,369 was added. The implementation of this statement also resulted in additional disclosures as shown in Note 12.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the Town's financial statements.

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 for. 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, and other post-employment benefits which are recorded only when payment is due (matured).

Property taxes when levied for, 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 funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Road Reconstruction Fund* is used to account for the various road repair activities. The major funding source for this fund is from bond proceeds.
- The *Capital Projects- School Fund* is used to account for various school projects. The major funding source for this fund is from BAN/bond proceeds.

The Town reports the following major proprietary fund:

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

- The *Internal Service Fund* accounts for risk financing activities for the medical insurance benefits as allowed by the GASB Statement No. 10 provided to other departments on a cost reimbursement basis.
- The Agency Fund accounts for monies held on behalf of students.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's sewer operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Georgetown Sewer enterprise fund and of the Town's internal service funds are charges to customers for sales and services. The Georgetown Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, 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, 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 12 months or less from the date of acquisition.

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

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 similar to a 2a-7. 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. The General Fund has \$2.45 million invested with maturities of one year or less. All CD's are fully insured by the FDIC.

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). All other outstanding balances between funds are reported as "due to/from other funds." 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 reserve account in applicable governmental funds 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 June 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 1 ½% 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 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.

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 \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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.

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:

<u>Assets</u>	<u>Years</u>
Buildings	100
Roads	40
Bridges	25
Sewer plant	30
Sewer lines	40
Vehicles	10-25
Equipment	5-40

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

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

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 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 over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 in the government-wide statement of net position. A deferred inflow 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 over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). 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.

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.

Town of Redding, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 legislations.

Committed fund balance: This represents amounts constrained for a specific purpose by a government as approved by the Board of Finance.

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.

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

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

Note 2. Stewardship, Compliance and Accountability

Deficit fund balance: The following funds had fund balance deficits at June 30, 2015:

Major fund	
Road Reconstruction Fund	\$ 4,633,774
Capital projects schools	511,016
Nonmajor governmental funds	
Georgetown STEAP Intersection	704,863
Athletic Field	5,196
Communication Tower	800
School Bonded Projects	547,689

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, 2015:

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Commitment Balance June 30, 2015
Road Reconstruction Fund	\$ 7,081,439	\$ 910,385	\$ 4,347,111	\$ 2,734,328
Georgetown STEAP	1,227,953	69,245	1,211,265	16,688
Georgetown STEAP Intersection	3,641,000	-	3,042,640	598,360
Town Buildings	618,000	308,070	417,109	200,891
Stepney Rd Bridge	739,000	12,857	57,287	681,713
School Projects	1,950,071	216,406	216,406	1,733,665
Cell Tower	423,000	800	800	422,200

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. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

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 \$13,355,000 of the Town's bank balance of approximately \$14,843,000 was uninsured and uncollateralized at June 30, 2015.

Cash equivalents: At June 30, 2015, the Town's cash equivalents amounted to \$5,923,430, which includes \$2,702,205 of certificates of deposit. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m

Note 4. Receivables

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

	General	Nonmajor and Other Funds	Enterprise Fund	Total
Receivables				
Taxes	\$ 2,354,938	\$ -	\$ -	\$ 2,354,938
Interest on property taxes	1,230,778	-	-	1,230,778
Accounts	132,066	-	1,678,984	1,811,050
Sewer assessments	-	5,506	-	5,506
Intergovernmental	-	774,200	-	774,200
Gross receivables	3,717,782	779,706	1,678,984	4,497,488
Less allowance for uncollectibles	115,000	-	1,678,984	1,793,984
Net total receivables	\$ 3,602,782	\$ 779,706	\$ -	\$ 4,382,488

Town of Redding, Connecticut

Notes to Financial Statements

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 recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable/unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Property taxes collected in advance	\$ 1,714,647	\$ -
Delinquent property taxes receivable and interest receivable	3,379,626	-
Special assessments not yet due	5,506	-
Grants	770,000	-
Total unavailable revenue/unearned revenue for governmental funds	\$ 5,869,779	\$ -

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 19,203,822	\$ -	\$ -	\$ 19,203,822
Construction in progress	3,151,679	1,209,693	(3,932,423)	428,949
Total capital assets, not being depreciated	22,355,501	1,209,693	(3,932,423)	19,632,771
Capital assets, being depreciated				
Buildings	19,014,009	377,109	-	19,391,118
Machinery and equipment	3,108,370	267,740	(95,700)	3,280,410
Vehicles	3,637,286	187,957	(147,429)	3,677,814
Furniture and fixtures	299,821	51,171	-	350,992
Infrastructure	24,636,205	4,139,668	-	28,775,873
Total capital assets, being depreciated	50,695,691	5,023,645	(243,129)	55,476,207
Less accumulated depreciation for				
Buildings	4,174,849	213,483	-	4,388,332
Machinery and equipment	560,745	131,341	(25,496)	666,590
Vehicles	1,245,104	228,623	(94,658)	1,379,069
Furniture and fixtures	126,241	17,345	(22,507)	121,079
Infrastructure	7,424,881	445,808	-	7,870,689
Total accumulated depreciation	13,531,820	1,036,600	(142,661)	14,425,759
Total capital assets, being depreciated, net	37,163,871	3,987,045	(100,468)	41,050,448
Governmental activities capital assets, net	\$ 59,519,372	5,196,738	(4,032,891)	\$ 60,683,219

Town of Redding, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
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	-	-	1,106,541
Machinery and equipment	6,550	-	-	6,550
Total capital assets, being depreciated	10,358,610	-	-	10,358,610
Less accumulated depreciation for				
Sewer plant	1,255,030	83,210	-	1,338,240
Sewer collection system	512,127	96,381	-	608,508
Machinery and equipment	6,550	-	-	6,550
Total accumulated depreciation	1,773,707	179,591	-	1,953,298
Total capital assets, being depreciated, net	8,584,903	(179,591)	-	8,405,312
Business-type activities capital assets, net	\$ 8,600,245	\$ (179,591)	\$ -	\$ 8,420,654

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

Governmental activities	
General government	\$ 244,423
Public safety	96,894
Highways and streets	493,513
Transfer station and recycling	16,430
Health and social services	4,155
Parks and recreation	6,605
Education	174,580
Total depreciation expense – governmental activities	\$ 1,036,600
Business-type activities	
Sewer	\$ 179,591

Town of Redding, Connecticut

Notes to Financial Statements

Note 7. Interfund Accounts

At June 30, 2015, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 723,752	\$ 664,806
Road reconstruction	17,600	-
Internal service fund	385,519	-
Nonmajor governmental fund	261,687	723,752
	<u>\$ 1,388,558</u>	<u>\$ 1,388,558</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	\$ 1,465,747	\$ -
Georgetown sewer	-	1,465,747
	<u>\$ 1,465,747</u>	<u>\$ 1,465,747</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. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers during the year ended June 30, 2015 were as follows:

	Transfer from Other Funds	Transfer to Other Funds
General fund	\$ -	\$ 87,500
Road reconstruction	43,750	-
Capital projects - schools	43,750	-
	<u>\$ 87,500</u>	<u>\$ 87,500</u>

Transfers to other funds from the General Fund represent monies used to fund projects accounted for in the Road Reconstruction and Capital Projects- Schools funds in accordance with budget authorizations.

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. On June 17, 2015, the Town issued \$10,574,000 in bond anticipation notes for school projects and bridge and road improvements. The notes mature on March 17, 2016 and carry a coupon rate of 1.0%. The net interest cost, after the premium, is 29.6 basis points (.296%). Short-term obligation activity for the year ended June 30, 2015 is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015
Bond anticipation notes	12/19/2013	9/18/2014	1%	\$ 5,638,000	\$ -	\$ 5,638,000	\$ -
Bond anticipation notes	9/18/2014	6/17/2015	1%	-	7,873,000	7,873,000	-
Bond anticipation notes	6/17/2015	3/17/2016	1%	-	10,574,000	-	\$ 10,574,000

Note 9. 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, 2014*	Additions	Deductions	Balance Outstanding June 30, 2015	Current Portion
Bond notes									
General purpose									
Improvement bond	\$ 8,345,000	10/15/99	10/15/19	4.75-6.5	\$ 2,502,000	\$ -	\$ 417,000	\$ 2,085,000	\$ 417,000
Improvement bond	6,729,950	07/15/10	07/15/30	2.0-4.0	5,725,000	-	335,000	5,390,000	335,000
Refunding bond	2,680,000	19/12/12	08/01/20	2.0-3.0	2,445,000	-	360,000	2,085,000	360,000
Premium on refunding					146,462	-	20,923	125,539	-
Total general purpose					10,818,462	-	1,132,923	9,685,539	1,112,000
Schools									
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	1,398,000	-	233,000	1,165,000	233,000
Improvement bond	3,585,050	07/15/10	07/15/31	2.0-4.0	3,045,000	-	180,000	2,865,000	180,000
Total schools					4,443,000	-	413,000	4,030,000	413,000
Sewer									
Clean water note	246,648	06/01/11	04/01/16	2	92,559	-	50,066	42,493	42,493
Total bond/notes					15,354,021	-	1,595,989	13,758,032	1,567,493
Compensated absences					204,575	320,463	300,624	224,414	63,701
Capital leases					1,468,215	393,927	667,269	1,194,873	-
MERS pension liability					4,724,468	-	1,318,471	3,405,997	-
Net OPEB obligation					2,066,921	90,722	-	2,157,643	-
Landfill closure and post-closure care					31,500	-	3,750	27,750	3,500
Total general long-term liabilities					\$ 23,849,700	\$ 805,112	\$ 3,886,103	\$ 20,768,709	\$ 1,634,694

* Amounts were restated for the implementation of GASB 68

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. Long-Term Liabilities (Continued)

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

Year Ending June 30,	Principal		Interest	
	Bonds	Clean Water Loan	Bonds	Clean Water Loans
2016	\$ 1,525,000	\$ 42,493	\$ 456,297	\$ 390
2017	1,520,000	-	394,306	-
2018	1,515,000	-	334,281	-
2019	1,510,000	-	278,431	-
2020	1,505,000	-	220,838	-
2021-2025	2,910,000	-	741,194	-
2026-2030	2,585,000	-	325,528	-
2031	520,000	-	9,750	-
	<u>\$ 13,590,000</u>	<u>\$ 42,493</u>	<u>\$ 2,760,625</u>	<u>\$ 390</u>

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2015, which matures through 2026, amounted to \$13,965,000. The Town's share of the debt was \$7,555,065.

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, 2014, \$2,345,000 of the defeased debt is outstanding.

Capital leases: The Town has entered into leases for the purchase of a phone system, trucks, police vehicles and school buses.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The cost of these assets was approximately \$2,878,000 with accumulated depreciation as of June 30, 2015 of approximately \$547,000. 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, 2015:

Year Ending June 30,	Amount
2016	\$ 584,798
2017	482,646
2018	163,416
	<u>1,230,860</u>
Less amount representing interest	35,987
Present value of future minimum lease payment	<u><u>\$ 1,194,873</u></u>

Town of Redding, Connecticut

Notes to Financial Statements

Note 9. 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	\$ 105,916,842	\$ 21,183,867	\$ 84,732,975
Schools	211,833,684	11,585,065	200,248,619
Sewers	176,528,070	42,493	176,485,577
Urban renewal	152,990,994	-	152,990,994
Pension deficit	141,222,456	-	141,222,456

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$329,519,064.

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.

Landfill closure and post-closure care costs: State and federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs for the next 10 years at \$3,500 per year are \$35,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net position, since the liability will be funded from future financial resources, not from expendable available financial resources. The balance outstanding as of June 30, 2015 is \$27,750.

Town of Redding, Connecticut

Notes to Financial Statements

Note 10. Fund Balance

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	General Fund	Road Reconstruction Fund	Capital Projects- Schools	Nonmajor Governmental Funds	Total
Fund balances					
Nonspendable					
Advance to other funds	\$ 1,465,747	\$ -	\$ -	\$ -	\$ 1,465,747
Prepays	56,462	-	-	-	56,462
Inventory	3,813	-	-	-	3,813
	<u>1,526,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,526,022</u>
Restricted for:					
Grants	-	-	-	187,936	187,936
Committed to:					
General government	208,822	-	-	124,986	333,808
Public Safety	-	-	-	66,289	66,289
Highway and streets	-	-	-	19,269	19,269
Education	-	-	-	-	-
Health and social services	-	-	-	32,888	32,888
Parks and Recreation	-	-	-	26,973	26,973
Capital projects	-	-	-	1,002,175	1,002,175
	<u>208,822</u>	<u>-</u>	<u>-</u>	<u>1,272,580</u>	<u>1,481,402</u>
Assigned to:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	-
Highway and streets	-	-	-	-	-
Education	159,412	-	-	-	159,412
Parks and Recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
	<u>159,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,412</u>
Unassigned	6,594,466	(4,633,774)	(511,016)	(1,258,548)	191,128
Total fund balances	<u>\$ 8,488,722</u>	<u>\$ (4,633,774)</u>	<u>\$ (511,016)</u>	<u>\$ 201,968</u>	<u>\$ 3,545,900</u>

Encumbrances at June 30, 2015 are contained in the above table in the assigned category of the General Fund.

Note 11. Risk Management

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

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 11. Risk Management (Continued)

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.

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
2013-2014	\$ 175,891	\$ 2,963,666	\$ 2,842,462	\$ 297,095
2014-2015	297,095	2,203,112	2,331,000	169,207

Note 12. Employee Retirement Fund and Pension Plans

Municipal Employees' Retirement Fund:

Plan description: Certain employees of the Town of Redding, Connecticut participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the State of Connecticut, Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Benefit provisions: Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full-time employees of participating departments except Police and Fire hired after age 60.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: Life annuity.

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

Service retirement allowance: Condition for Allowance - Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance: Condition for Allowance - 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

Amount of Allowance calculated as a service retirement allowance based on compensation and service to the date of the disability.

Service connected disability: Condition for Allowance - Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of Allowance - 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 the disability.

Vesting retirement allowance: Condition for Allowance - 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Death benefit: Condition for Benefit - Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Return of Deductions - Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) the benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Contributions by members: For members not covered by Social Security: 5% of compensation. For members covered by the 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 the System not met by member contributions.

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

Valuation date	7/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. 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 lognormal distribution 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. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Large cap U.S. equities	16%	5.8%
Developed non- U.S. equities	14%	6.6%
Emerging markets (non- U.S.)	7%	8.3%
Core fixed income	8%	1.3%
Inflation linked bond fund	5%	1.0%
Emerging market bond	8%	3.7%
High yield bonds	14%	3.9%
Real estate	7%	5.1%
Private equity	10%	7.6%
Alternative investments	8%	4.1%
Liquidity fund	3%	0.4%
	<u>100.00%</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 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.

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 8.00 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 (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's proportionate share of the net pension liability	\$ 6,937,489	\$ 3,405,997	\$ 440,339

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2015, the Town reported a liability of \$3,405,997 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014, Town's proportion was 6.40%.

For the year ended June 30, 2015, the Town recognized pension expense of \$(261,681). At June 30, 2015, 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
Contributions subsequent to the measurement date	\$ 870,809	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,057,230
Total	\$ 870,809	\$ 1,057,230

\$870,809 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

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

Year Ended June 30,

2016	\$ 264,307
2017	264,307
2018	264,307
2019	264,307
2020	-
Thereafter	-

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 12. 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. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,549,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability related to the System.

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 Sections 10-1831 and 10-183z.

Participants are required to contribute 6% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$732,438 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town's is \$10,103,000.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Town of Redding, Connecticut

Notes to Financial Statements

Note 12. Employee Retirement Fund and Pension Plans (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

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%	7.3%
Developed Markets ISF	18.0%	7.5%
Emerging Markets ISF	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Inflation Linked Bonds	3.0%	1.3%
Emerging Market Debt	5.0%	4.8%
High Yield	5.0%	3.7%
Real Estate	7.0%	5.9%
Private Equity	11.0%	10.9%
Alternative Investments	8.0%	0.7%
Liquidity Fund	<u>6.0%</u>	0.4%
Total	<u>100%</u>	

Discount rate: The discount rate used to measure the total pension liability was 8.50 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 12. Employee Retirement Fund and Pension Plans (Continued)

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State's proportionate share of the net pension liability associated with the Town, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's share of NPL associated with the Town	\$35,853,758	\$28,095,448	\$21,500,655

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 inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$28,095,448 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

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, 2015, the Town recognized \$2,107,962 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 13. Other Post-Employment Benefits Provided

Plan description and benefits provided: In addition to the pension benefits described in Note 12 certain employees retiring under the Town of Redding's Retiree Medical Program are provided post-employment benefits. The level of these benefits provided is as follows:

Police

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits Provided (Continued)

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

	<u>Retiree Medical Program</u>	
Actuarial valuation date	July 1, 2014	
Actuarial cost method	Project Unit Credit Cost	
Amortization method	Level dollar	
Remaining amortization period	30 years	
Actuarial assumptions:		
Investment rate of return	4.0%/annum	
Medical inflation	8.0%, decreasing .5% per year	
		<u>Retiree Medical Program</u>
Annual required contribution	\$ 249,280	
Interest on net OPEB obligation	93,011	
Adjustment to annual required contribution	<u>(121,441)</u>	
Annual pension cost	220,850	
Contributions made	<u>130,128</u>	
Increase in net OPEB obligation	90,722	
Net OPEB obligation, July 1, 2014	<u>2,066,921</u>	
Net OPEB obligation, June 30, 2015	<u><u>\$ 2,157,643</u></u>	

Schedule of Employer Contributions

	Annual Required Contributions (ARC)	Actual Contribution	Percentage Contributed
6/30/13	\$ 357,269	\$ 21,284	6.0%
6/30/14	243,714	11,814	4.8%
6/30/15	249,280	130,128	52.2%

Town of Redding, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits Provided (Continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year June 30, 2015 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2011	\$ 331,569	\$ (10,897)	-3%	\$ 1,206,547
6/30/2012	333,614	(5,729)	-2%	1,545,890
6/30/2013	336,006	21,284	6%	1,860,612
6/30/2014	218,123	11,814	5%	2,066,921
6/30/2015	220,850	130,128	59%	2,157,643

The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 2,751,153	\$ 2,751,153	0%	\$ 14,345,264	19.0%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Note 14. Contingent Liabilities

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

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements

- ***GASB Statement No. 72, Fair Value Measurement and Application.*** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- ***GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*** completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- ***GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*** addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- ***GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*** addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

Town of Redding, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

- ***GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- ***GASB Statement No. 77, Tax Abatement Disclosures.*** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

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Required Supplementary Information - unaudited

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual
 General Fund
 For the Year Ended June 30, 2015

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Property taxes, current and prior	\$ 44,985,358	\$ 44,985,358	\$ 45,409,093	\$ 423,735
Interest and lien fees	189,010	189,010	289,169	100,159
Total taxes, liens and interest	45,174,368	45,174,368	45,698,262	523,894
Intergovernmental				
Educational assistance grants:				
ECS grant	515,800	515,800	521,362	5,562
Adult education	459	459	493	34
Regional School District No. 9	171,933	171,933	183,400	11,467
Total educational assistance	688,192	688,192	705,255	17,063
Town assistance grants				
In lieu of taxes - State property	148,074	148,074	179,434	31,360
Tax relief circuit breaker	23,510	23,510	22,701	(809)
Disability exemption	281	281	246	(35)
Veterans' exemption	1,273	1,273	1,116	(157)
Municipal video competition	30,000	-	-	-
Telephone access line grant	25,000	25,000	28,725	3,725
Mashantucket Pequot Grant	8,303	8,303	11,694	3,391
Unclassified revenue	-	-	26,334	26,334
Total town assistance grants	236,441	206,441	270,250	63,809
Total intergovernmental	924,633	894,633	975,505	80,872
Other				
AT&T Tower	-	30,000	26,975	(3,025)
BAN premium	-	-	49,534	49,534
Investment income	22,000	22,000	25,464	3,464
Total other	22,000	52,000	101,973	49,973
Charges for Services				
Town Clerk	277,000	255,000	254,703	(297)
Assessor	1,200	1,200	872	(328)
Conservation	5,000	5,000	12,507	7,507
Heritage Center	10,000	10,000	10,595	595
Planning Commission	1,200	1,200	-	(1,200)
Zoning Commission	38,000	38,000	39,708	1,708
Zoning Board of Appeals	1,000	1,000	1,200	200
Building Inspection	175,000	175,000	172,574	(2,426)
Transfer station	172,000	172,000	158,032	(13,968)
Sanitarian	10,000	10,000	16,445	6,445
Parks and Recreation	633,451	633,451	614,660	(18,791)
Fiber optics	13,864	13,864	6,380	(7,484)
Proceeds	-	-	22,402	22,402
Rental of Town property	7,605	7,605	7,606	1
Total charges for services	1,345,320	1,323,320	1,317,684	(5,636)

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2015

RSI-1

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Total revenues	<u>\$ 47,466,321</u>	<u>\$ 47,444,321</u>	\$ 48,093,424	<u>\$ 649,103</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			2,549,000	
Special education excess cost grant is recorded gross for GAAP			<u>539,693</u>	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			<u>\$ 51,182,117</u>	

Town of Redding, Connecticut
Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2015

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General Government					
Town meetings	\$ 1,500	\$ -	\$ 1,500	\$ 269	\$ 1,231
Board of selectmen	164,368	(21,025)	143,343	145,883	(2,540)
Probate court	2,500	-	2,500	2,653	(153)
Registrar's office	38,557	410	38,967	47,079	(8,112)
Controller's office	251,598	6,629	258,227	253,592	4,635
Independent audit	42,500	-	42,500	40,455	2,045
Assessor's office	155,010	4,848	159,858	157,063	2,795
Assessor's other	1,500	-	1,500	-	1,500
Board of assessment appeals	800	-	800	424	376
Tax collector	157,495	3,667	161,162	161,704	(542)
Town treasurer	33,508	320	33,828	34,882	(1,054)
Computer capability	45,000	-	45,000	44,883	117
Management services	28,453	-	28,453	21,399	7,054
Special legal	150,000	143,812	293,812	321,950	(28,138)
Town clerk	142,032	7,936	149,968	147,382	2,586
Annual town report	5,000	-	5,000	4,485	515
Board of ethics	425	-	425	-	425
Conservation	54,176	797	54,973	50,536	4,437
Heritage Center	161,581	3,131	164,712	161,432	3,280
Heritage Center senior bus	38,297	754	39,051	21,921	17,130
Town planning commission	25,700	-	25,700	18,900	6,800
HVCEO	11,092	-	11,092	11,092	-
Zoning commission	76,163	1,972	78,135	71,011	7,124
Zoning board of appeals	1,500	-	1,500	2,001	(501)
Council of small towns	825	-	825	825	-
Land use services	102,044	2,971	105,015	103,579	1,436
Office of tree warden	1,500	-	1,500	1,500	-
Town office building	54,958	469	55,427	41,524	13,903
Old town house	2,600	-	2,600	3,809	(1,209)
Town office building annex	3,000	-	3,000	4,103	(1,103)
Community center	200,676	5,686	206,362	205,159	1,203
Police headquarters/communications center	15,000	-	15,000	20,369	(5,369)
Administrative services	774,500	(13,000)	761,500	741,217	20,283
Memorial Day observance	350	-	350	100	250
Cemeteries	8,000	-	8,000	8,000	-
Insurance	139,000	-	139,000	141,276	(2,276)
Agencies serving residents	5,000	-	5,000	4,813	187
Provision of contingencies	110,000	(109,960)	40	-	40
Total general government	3,006,208	39,417	3,045,625	2,997,270	48,355

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2015

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Public Safety					
Police Department - salaries and related expenses	\$ 1,474,575	\$ 27,848	\$ 1,502,423	\$ 1,459,883	\$ 42,540
Police Department - contractual services and expenses	157,500	-	157,500	176,971	(19,471)
Police Department - maintenance of vehicles	31,000	-	31,000	27,152	3,848
Volunteer fire companies	113,000	-	113,000	116,797	(3,797)
Building inspections	193,659	4,485	198,144	197,556	588
Communications Center	333,906	3,971	337,877	332,240	5,637
Dog licenses	60,167	-	60,167	55,464	4,703
Total public safety	2,363,807	36,304	2,400,111	2,366,063	34,048
Highway and Streets					
Wages-regular, overtime and seasonal	919,760	(23,418)	896,342	863,804	32,538
General maintenance and repair	239,800	-	239,800	234,972	4,828
Snow removal and ice control	169,000	98,610	267,610	287,258	(19,648)
Equipment maintenance and repair	89,500	-	89,500	92,238	(2,738)
Town garage buildings	17,000	-	17,000	19,032	(2,032)
Total highway and streets	1,435,060	75,192	1,510,252	1,497,304	12,948
Transfer Station and Recycling					
Salaries	184,334	(16,691)	167,643	156,253	11,390
General maintenance	128,500	-	128,500	95,174	33,326
Equipment maintenance	8,000	-	8,000	6,630	1,370
Total transfers station and recycling	320,834	(16,691)	304,143	258,057	46,086
Health and Social Services					
Sanitarian inspection	96,460	2,285	98,745	91,841	6,904
Social services	21,009	-	21,009	20,998	11
Total health and social services	117,469	2,285	119,754	112,839	6,915
Mark Twain Library					
Operations	457,898	-	457,898	457,898	-
Parks and Recreation					
Field maintenance	77,483	-	77,483	60,868	16,615
Administration	203,802	4,122	207,924	208,393	(469)
Summer camp	184,700	-	184,700	180,527	4,173
Recreation programs	155,700	-	155,700	165,095	(9,395)
Topstone park	106,668	-	106,668	100,710	5,958
Tennis courts	14,000	-	14,000	5,458	8,542
Extended day service	169,840	1,796	171,636	167,790	3,846
Total parks and recreation	912,193	5,918	918,111	888,841	29,270

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2015

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Employee Benefits	\$ 3,008,000	\$ (71,000)	\$ 2,937,000	\$ 2,745,402	\$ 191,598
Capital Outlay					
Selectmen's general maintenance	6,000	-	6,000	4,272	1,728
Debt Service					
Debt retirement	1,575,066	87,500	1,662,566	1,662,566	-
Interest payments	588,422	-	588,422	615,151	(26,729)
Total debt service	2,163,488	87,500	2,250,988	2,277,717	(26,729)
Education					
Redding Board of Education:					
General instruction	10,155,244	(2,983)	10,152,261	9,967,577	184,684
Kindergarten	12,575	(4,823)	7,752	7,740	12
Humanities	59,106	(5,300)	53,806	51,502	2,304
Integrated language arts	53,664	(11,756)	41,908	38,222	3,686
Curriculum	82,980	(7,670)	75,310	75,310	-
Industrial technology	12,365	7,016	19,381	18,527	854
Science/math technology	139,764	(13,381)	126,383	147,121	(20,738)
Physical education/health	16,959	(1,034)	15,925	14,601	1,324
Student activity co-curricular	97,686	(1,850)	95,836	84,129	11,707
Special services	30,200	800	31,000	16,557	14,443
Special education	4,473,306	(15,555)	4,457,751	4,458,100	(349)
Guidance	2,889	-	2,889	2,874	15
Health services	210,250	(1,994)	208,256	198,250	10,006
Psychological services	16,450	5,250	21,700	16,249	5,451
Speech services	10,400	(2,200)	8,200	7,256	944
Educational media services	56,470	1,872	58,342	55,857	2,485
Technology plan	444,560	14,015	458,575	534,443	(75,868)
Board of Education	111,700	-	111,700	84,612	27,088
Central administration	550,605	-	550,605	550,605	-
Magnet school	65,936	-	65,936	68,168	(2,232)
School administration	1,316,143	(5,444)	1,310,699	1,293,494	17,205
Operation/maintenance physical plant	2,360,911	46,149	2,407,060	2,307,306	99,754
Student transportation	1,110,839	-	1,110,839	1,046,227	64,612
Food service	5,500	(1,112)	4,388	1,775	2,613
Total Redding Board of Education	21,396,502	-	21,396,502	21,046,502	350,000
Regional School District No. 9	12,278,862	-	12,278,862	12,278,862	-
Total education	33,675,364	-	33,675,364	33,325,364	350,000
Total expenditures	47,466,321	158,925	47,625,246	46,931,027	694,219

(Continued)

Town of Redding, Connecticut
 Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2015

RSI-2

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Total expenditures and other financing uses	<u>\$ 47,466,321</u>	<u>\$ 158,925</u>	<u>\$ 47,625,246</u>	46,931,027	<u>\$ 694,219</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted				2,549,000	
Special education excess cost grant is recorded gross for GAAP				539,694	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				<u>(166,244)</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>\$ 49,853,477</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 per department per year. Subsequent appropriations and appropriations of more than \$20,000 for any one department per year must be approved by Town Meeting. During the year, there was \$158,925 in additional appropriations from fund balance.

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

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

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

**Required Supplementary Information – unaudited
Schedule of Funding Progress and Schedule of Employee Contributions - OPEB Plan
June 30, 2015**

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Under) Funded (AAL) (a-b)	Funded AAL Ratio (a/b)	Covered Payroll (c)	Over/Under Funded AAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 4,309,183	\$ 4,309,183	0%	\$ 13,985,304	31%
7/1/2010	-	3,218,377	3,218,377	0%	16,198,958	20%
7/1/2012	-	1,998,171	1,998,171	0%	17,089,078	12%
7/1/2014	-	2,751,153	2,751,153	0%	14,345,264	19%

* Other postemployment benefits are not calculated as a percentage of pay and covered payroll was not considered pertinent by the actuary.

Schedule of Employer Contributions - OPEB

Year Ended	Annual Required Contribution	Percentage Contributed	Actual Contribution
2009	\$ 431,218	1%	\$ 5,856
2010	438,976	-1%	(5,594)
2011	343,454	-3%	(10,897)
2012	350,209	-2%	(5,729)
2013	357,269	6%	21,284
2014	243,714	5%	11,814
2015	249,280	52%	130,128

**Required Supplementary Information – unaudited
Schedule of Contributions – MERS Pension Plan
For the Year Ended June 30, 2015**

Measurement Period Ended June 30,	2014
Actuarially Determined Contribution	\$ 870,369
Contributions in Relation to the Actuarially Determined Contribution	870,369
Contribution deficiency (excess)	\$ -
Covered-employee Payroll	\$ 6,859,281
Contributions as a Percentage of Covered-employee Payroll	12.69%

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability – MERS Pension Plan
For the Year Ended June 30, 2015

	2015
Town's proportion of the net pension liability	6.40%
Town's proportionate share of the net pension liability	\$ 3,405,997
Town's covered-employee payroll	6,859,281
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.66%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Town of Redding, Connecticut

RSI-7

**Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan**

	2015
Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	28,095,448
Town's covered-employee payroll	10,103,000
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule

Changes in benefit terms

None

Changes of assumptions

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method

Entry age

Amortization method

Level percent of salary, closed

Remaining amortization period

22.4 years

Asset valuation method

4-year smoothed market

Appendix B

Form of Opinion of Bond Counsel

**FORM OF OPINION OF BOND COUNSEL
TOWN OF REDDING, CONNECTICUT
\$12,644,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

March __, 2016

Town of Redding
Redding Town Hall
100 Hill Road
Redding, CT 06896

We have acted as Bond Counsel to the Town of Redding, Connecticut (the "Town") in connection with the issuance by the Town of its \$12,644,000 General Obligation Bond Anticipation Notes, dated March __, 2016 (the "Notes"). In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Compliance Agreement of the Town dated March __, 2016 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excludable from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention

and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated March ___, 2016 and other offering material relating to the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

**FORM OF
CONTINUING DISCLOSURE AGREEMENT FOR NOTES
BY THE TOWN OF REDDING, CONNECTICUT**

**In Connection With The Issuance and Sale of
\$12,644,000 Town of Redding, Connecticut
General Obligation Bond Anticipation Notes**

This Continuing Disclosure Agreement (“Agreement”) is made as of March __, 2016, by the Town of Redding, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$12,644,000 General Obligation Bond Anticipation Notes, dated March __, 2016 (the “Notes”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated March __, 2016 prepared in connection with the issuance of the Notes.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

(viii) Note defeasances; and

(ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Note holders;

(iii) Note calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 3. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial

information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Town Hall, 100 Hill Road, Redding, Connecticut 06896. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF REDDING, CONNECTICUT

By: _____
Julia Pemberton, First Selectman

By: _____
Stephen Gniadek, Finance Director

By: _____
Janice Meehan, Treasurer

Appendix D

Notice of Sale

NOTICE OF SALE
\$12,644,000
TOWN OF REDDING, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES
BOOK-ENTRY ONLY

SEALED PROPOSALS, TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**[®] (as described herein) will be received by the **TOWN OF REDDING, CONNECTICUT** (the “Town”) at the Office of the Selectman, Town Hall, 100 Hill Road, Redding, Connecticut 06875, until **11:30 A.M. (Eastern Time), THURSDAY,**

MARCH 3, 2016

for the purchase of \$12,644,000 Town of Redding, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Sealed proposals will be received at the Office of the Selectman, Town Hall, 100 Hill Road, Redding, Connecticut 06875 (See “Sealed Proposal Procedures”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the Town’s financial advisor (See “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**[®] (See “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated March 16, 2016 and will mature and be payable to the registered owner on March 15, 2017 as further described in the Preliminary Official Statement for the Notes dated February 25, 2016 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment (“Direct Placement Bidders”) may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder,

if awarded the Notes, must execute a letter addressed to the Town acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the Federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

Nature of Obligation

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes when due. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Notes **SHALL NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the sealed proposal process, the telephone bidding process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information

purposes only, bidders are requested to state in their bids the net interest cost to the Town, as described under “Bid Specifications/Basis of Award” below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Notes.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor **PARITY**[®] shall be responsible for a bidder’s failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Town is using **PARITY**[®] as a communication mechanism, and not as the Town’s agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes attached hereto, at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to The Honorable Julia C. Pemberton, First Selectman, Town of Redding, Connecticut, 100 Hill Road, Redding, Connecticut 06875.

Telephone Bidding Procedures

Telephone bids will be received until 11:30 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the Town’s financial advisor. All telephone bids must be made to (203) 938-8481 and be completed by 11:30 A.M. (Eastern Time) on Thursday, March 3, 2016.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town by the time required. A bid received after the time specified, as determined in the Town’s sole discretion, will not be reviewed or honored by the Town.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$42,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be

paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

The Town reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

The Notes will be certified by U. S. Bank National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Pullman & Comley, LLC, Bond Counsel, Bridgeport and Hartford, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B to the Official Statement. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement and an executed continuing disclosure agreement.

In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder or bidders to certify to the Town before the delivery of the Notes a certificate as to the issue price of the Notes within the meaning of the Code.

The Notes will be available for delivery on or about March 16, 2016. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the Town for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 10 copies of the final Official Statement prepared for the Notes at the Town's expense. Additional copies may be obtained by a winning bidder(s) at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Town's financial advisor. If the Town's financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final

Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing underwriter.

Continuing Disclosure

The Town will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the Town, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

JULIA C. PEMBERTON
First Selectman

JANICE MEEHAN
Treasurer

STEVE GNIADEK
Director of Finance

February 25, 2016

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

March __, 2016

JULIA C. PEMBERTON, Mayor
 JANICE MEEHAN, Treasurer
 STEVE GNIADK, Finance Director
 Town of Redding, Connecticut
 Town Hall
 100 Hill Road
 Redding, Connecticut 06875

Subject to the provisions of the Notice of Sale dated February 25, 2016, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$12,644,000 Town of Redding, Connecticut General Obligation Bond Anticipation Notes, specified below at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$12,644,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ %	Net Interest Cost	_____ %
	(Six Decimals)		(Six Decimals)
Principal amount	_____	Principal amount	_____
Interest rate	_____	Interest rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ %	Net Interest Cost	_____ %
	(Six Decimals)		(Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Town.

 (Name of Bidder)

 (Authorized Signature)

 (Mailing Address)

 (Telephone Number)

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