

# FINAL OFFICIAL STATEMENT DATED JUNE 23, 2020

**NEW MONEY ISSUE: Book-Entry-Only**

**RATING: S&P Global Ratings: "AAA"**

*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 Bonds is excludable from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excludable 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*



## Town of Redding, Connecticut

**\$5,150,000**

### **General Obligation Bonds, Issue of 2020 (the "Bonds") (Bank Qualified)**

**Dated: Date of Delivery**

**Due: Serially July 1, 2021 – 2035  
as detailed below:**

Interest on the Bonds will be payable on January 1, 2021 and semiannually thereafter on July 1 and January 1 in each year until maturity. The Bonds will be general obligations of the Town of Redding, Connecticut (the "Town") secured by the full faith and credit of the Town and will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the Town to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

**The Bonds are subject to redemption prior to maturity. (See "Redemption" herein).**

#### **Maturity Schedule**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP</b>
2021	\$ 600,000	5.000%	0.250%	757334JZ1	2029*	\$ 325,000	2.000%	1.000%	757334KH9
2022	300,000	5.000%	0.270%	757334KA4	2030*	325,000	2.000%	1.100%	757334KJ5
2023	300,000	5.000%	0.300%	757334KB2	2031*	450,000	2.000%	1.200%	757334KK2
2024	300,000	5.000%	0.400%	757334KC0	2032*	300,000	2.000%	1.300%	757334KL0
2025	325,000	5.000%	0.500%	757334KD8	2033*	300,000	2.000%	1.400%	757334KM8
2026	325,000	5.000%	0.640%	757334KE6	2034*	325,000	2.000%	1.450%	757334KN6
2027	325,000	5.000%	0.700%	757334KF3	2035*	325,000	2.000%	1.500%	757334KP1
2028*	325,000	4.000%	0.850%	757334KG1					

\* Priced assuming redemption on July 1, 2027; however, any such redemption is at the option of the Town.

## **BAIRD**

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC or its agent via "FAST" on or about July 9, 2020. The Registrar, Transfer Agent, Paying Agent and Certifying Agent will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.

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 Bonds 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 Bonds 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 Bonds 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.

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## **Bond Issue Summary**

*The information in this Bond 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.*

<b>Date of Sale:</b>	Tuesday, June 23, 2020 at 11:30 A.M. Eastern Time.
<b>Location of Sale:</b>	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, 06460.
<b>Issuer:</b>	Town of Redding, Connecticut (the "Town").
<b>Issue:</b>	\$5,150,000 General Obligation Bonds, Issue of 2020 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	Principal is due serially July 1, 2021 through July 1, 2035. Interest is due January 1 and July 1 in each year until maturity, commencing January 1, 2021.
<b>Purpose:</b>	The Bond proceeds will be used to fund various general purpose projects.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity, as more fully described herein.
<b>Security:</b>	The Bonds 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 Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "AAA" from S&P Global Ratings.
<b>Bond Insurance:</b>	The Town has not purchased a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC).
<b>Tax Matters:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds <u>shall be</u> 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 Bonds.
<b>Continuing Disclosure:</b>	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 Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Phone: (203) 878-4945.
<b>Legal Opinion:</b>	Pullman & Comley, LLC, of Bridgeport, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made on or about July 9, 2020 against payment in Federal Funds.
<b>Issuer Official:</b>	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. Email: sgniadek@townofreddingct.org.

## **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 \$5,150,000 General Obligation Bonds, Issue of 2020 (the "Bonds").

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 Bonds. 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 and Paying Agent for the Bonds.

The information in this Official Statement has been prepared by the Town, with the assistance of the Town's municipal 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 Bonds, 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 Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, 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 is has independently verified the same.

### **Global Health Emergency Risk**

#### **Consideration for Bondholders**

In making an investment decision with respect to the Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following.

#### **The COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide.

The ongoing impact of COVID-19 has materially affected state, national, and global activity; and increased public health emergency response costs. Many states and municipalities have taken measures that are having negative effects on global and local economies. In addition, businesses and people have altered behaviors in manners that are negatively affecting the economy. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19. Although COVID-19 has not had a material adverse effect on the

Town's finances or impacted its credit ratings to date, there can be no assurances that COVID-19 will not materially adversely impact the financial condition of the Town, including the Town's credit ratings and ability to pay debt service on the Bonds in the future.

### ***State and Local Efforts to Mitigate the Ongoing Impact of COVID-19***

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the "State") as a result of the COVID-19 outbreak. State agencies were directed to use all resources necessary to prepare for and respond to the outbreak and resulting emergency. Immediately after the outbreak, the Governor restricted social and recreational gatherings to no more than 5 people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ, required closure of all non-essential businesses and not-for-profit entities and instituted a 60-day residential rent moratorium. The Governor also cancelled all public-school classes through the 2020 school year.

On April 30, 2020, Governor Lamont announced a four-stage plan to reopen the State's economy as a result of steady declines in hospitalizations related to the virus (the "Reopening Plan"). Phase one of the Reopening Plan began on May 20, 2020 and allowed retailers, offices, outdoor restaurants and outdoor recreation facilities to open. Phase two of the Reopening Plan is expected to commence on June 17, 2020 and permits (but does not require) certain businesses to open under sector-specific rules. Those businesses include but are not limited to hotels, indoor dining, libraries, nail salons and tattoo parlors, and the sector-specific rules include detailed information and requirements about physical distancing, facility capacity, hygiene, sanitizing, signage, personal protective equipment, scheduling, and training. Additionally, at varying dates within phase two, educational and community services, such as selected youth sports, public libraries, day camps and summer schools, will be permitted to open.

The Reopening Plan includes phases three and four but entering those phases will depend upon the impact the prior phases have on communities and many other factors including, but not limited to, the continuing decline of new outbreaks of the virus and availability of personal protective equipment for hospital workers.

Effective June 1, 2020, the Governor amended prohibitions on large gatherings by expanding: i) limits on all social and recreational gatherings by raising them to 10 people indoors and 25 people outdoors; and ii) limits on all religious, spiritual and worship gatherings by raising them to 25 percent of capacity of the indoor space or a maximum of 100 people, whichever is smaller, and to 150 people for outdoor gatherings, provided in each case that appropriate safety and social distancing measures are employed.

While the potential long-term impact on the Town cannot be predicted at this time, the continued spread of the outbreak of the virus and any prolonged effects on the national and State economy could have a materially adverse effect on the Town's finances and economy. On March 16, 2020, the Town's First Selectman declared a local state of emergency. Town Hall is closed to the public and operating with limited staff performing essential services. In addition, the Town has taken multiple measures to limit the congregation of groups and enhance social distancing. While a potential risk, the Town does not anticipate the outbreak to have a materially adverse financial effect on the Town for Fiscal Year 2020. The Town's finances and financial plans remain stable. Approximately 100% of the Town's annual revenues have already been received as of May 29, 2020, including the collection of approximately 100% of budgeted property taxes.

### ***COVID-19 Outbreak – Municipal Tax Relief Programs***

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S ("Order 7S"), as amended by Executive Order No. 7W on April 9, 2020 ("Order 7W"), which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable for all taxpayers in the municipality for three months. Additionally, the programs also apply to benefit assessments, including C-Pace assessments, under Section 16a-40g of the Connecticut General Statutes.

All municipalities were directed to notify the Secretary of the Office of Policy and Management ("OPM") no later than April 25, 2020 which program or programs it intended to elect. On April 22, 2020, the Town adopted the "Low Interest Rate Program." The "Low Interest Rate Program" lowers the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges that are due between April 1, 2020 and July 1, 2020 and are not paid on time and also those

which were already delinquent before April 1, 2020. After the three-month period which begins on the original due date, the regular rate of interest is restored on all remaining balances. Financial institutions and mortgage servicers that hold tax payments in escrow, including property tax payments, are required to continue to remit those taxes to the Town according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program. Landlords, or any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee, in order to be eligible for the “Low Interest Rate Program” must provide documentation to the Town that commensurate forbearance was offered to their tenants or lessees, upon a tenant’s request.

On April 10, 2020, the Governor issued Executive Order 7X (“Order 7X”) requiring landlords to grant 60-day rent extensions to residential tenants for April (automatically) and May (by request due to loss of income). Landlords can satisfy the commensurate forbearance and income decline requirements for tax and other relief under Order 7S for residential properties simply by complying with Order 7X.

Election by the Town of the Low Interest Rate Program may result in decreased property tax revenues for the property taxes due in July 2020, resulting in a negative effect on cash flow. However, the Town does not expect such negative cash flow to have a material adverse effect on the Town for Fiscal Year 2021.

### ***Government Response to COVID-19’s Impact on the Economy***

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the “CARES Act”) that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state is based on population with a minimum payment of \$1.25 billion. The State received approximately \$1.4 billion in such funding, and it has the discretion to provide those funds to local governments. In addition, the CARES Act provides \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On April 24, 2020, President Trump signed into law the Paycheck Protection Program and Health Care Enhancement Act. The legislation included \$484 billion of additional funding to support small businesses, hospitals and to enhance COVID-19 testing. On June 5, 2020, President Trump signed into law the Paycheck Protection Flexibility Act, which legislation eases restrictions on how and when the money lent to small businesses must be spent in order to be forgiven.

On March 28, 2020, President Trump approved Governor Lamont’s request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program which details a process by which Connecticut municipalities can receive reimbursements from the State using the Coronavirus Relief Fund to offset non-budgeted COVID-19 related expenditures that are incurred on or after March 1, 2020 through December 30, 2020. It is expected that the moneys from the Program can be used as the Town’s 25% local match against the 75% FEMA Disaster Declaration reimbursement. Under the Program, The Town’s maximum reimbursement for COVID-19 related expenditures through June 30, 2020 is \$7,000. The Program will be re-evaluated for expense reimbursements beyond June 30, 2020.

### ***Municipal Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut has served as Municipal Advisor to the Town with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal 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 Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.



**The Bonds**

**Description of the Bonds**

The Bonds will be dated the date of delivery and will mature in annual installments on July 1 in each of the years and in the principal amounts as set forth on the front cover of this Official Statement. Interest on the Bonds will be payable semiannually January 1 and July 1 in each year until maturity, commencing January 1, 2021. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of June and December, or the preceding day if such fifteenth is not a business day, in each year, by check mailed to the registered owners, or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be payable at the principal office of U.S. Bank National Association, Hartford, Connecticut.

**Redemption**

Bonds maturing on or before July 1, 2027 are not subject to redemption prior to maturity. Bonds maturing on July 1, 2028 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 1, 2027, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
July 1, 2027 and thereafter .....	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

## **Authorization and Purpose**

The Bonds 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 Bonds was authorized at various meetings of the Board of Selectmen, the Board of Finance and Town referendum.

## **Use of Proceeds**

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

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>This Issue Bonds</b>
Road Projects (four year plan).....	\$ 2,950,000	\$ 2,950,000
Communications Upgrade.....	2,500,000	2,200,000
<b>Total.....</b>	<b>\$ 5,450,000</b>	<b>\$ 5,150,000</b>

## **Book-Entry-Only Transfer System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC.

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](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such

Securities 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 Securities 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer 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 Issuer, 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 Issuer 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 Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

### ***DTC Practices***

The Issuer can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will 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.

NEITHER THE TOWN, AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS OR NOTEHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

## ***Replacement Bonds***

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

## ***Security and Remedies***

The Bonds 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 Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in 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, motor vehicles taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Payment of the Bonds 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 Bonds.

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 Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt (hereafter "debt") and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore 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 may 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 such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, 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. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title II of the United States Code, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy 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 having the power to levy taxes and issue bonds or other obligations.

## ***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 on an annual basis.

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 Bonds, 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 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. 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 and on February 12, 2016 the filings were completed.

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***

The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P and will be subject to revision or withdrawal, which could affect the market price of the Town's bonds and notes, including the Bonds. S&P should be contacted directly for its rating on the Bonds and an explanation of such rating. No application was made to any other rating agencies for the purpose of obtaining ratings on the Bonds. Moody's Investors Service also maintains a "Aa1" rating on certain outstanding bonds of the Town.

The Town expects to furnish to S&P information and materials that S&P may request. The Town may issue short-term or other debt for which a rating is not requested.

## ***Tax Matters***

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds 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 Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, the City 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 the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the City 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 Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds are more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds 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 Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds 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 Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond 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 Bonds 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 Bonds.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents 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 opinion.

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 Bonds. Prospective owners of the Bonds, 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 Bonds.

### ***Qualification for Financial Institutions***

The Bonds shall 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 Bonds.

### ***Legal Opinion***

The legal opinion for the Bonds 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 Bonds will be U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.

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## 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 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 2019 Financial Statements, the Town's median household income was \$129,763 and the unemployment rate of 3.1% is below the state rate of 4.1%.

### **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 fourteen 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***

<b><i>Office</i></b>	<b><i>Name</i></b>	<b><i>Manner of Selection</i></b>	<b><i>Term Expires</i></b>	<b><i>Length Of Service</i></b>
First Selectman.....	Julia Pemberton <sup>1</sup>	Elected	11/2021	7 years
Selectman.....	Margaret O'Donnell <sup>2</sup>	Elected	11/2021	4 years
Selectman.....	Michael Thompson	Elected	11/2021	7 years
Treasurer.....	W. Wesley Higgins	Elected	11/2021	3 Years
Tax Collector.....	Patricia Moio	Elected	11/2021	40 years
Chairman, Board of Finance.....	Kimberly A. Yonkers	Elected	11/2025	10 Years
Chairman, Board of Education...	Christopher Parkin	Elected	11/2023	3 Years
Finance Director.....	Stephen Gniadek	Appointed	Indefinite	11 years

<sup>1</sup> Also served as Selectman for 4 years.

<sup>2</sup> Also served as Treasurer for 14 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 13 full-time officers (three sergeants, nine officers, and one detective). The department also employs a full-time animal control officer, a school safety officer, and a captain

With four full-time dispatchers and a supervisor the department is staffed by a dispatcher at all times. The dispatchers are responsible for a communications supervisor and 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 programs and training include traffic safety programs with speed monitoring awareness signs and seat belt monitoring, crisis intervention and domestic violence training, and school resource officer 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 and Police Chief serve as the Town's Emergency Management Directors.

On May 7, 2019, a Town referendum approved a sum not to exceed \$2,500,000 for Police, Fire, and EMS Radio Communication Infrastructure.

**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 August 13, 2019, a Town referendum approved a 4-year plan totaling up to \$2,950,000 for 13 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 2019-20, zero appeals were considered and approved. A total of four variances were considered and three were approved. Most of the requests sought relief from sight lines, building set-back requirements, and generators.

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 743 permits in Fiscal year 2019-19, collecting \$414,652 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 of Social Services. The Director's 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. Single stream recycling is transported by a licensed hauler for processing. Household hazardous waste collection and paper shredding is held biannually without charge to residents of the Town. Historical MSW rates are shown on the next page:

<i>Year</i>	<i>Tonnage Rate</i>
2019	\$ 88.21
2018	87.47
2017	86.70
2016	85.73
2015	85.73

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 paper, glass, plastics, waste oil, electronics, metal, mattresses, paint, florescent bulbs, rechargeable batteries, textiles, and food scrap, which comprise 36% of the waste stream.

**Library:** Mark Twain Library is an association library (501(c)(3)) serving as the principal public library for Redding. The Mark Twain Library Association was founded in 1908 by Samuel Clemens. Shortly before his death in 1910 the famous author, a Redding resident, donated the funds to build a library in memory of his daughter Jean. The library has been in continuous operation since its founding. The library employs a full time degreed Library Director and other staff includes professional children’s librarians as well as experienced support staff. The library maintains a collection of over 65,000 items and has the 9<sup>th</sup> largest circulation per capita of all public libraries in the state. The Town provides 60% of the library’s operating budget and the association funds the remainder through several volunteer led fundraisers. The library is a vibrant hub offering programs and services centered on the community’s needs and interests.

**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***

	<b><i>2019</i></b>	<b><i>2018</i></b>	<b><i>2017</i></b>	<b><i>2016</i></b>	<b><i>2015</i></b>
General Government.....	65	65	65	65	66
Board of Education. <sup>1</sup> .....	142	147	154	152	153
<b>Total.....</b>	<b>207</b>	<b>212</b>	<b>219</b>	<b>217</b>	<b>219</b>

<sup>1</sup> Includes part-time employees.

Source: Town of Redding

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## **Employee Relations**

<b>Bargaining Unit</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
<b><u>General Government</u></b>		
Highway Department -UPSEU.....	10	6/30/2020 <sup>1</sup>
Police Department -UPSEU.....	15	6/30/2020 <sup>1</sup>
Police Dispatch-UPSEU.....	4	6/30/2021
Non-bargaining (Full Time) .....	36	--
<b>Sub-total.....</b>	<b>65</b>	
<b><u>Board of Education</u></b>		
Administrators.....	5	6/30/2023
Certified Staff .....	94	6/30/2021
Secretaries, Nurses & Teachers Aides.....	51	6/30/2023
Custodians .....	9	6/30/2023
<b>Sub-total.....</b>	<b>159</b>	
<b>Grand Total.....</b>	<b>224</b>	

<sup>1</sup> In negotiations.

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.

## **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 2019-20, the Town of Easton will contribute 45.68% and the Town of Redding will contribute 54.32% of total costs for the Regional District based upon enrollment figures as of October 1, 2019. 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**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Term Expires</b>	<b>Length Of Service</b>
Chairperson.....	Todd Johnston	Elected	12/2017-12/2021	6 years
Treasurer.....	Mike D'Agostino	Elected	12/2019-12/2023	6 years
Secretary.....	Juliette Berry	Elected	12/2019-12/2023	1 year
Superintendent of Schools.....	Thomas H. McMorran, Ed.D.	Appointed	--	5 years <sup>1</sup>
Director of Finance & Operations.....	Scott Reiss	Appointed	--	3 years

<sup>1</sup> Dr. McMorran previously served Region 9 as the Assistant Superintendent for eight years.

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

**School Facilities  
Regional School District No.9**

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2019</b>	<b>Operating Capacity</b>
Joel Barlow High School .....	9-12	1959 (2005)	68	855	1,100

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

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

<b>School Year</b>	<b>9-12</b>	<b>Special Education<sup>1</sup></b>	<b>Total</b>
<b>Historical</b>			
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
2016-17	952	18	970
2017-18	894	16	910
2018-19	875	14	889
2019-20	855	18	873
<b>Projected</b>			
2020-21	831	-	831
2021-22	821	-	821
2022-23	794	-	794

<sup>1</sup> 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**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Term</b>
Chairperson (Interim)	Christopher Parkin	Elected	11/2017 - 11/2021
Vice Chairperson .....	Heather Whaley	Elected	11/2017 - 11/2021
Secretary .....	Colleen Pilato	Elected	11/2017 - 11/2021

**Redding School District  
School Facilities**

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2019</b>	<b>Operating Capacity</b>
Redding Elementary.....	K-4	1948 (1973, 1988)	33	425	759
John Read Middle School.....	5-8	1966 (1988, 1999)	34	359	782
<b>Total.....</b>			67	784	1,541

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

**Redding School District  
School Enrollment**

<b>School Year</b>	<b>Elementary</b>	<b>Middle School</b>	<b>Total</b>
	<b>K-4</b>	<b>5-8</b>	
<b>Historical</b>			
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
2016-17	499	436	935
2017-18	436	422	858
2018-19	409	389	798
2019-20	425	359	784
<b>Projected</b>			
2020-21	455	336	791
2021-22	455	328	783
2022-23	468	325	793

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

### III. Economic and Demographic Information

#### Population and Density

Year	Actual		Density <sup>1</sup>
	Population	% Increase	
2018 <sup>2</sup>	9,209	0.6%	286.0
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.

<sup>1</sup> Per square mile: 32.2 square miles.

<sup>2</sup> American Community Survey 2014-2018

#### Age Distribution of the Population

Age	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years .....	424	4.6%	184,983	5.2%
5 to 9 years .....	502	5.5	201,006	5.6
10 to 14 years .....	627	6.8	224,135	6.3
15 to 19 years .....	743	8.1	247,182	6.9
20 to 24 years .....	449	4.9	245,490	6.9
25 to 34 years .....	811	8.8	439,848	12.3
35 to 44 years .....	582	6.3	427,023	11.9
45 to 54 years .....	1,802	19.6	522,138	14.6
55 to 59 years .....	696	7.6	266,170	7.4
60 to 64 years .....	660	7.2	235,949	6.6
65 to 74 years .....	1,083	11.8	327,414	9.1
75 to 84 years .....	488	5.3	170,979	4.8
85 years and over .....	342	3.7	89,187	2.5
<b>Total</b> .....	<b>9,209</b>	<b>100.0%</b>	<b>3,581,504</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

#### Income Distribution

Income	Town of Redding		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	31	1.2%	26,021	2.9%
10,000 - 14,999.....	8	0.3	16,472	1.8%
15,000 - 24,999.....	82	3.2	38,804	4.3%
25,000 - 34,999.....	47	1.8	50,215	5.6%
35,000 - 49,999.....	144	5.7	80,042	9.0%
50,000 - 74,999.....	303	11.9	127,676	14.3%
75,000 - 99,999.....	199	7.8	118,848	13.3%
100,000 - 149,999.....	395	15.5	186,154	20.8%
150,000 - 199,999.....	398	15.7	105,285	11.8%
200,000 and over.....	936	36.8	143,423	16.1%
<b>Total</b> .....	<b>2,543</b>	<b>100.0%</b>	<b>892,940</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

### Income Levels

	<b>Town of Redding</b>	<b>State of Connecticut</b>
Per Capita Income, 2018.....	\$65,491	\$43,056
Per Capita Income, 2010.....	\$65,594	\$35,078
Median Family Income, 2018.....	\$157,455	\$97,310
Percent Below Poverty.....	2.1%	6.1%

*Source: American Community Survey 2014-2018*

### Educational Attainment Years of School Completed Age 25 & Over

	<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	38	0.6%	101,068	4.1%
9th to 12th grade, no diploma.....	58	0.9	134,758	5.4
High School graduate (includes equivalency).....	884	13.7	670,519	27.1
Some college, no degree.....	891	13.8	416,267	16.8
Associate degree.....	446	6.9	190,869	7.7
Bachelor's degree.....	2,293	35.5	538,924	21.7
Graduate or professional degree.....	1,854	28.7	426,303	17.2
<b>Total.....</b>	<b>6,464</b>	<b>100.0%</b>	<b>2,478,708</b>	<b>100.0%</b>
Percent high school graduate or higher.....	98.5%		90.5%	
Percent bachelor's degree or higher.....	64.2%		38.9%	

*Source: American Community Survey 2014-2018*

### Major Employers As of May 2020

<b>Name</b>	<b>Business</b>	<b>Approximate Number of Employees</b>
Redding Life Care, LLC.....	Assisted Living Center	380
Town of Redding (Full Time) .....	Education	142
Regional School District No. 9.....	Education	142
Redding Country Club.....	Golf/Banquet	108
Town of Redding (Full Time) .....	Municipal Government	65

*Source: Town of Redding, Finance Department.*



## Employment by Industry

<b>Sector</b>	<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	70	1.5%	7,195	0.4%
Construction.....	170	3.7	107,331	5.9
Manufacturing.....	217	4.7	190,995	10.5
Wholesale trade.....	193	4.2	44,714	2.5
Retail trade.....	384	8.3	191,939	10.6
Transportation warehousing, and utilities.....	98	2.1	72,806	4.0
Information.....	171	3.7	41,839	2.3
Finance, insurance, real estate, and leasing...	690	15.0	164,607	9.1
Professional, scientific, management, administrative, and waste management.....	975	21.2	207,632	11.5
Education, health and social services.....	1,181	25.7	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	254	5.5	150,852	8.3
Other services (except public admin.).....	117	2.5	83,686	4.6
Public Administration.....	79	1.7	67,172	3.7
<b>Total Labor Force, Employed.....</b>	<b>4,599</b>	<b>100.0%</b>	<b>1,810,445</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

## Employment Data

<b>Period</b>	<b>Town of Redding</b>		<b>Percentage Unemployed</b>		
	<b>Employed</b>	<b>Unemployed</b>	<b>Town of Redding</b>	<b>Bridgeport/ Stamford Labor Market</b>	<b>State of Connecticut</b>
April 2020	3,698	230	5.9%	7.9%	8.0%
<b>Annual Average</b>					
2019.....	4,352	134	3.0	3.7	3.7
2018.....	4,308	136	3.1	4.1	4.1
2017.....	4,371	167	3.7	4.7	4.7
2016.....	4,348	189	4.2	5.2	5.3
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

Source: State of Connecticut, Department of Labor.

### Age Distribution of Housing

<b>Year Built</b>	<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	681	17.4%	337,795	22.3%
1940 to 1969.....	1,091	27.9	533,321	35.3
1970 to 1979.....	592	15.1	201,360	13.3
1980 to 1989.....	740	18.9	191,306	12.6
1990 to 1999.....	263	6.7	115,459	7.6
2000 or 2009.....	517	13.2	103,632	6.9
2010 or later.....	25	0.6	29,432	1.9
<b>Total Housing Units.....</b>	<b>3,909</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

### Housing Inventory

<b>Housing Units</b>	<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	3,232	82.7%	892,608	59.0%
1-unit, attached.....	8	0.2	80,684	5.3
2 units.....	153	3.9	123,908	8.2
3 or 4 units.....	33	0.8	130,948	8.7
5 to 9 units.....	5	0.1	84,021	5.6
10 to 19 units.....	17	0.4	57,153	3.8
20 or more units.....	383	9.8	130,872	8.7
Mobile home.....	78	2.0	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
<b>Total Inventory.....</b>	<b>3,909</b>	<b>100.0%</b>	<b>1,512,305</b>	<b>100.0%</b>

Source: American Community Survey 2014-2018

### Owner-Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	20	0.7%	21,254	2.3%
\$50,000 to \$99,000.....	18	0.7	29,211	3.2
\$100,000 to \$149,999.....	18	0.7	81,446	9.0
\$150,000 to \$199,000.....	21	0.8	139,715	15.4
\$200,000 to \$299,999.....	83	3.1	245,801	27.1
\$300,000 to \$499,999.....	741	27.3	240,706	26.5
\$500,000 to \$999,999.....	1,576	58.0	106,993	11.8
\$1,000,000 or more.....	242	8.9	42,008	4.6
<b>Total.....</b>	<b>2,719</b>	<b>100.0%</b>	<b>907,134</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$593,000</b>		<b>\$272,700</b>	

Source: American Community Survey 2014-2018

## **Building Permits**

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

<b><i>Fiscal Year Ending 6/30</i></b>	<b><i>Number</i></b>	<b><i>Value</i></b>
2020 <sup>1</sup>	524	\$ 6,065,968
2019	743	9,018,675
2018	661	10,349,354
2017	659	16,852,919
2016	689	20,033,514
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

<sup>1</sup> *As of May 15, 2020.*

*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, 2017. Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must next revalue all real estate in 2022 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.

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.

### **Motor Vehicle Property Tax Rate**

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-661 of the General Statutes, as amended ("Section 4-661"), 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 rate for the current 2018 assessment year (Fiscal Year ending June 30, 2020) is 32.84 mills.

### **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 (see "Global Health Emergency Risk - COVID-19 Outbreak – Municipal Tax Relief Programs" on page 3 for the Town's change in unescrowed taxes) 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	Commercial			Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
	Residential Real Property (%)	& Industrial Real Property (%)	Other Real Property (%)						
2019	80.3	6.9	2.4	4.6	5.8	\$ 1,571,637,438	\$ 676,830	\$ 1,570,960,608	0.3%
2018	80.3	6.9	2.4	4.5	5.9	1,567,593,520	1,120,240	1,566,473,280	0.0%
2017	80.3	7.0	2.3	4.5	5.9	1,567,243,289	1,223,677	1,566,019,612	-4.1%
2016	80.3	7.5	2.4	4.3	5.5	1,831,789,093	198,502,290	1,633,286,803	0.0%
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%

Note: The latest revaluation was completed as of October 1, 2017 and became effective for fiscal year 2019.

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	Percent of Annual Levy	Percent of Annual Levy
					Collected at End of Fiscal Year	Uncollected at End of Fiscal Year	Uncollected as of 6/30/2019
2018	2020	\$1,566,473,280	32.84	\$ 47,998,238	<i>IN COLLECTION</i>		
2017	2019	1,566,019,612	31.72	47,282,332	98.7%	1.3%	1.3%
2016	2018	1,633,286,803	29.62	46,257,519	98.6%	1.4%	0.8%
2015	2017	1,633,281,007	29.24	45,309,612	98.5%	1.5%	0.6%
2014	2016	1,631,649,246	28.91	45,708,421	98.6%	1.4%	0.4%
2013	2015	1,628,344,925	28.91	45,720,390	98.7%	1.3%	0.4%
2012	2014	1,627,088,324	28.95	45,791,419	98.6%	1.4%	0.4%
2011	2013	1,995,568,915	23.28	45,072,306	98.3%	1.7%	0.7%
2010	2012	1,990,241,898	22.79	44,044,397	97.9%	2.1%	0.7%
2009	2011	1,993,334,753	22.22	44,117,180	97.2%	2.8%	0.6%

<sup>1</sup> Revaluation.

<sup>2</sup> Subject to audit.

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

## COVID-19 Outbreak-Municipal Tax Relief Programs

In compliance with Executive Order 7S, which was issued in response to the COVID-19 outbreak, the Town adopted the "Low Interest Rate Program", which lowers the interest on tax payments due for three (3) months. (See "COVID-19 Outbreak-Municipal Tax Relief Programs")

### Property Tax Receivable

<i>Fiscal Year Ending 6/30</i>	<i>Current Year Levy Uncollected</i>	<i>Total Uncollected (Current &amp; Prior Years)</i>
2019	\$635,718	\$3,205,195
2018	655,243	3,155,739
2017	668,371	2,911,987
2016	652,019	2,669,586
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

<i>Name</i>	<i>Nature of Business</i>	<i>Taxable Valuation</i>	<i>Percent of Net Taxable Grand List <sup>1</sup></i>
Redding Life Care LLC .....	Assisted Living Center	\$ 78,147,150	4.97%
Eversource.....	Public Utility	55,572,760	3.54%
Georgetown Land Development Co, LLC. <sup>2</sup> .....	Real Estate	5,725,100	0.36%
Robert & Jamie D. Prusak. ....	Property Owner	5,167,700	0.33%
Chippawalla Properties Inc .....	Real Estate Developer	4,031,600	0.26%
Escape From CT,LLC.....	Property Owner	3,940,320	0.25%
Aquarion Water Company of CT.....	Public Water Utility	3,775,830	0.24%
Redding Country Club Inc. ....	Private Golf Club	3,471,300	0.22%
ABCH LLC .....	Property Owner	3,008,820	0.19%
William J. Bishop & Robin C. ....	Property Owner	2,834,200	0.18%
<b>Total</b> .....		<b>\$ 165,674,780</b>	<b>10.55%</b>

<sup>1</sup> Based on October 1, 2019 Net Taxable Grand List of \$1,570,960,608.

<sup>2</sup> Georgetown Land Development Co., LLC (GLDC) currently owes taxes of approximately \$2.9 million and accrued interest of \$2.6 million for the grand lists of October 1, 2007-2019. 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 GLDC have claimed that their liens have an equal priority with the Town's tax liens. A ruling from the Court on this issue determined that the Town has lien priority. The Court also ruled that the Town can foreclose on the property, but this issue is currently being contested through litigation by GLDC. The Connecticut Supreme Court heard arguments on the appeal in December 2019 with a decision anticipated by Fall 2020.

*Source: Assessor's Office, Town of Redding*

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**V. Debt Summary**  
**Principal Amount of Indebtedness**  
**As of July 9, 2020**  
**(Pro Forma)**

<b>Long-Term Debt</b> <sup>1</sup>			<b>Amount of</b>	<b>Outstanding</b>	<b>Fiscal</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original</b>	<b>After</b>	<b>Year of</b>
			<b>Issue</b>	<b>This Issue</b>	<b>Maturity</b>
2012	General Purpose Refunding.....	1.00 - 4.00	\$ 2,680,000	\$ 335,000	2021
2016	General Purpose Refunding.....	2.00 - 4.00	4,409,000	3,849,000	2031
2016	Schools Refunding.....	2.00 - 4.00	2,336,000	2,036,000	2031
2017	General Purpose .....	3.00 - 5.00	11,787,629	10,512,000	2037
2017	Schools .....	3.00 - 5.00	7,907,371	7,008,000	2037
	<b>Total.....</b>		<b>\$ 29,120,000</b>	<b>\$ 23,740,000</b>	
<b>THIS ISSUE</b>					
2020	General Purpose .....	2.00 - 5.00	\$ 5,150,000	\$ 5,150,000	2036
	<b>Sub-Total.....</b>		<b>\$ 5,150,000</b>	<b>\$ 5,150,000</b>	
	<b>Total.....</b>		<b>\$ 34,270,000</b>	<b>\$ 28,890,000</b>	

<sup>1</sup> Excludes the Refunded Bonds

**Short-Term Debt**  
**As of July 9, 2020**  
**(Pro Forma)**

The Town has no outstanding short term debt as of the date of this official statement.

**Overlapping/Underlying Debt**  
**As of July 9, 2020**  
**(Pro Forma)**

**Overlapping**

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

<b>Long-Term Debt</b>			<b>Amount of</b>	<b>Amount</b>	<b>Fiscal</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original</b>	<b>Outstanding</b>	<b>Year of</b>
			<b>Issue</b>	<b>Outstanding</b>	<b>Maturity</b>
07/15/10	School Bonds.....	2.00-3.00	\$ 1,580,000	\$ 165,000	2021
11/15/11	School Refunding Bonds.....	3.00-5.00	9,720,000	4,380,000	2026
10/05/16	School Bonds.....	2.00-2.20	4,830,000	4,110,000	2037
07/15/19	Schools.....	2.00-5.00	1,915,000	1,915,000	2035
	<b>Total.....</b>		<b>\$ 18,045,000</b>	<b>\$ 10,570,000</b>	

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, 2019, Redding's share is 54.32%. Total Regional District debt totals \$10,570,000. Based on school enrollment numbers as of October 1, 2019, each Member Town's gross share of the debt is as follows:

<b>Entity</b>	<b>Debt Amount</b>
Easton (45.68%) .....	\$ 4,828,376
Redding (54.32%) .....	5,741,624
<b>Total Regional School District No. 9.....</b>	<b>\$10,570,000</b>

**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, 2019 that would be considered underlying debt of the Town of Redding in the amount of \$890,762.

**Annual Bonded Debt Maturity Schedule  
As of July 9, 2020  
(Pro Forma)**

<i>Fiscal Year Ended 6/30</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total Payments</i>	<i>This Issue Total</i>	<i>Total</i>	<i>Cumulative Principal Retired %</i>
2021	\$ 1,920,000	\$ 802,125	\$ 2,722,125	\$ -	\$ 1,920,000	6.6%
2022	1,585,000	731,650	2,316,650	600,000	2,185,000	14.2%
2023	1,565,000	663,100	2,228,100	300,000	1,865,000	20.7%
2024	1,570,000	592,775	2,162,775	300,000	1,870,000	27.1%
2025	1,575,000	519,575	2,094,575	300,000	1,875,000	33.6%
2026	1,575,000	451,725	2,026,725	325,000	1,900,000	40.2%
2027	1,570,000	409,300	1,979,300	325,000	1,895,000	46.8%
2028	1,565,000	366,306	1,931,306	325,000	1,890,000	53.3%
2029	1,560,000	322,763	1,882,763	325,000	1,885,000	59.8%
2030	1,555,000	278,675	1,833,675	325,000	1,880,000	66.3%
2031	1,550,000	234,713	1,784,713	325,000	1,875,000	72.8%
2032	1,025,000	197,313	1,222,313	450,000	1,475,000	77.9%
2033	1,025,000	166,563	1,191,563	300,000	1,325,000	82.5%
2034	1,025,000	134,531	1,159,531	300,000	1,325,000	87.1%
2035	1,025,000	101,219	1,126,219	325,000	1,350,000	91.8%
2036	1,025,000	67,906	1,092,906	325,000	1,350,000	96.5%
2037	1,025,000	34,594	1,059,594	-	1,025,000	100.0%
<b>Total.....</b>	<b>\$ 23,740,000</b>	<b>\$ 6,074,831</b>	<b>\$ 29,814,831</b>	<b>\$ 5,150,000</b>	<b>\$ 28,890,000</b>	

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

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**Debt Statement**  
**As of July 9, 2020**  
**(Pro Forma)**

**Long-Term Debt Outstanding:**

General Purpose (includes this issue) .....	\$ 19,846,000
Schools .....	9,044,000
Sewer .....	-
<b>Total Long-Term Debt</b> .....	<b>28,890,000</b>
<b>Short-Term Debt</b> .....	<b>-</b>
<b>Total Direct Debt</b> .....	<b>28,890,000</b>
Less: School Construction Grants Receivable <sup>1</sup> .....	-
<b>Total Direct Net Debt</b> .....	<b>28,890,000</b>
<b>Overlapping/Underlying Debt:</b>	
Fire Districts (As of June 30, 2019).....	-
Georgetown Special Taxing District (As of June 30, 2019).....	890,762
Regional School District No. 9 (current Redding share = 54.32%).....	5,741,624
<b>Total Overall Net Debt</b> .....	<b>\$ 35,522,386</b>

<sup>1</sup> 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.

**Current Debt Ratios**  
**As of July 9, 2020**  
**(Pro Forma)**

Population <sup>1</sup> .....	9,209
Net Taxable Grand List (10/1/19) .....	\$ 1,570,960,608
Estimated Full Value .....	\$ 2,244,229,440
Equalized Net Taxable Grand List (10/1/17) <sup>2</sup> ...	\$ 2,236,521,146
Money Income per Capita (2010) <sup>3</sup> .....	\$ 65,594
Money Income per Capita (2018) <sup>1</sup> .....	\$ 65,491

	<b>Total Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$28,890,000</b>	<b>\$35,522,386</b>
Debt per Capita.....	\$3,137.15	\$3,857.36
Ratio to Net Taxable Grand List.....	1.84%	2.26%
Ratio to Estimated Full Value.....	1.29%	1.58%
Ratio to Equalized Grand List.....	1.29%	1.59%
Debt per Capita to Income per Capita (2010)...	4.78%	5.88%
Debt per Capita to Income per Capita (2018)...	4.79%	5.89%

<sup>1</sup> American Community Survey 2014-2018

<sup>2</sup> Office of Policy and Management, State of Connecticut

<sup>3</sup> U.S. Department of Commerce, Bureau of Census.

## **Bond Authorization**

The Board of Finance approves the expenditure and the Board of Selectmen sets a Town Meeting where a majority of voters present must authorize the expenditure and its financing.

Pursuant to State law, the issuance of refunding bonds is authorized by the Board of Selectmen.

## **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).

## **Potential Future Borrowings**

As a precaution against future cash flow shortfalls due primarily to the COVID-19 emergency and the Town's adoption of the "Low Interest Rate Program" for unescrowed taxes on real estate, motor vehicles, and personal property that are due between April 1, 2020 and July 1, 2020, the Town recently authorized the issuance of up to \$5 million of tax anticipation notes ("TANs") secured by the full faith and credit of the Town. Presently, the Town does not anticipate having to issue any TANs.

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## **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 July 9, 2020**  
**(Pro Forma)**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the fiscal year ended June 30, 2019 .....	\$ 48,280,989
Fire District tax and interest collections.....	1,555,680
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	-
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 49,836,669</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$112,132,505	-	-	-	-
4 1/2 times base.....	-	\$224,265,011	-	-	-
3 3/4 times base.....	-	-	\$186,887,509	-	-
3 1/4 times base.....	-	-	-	\$161,969,174	-
3 times base.....	-	-	-	-	\$ 149,510,007
<b>Total Debt Limitation</b> .....	<u>\$112,132,505</u>	<u>\$224,265,011</u>	<u>\$186,887,509</u>	<u>\$161,969,174</u>	<u>\$ 149,510,007</u>

<b>Indebtedness:</b>					
Bonds Outstanding.....	\$ 14,696,000	\$ 9,044,000	\$ -	\$ -	\$ -
Bonds (This Issue) .....	5,150,000	-	-	-	-
State of CT, Clean Water Fund Debt <sup>1</sup> .....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #9 Debt)...	-	5,741,624	-	-	-
Underlying Debt.....	890,762	-	-	-	-
Debt Authorized But Unissued .....	-	-	-	-	-
<b>Total Indebtedness</b> .....	<u>\$ 20,736,762</u>	<u>\$ 14,785,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Less:					
State School Grants Receivable.....	-	-	-	-	-
<b>Total Net Indebtedness</b> .....	<u>\$ 20,736,762</u>	<u>\$ 14,785,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> .....					
	<u>\$ 91,395,743</u>	<u>\$209,479,387</u>	<u>\$186,887,509</u>	<u>\$161,969,174</u>	<u>\$ 149,510,007</u>

<sup>1</sup> Supported by benefit assessments levied on property owners of the Georgetown section of the Town of Redding.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$348,856,683.

**Authorized but Unissued Debt**  
**As of July 9, 2020**  
**(Pro Forma)**

<u>Project</u>	<u>Aggregate Amount Authorized</u>	<u>Grants Applied</u>	<u>New Money</u>	<u>This Issue Bonds</u>	<u>Authorized but Unissued</u>
Road Projects (four year plan).....	\$ 2,950,000	\$ -	\$ 2,950,000	\$ 2,950,000	\$ -
Communications Upgrade.....	2,500,000	300,000	2,200,000	2,200,000	-
<b>Total</b> .....	<u>\$ 5,450,000</u>	<u>\$ 300,000</u>	<u>\$ 5,150,000</u>	<u>\$ 5,150,000</u>	<u>\$ -</u>

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

<b>Long-Term Debt</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bonds <sup>1</sup> .....	\$ 27,221,745	\$ 29,550,535	\$ 31,604,326	\$ 12,642,223	\$ 13,758,032
<b>Short-Term Debt</b>					
Bond Anticipation Notes..	-	-	-	12,644,000	10,574,000
<b>Totals .....</b>	<b>\$ 27,221,745</b>	<b>\$ 29,550,535</b>	<b>\$ 31,604,326</b>	<b>\$ 25,286,223</b>	<b>\$ 24,332,032</b>

<sup>1</sup> Includes State of Connecticut Clean Water Fund debt.

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

<b>Fiscal Year Ended 6/30</b>	<b>Net Assessed Value (000s)</b>	<b>Estimated Full Value <sup>1</sup> (000s)</b>	<b>Net Long-Term Debt (000s) <sup>2</sup></b>	<b>Ratio of Net Long-Term Debt to</b>		<b>Population <sup>3</sup></b>	<b>Net Long-Term Debt per Capita</b>	<b>Ratio of Net Long-Term Debt per Capita to Income <sup>4</sup> (%)</b>
				<b>Assessed Value (%)</b>	<b>Estimated Full Value (%)</b>			
2019	\$ 1,631,649	\$ 2,330,927	\$ 27,222	1.67%	1.17%	9,209	\$2,956	4.51%
2018	1,631,649	2,330,927	29,551	1.81%	1.27%	9,209	3,209	4.90%
2017	1,631,649	2,330,927	31,604	1.94%	1.36%	9,209	3,432	5.24%
2016	1,631,649	2,330,927	12,642	0.77%	0.54%	9,209	1,373	2.10%
2015	1,628,345	2,326,207	13,758	0.84%	0.59%	9,209	1,494	2.28%

<sup>1</sup> Assessment Ratio, 70%; Revaluation October 1, 2017.

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

<sup>3</sup> American Community Survey 2014-2018

<sup>4</sup> Money Income per Capita: American Community Survey 2014-2018: \$65,491 used for all calculations.

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

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2020	\$ 3,048,458	\$ 50,960,997	5.98%
2019	3,048,802	50,722,478	6.01%
2018	2,947,580	52,246,707	5.64%
2017	1,986,181	51,276,763	3.87%
2016	2,149,046	50,236,447	4.28%
2015	2,190,217	49,853,477	4.39%

<sup>1</sup> 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, 2015-2019.

Adopted Budget, 2020. 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**

On May 27, 2020, the Board of Finance approved a budget which resulted in no increase in the mill rate from the prior year. As the Town operates under State Statute, the budget historically has gone to referendum. However due to COVID19 and the Connecticut Governor's Executive Order 71 issued March 21, 2020, "the legislative body of a municipality or, in a municipality where the legislative body is a Town Meeting, the Board of Selectmen, shall authorize the budget-making authority within said municipality to adopt a budget for the July 1, 2020 - June 30, 2021 fiscal year." Accordingly, on May 18, 2020, the Board of Selectmen authorized the Board of Finance to meet to vote on the budget. On May 27, 2020, the Board of Finance approved the budget for the July 1, 2020 – July 30, 2021 fiscal year. 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 2019 to a third term in office with support of the major parties.

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, 2019, 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."

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## Pensions

All permanent Town employees who work at least 30 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, 2019, the Town reported a liability of \$10,347,773 for its proportionate share of the net pension liability related to its participation in MERS.

Covered employees are required by State Statute to contribute 2.75% 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:

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contribution.....	\$ 990,420	\$ 857,489	\$ 1,025,459	\$ 1,131,728	\$ 870,369
Contributions in Relation to the Actuarially Determined Contribution.....	990,420	857,489	1,025,459	1,131,728	870,369
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of ADC.....	100.00%	100.00%	100.00%	100.00%	100.00%
Covered Payroll.....	\$ 6,986,000	\$ 6,885,000	\$ 6,717,648	\$ 6,658,000	\$ 6,859,281
Contributions as a Percentage of Covered Payroll.....	14.18%	12.45%	15.27%	17.00%	12.69%

Beginning in 2010, the Town started moving new non-union full-time employees to a defined contribution plan. The Town contributes a percent of the employee salary ranging from 3-5% depending on the years of service. On average, the Town contributes roughly \$34,000 on an annual basis.

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.

### *Schedule of the Town's Proportionate Share – MERS Pension Plan*

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Town's Proportion of the Net Pension Liability.....	5.52%	5.85%	5.85%	6.40%	6.40%
Town's Proportion Share of the Net Pension Liability....	\$ 10,347,773	\$ 4,958,634	\$ 5,860,625	\$ 4,469,285	\$ 3,405,997
Town's Covered Payroll.....	\$ 6,986,000	\$ 6,885,000	\$ 6,717,648	\$ 6,658,000	\$ 6,859,281
Town's Proportion Share of the Net Pension Liability as a % of its Covered Payroll.....	148.12%	72.02%	87.24%	67.13%	49.66%
Plan Fiduciary Net Position as a % of the Total Pension Liability.....	73.60%	91.68%	88.29%	92.72%	90.48%

### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percent point higher than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's Proportionate Share of the Net Pension Liability .....	\$ 14,670,568	\$ 10,347,773	\$ 6,306,414

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, 2019 was \$154,304.

Based on a July 1, 2018 actuarial valuation date, the Town has a Total OPEB Liability of \$3,263,983.

Total OPEB Liability .....	\$	3,263,983
Covered Payroll .....		13,347,300
Total OPEB Liability as % of Covered Payroll .....		24.45%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution.....	\$ 321,179	\$ 313,346	\$ 305,703	\$ 299,947	\$ 249,280
Contributions in Relation to the Actuarially Determined Contribution.....	97,971	95,581	93,250	88,756	130,128
Contribution Deficiency (Excess).....	\$ 223,208	\$ 217,764	\$ 212,453	\$ 211,191	\$ 119,152
Contributions as a Percentage of ADC.....	30.50%	30.50%	30.50%	29.59%	52.20%
Covered Payroll.....	\$13,009,064	\$13,950,789	\$13,950,789	\$14,345,264	\$14,345,264
Contributions as a Percentage of Covered Payroll.....	0.75%	0.69%	0.67%	0.62%	0.91%

Source: Redding Finance Department.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(2.51%)</u>	<u>Discount Rate</u>	<u>(3.51%)</u>
	<u>(2.51%)</u>	<u>(3.51%)</u>	<u>(4.51%)</u>
Town Plan Net OPEB Liability.....	\$ 3,625,767	\$ 3,263,983	\$ 2,945,986

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
	<u>(7.00% decreasing</u>	<u>(8.00% decreasing</u>	<u>(9.00% decreasing</u>
	<u>to 3.60%)</u>	<u>to 4.60%)</u>	<u>to 5.60%)</u>
Town Plan Net OPEB Liability.....	\$ 2,856,019	\$ 3,263,983	\$ 3,748,645

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 U.S. 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 Budgets (Budgetary Basis)**

	<i>Budget</i> 6/30/2021	<i>Budget</i> 6/30/2020	<i>Actual</i> 6/30/2019	<i>Actual</i> 6/30/2018	<i>Actual</i> 6/30/2017	<i>Actual</i> 6/30/2016
<b>Revenues:</b>						
Property taxes .....	\$ 48,405,923	\$ 48,706,179	\$ 48,054,156	\$ 46,755,432	\$ 46,133,174	\$ 45,448,399
Intergovernmental revenues .....	342,134	342,134	1,961,527	4,731,855	4,499,008	3,786,491
Investment income .....	120,000	380,000	437,775	275,978	63,219	48,588
Charges for Services .....	1,190,215	1,274,200	1,274,149	1,184,042	1,207,131	1,386,980
Other .....	51,997	50,484	57,397	93,210	39,521	39,298
<b>Total.....</b>	<b>\$ 50,110,269</b>	<b>\$ 50,752,997</b>	<b>\$ 51,785,004</b>	<b>\$ 53,040,517</b>	<b>\$ 51,942,053</b>	<b>\$ 50,709,756</b>
<b>Expenditures:</b>						
General government .....	\$ 2,782,960	\$ 2,766,370	\$ 2,815,052	\$ 2,819,607	\$ 2,908,540	\$ 2,950,741
Public safety .....	2,582,080	2,544,225	2,614,735	2,501,836	2,473,002	2,421,456
Highway and streets .....	1,515,589	1,490,097	1,389,445	1,369,688	1,466,182	1,391,319
Transfer station and recycling .....	254,935	261,918	250,642	234,370	239,387	251,371
Health and welfare .....	147,491	143,108	139,082	120,278	117,781	117,480
Library .....	588,377	568,480	539,655	513,958	513,958	489,950
Parks and recreation .....	828,084	954,287	908,223	919,106	954,972	955,653
Employee benefits .....	3,397,605	3,213,520	2,677,525	2,959,303	2,766,777	2,716,527
Education .....	35,801,398	35,970,534	36,083,853	37,797,256	37,053,767	36,254,652
Capital outlay .....	-	-	255,464	3,725	171,271	242,252
Debt service .....	2,821,750	3,048,458	3,048,802	2,947,580	1,986,181	2,149,046
<b>Total.....</b>	<b>\$ 50,720,269</b>	<b>\$ 50,960,997</b>	<b>\$ 50,722,478</b>	<b>\$ 52,186,707</b>	<b>\$ 50,651,818</b>	<b>\$ 49,940,447</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures.....</b>	<b>(610,000)</b>	<b>(208,000)</b>	<b>1,062,526</b>	<b>853,810</b>	<b>1,290,235</b>	<b>769,309</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets .....	-	-	-	-	-	-
Payment to Bond Escrow Agent .....	-	-	-	-	-	(7,091,096)
Proceeds from Refunding Bonds .....	-	-	-	-	-	6,745,000
Premium from Refunding Bonds .....	-	-	-	-	-	447,965
Bond Anticipation Note Premium .....	-	-	-	-	-	-
Issuance of Capital Lease .....	-	-	255,464	-	171,271	242,252
Operating transfers in .....	610,000	208,000	-	-	-	-
Operating transfers out .....	-	-	-	(60,000)	(624,945)	(296,000)
<b>Total Other financing sources (uses).....</b>	<b>610,000</b>	<b>208,000</b>	<b>255,464</b>	<b>(60,000)</b>	<b>(453,674)</b>	<b>48,121</b>
<b>Excess (deficiency) of revenues and other</b>						
<b>financing sources (uses) over (under)</b>						
<b>expenditures and other financing uses.....</b>	<b>-</b>	<b>-</b>	<b>1,317,990</b>	<b>793,810</b>	<b>836,561</b>	<b>817,430</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>10,936,523</b>	<b>10,142,713</b>	<b>9,306,152</b>	<b>8,488,722</b>
Restatement .....	-	-	-	-	-	-
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 12,254,513</b>	<b>\$ 10,936,523</b>	<b>\$ 10,142,713</b>	<b>\$ 9,306,152</b>

<sup>1</sup> 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**

	<i>Budget</i> 6/30/2021	<i>Budget</i> 6/30/2020	<i>Actual</i> 6/30/2019	<i>Actual</i> 6/30/2018	<i>Actual</i> 6/30/2017	<i>Actual</i> 6/30/2016
Nonspendable.....	N/A	N/A	\$ 2,813,206	\$ 2,331,291	\$ 1,986,161	\$ 1,742,005
Committed.....	N/A	N/A	-	-	200,000	200,000
Assigned.....	N/A	N/A	45,000	9,830	-	224,909
Unassigned.....	N/A	N/A	9,396,307	8,595,402	7,956,552	7,139,238
<b>Total Fund Equity.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 12,254,513</b>	<b>\$ 10,936,523</b>	<b>\$ 10,142,713</b>	<b>\$ 9,306,152</b>

## ***Municipal Revenue Sharing Grant***

Section 4-661 creates certain disincentives on increasing adopted 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 for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-661 requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded.

Under Section 4-661, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, nonrecurring grants, capital expenditures or payments of unfunded pension liabilities.

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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 Bonds 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 Lifecare, LLC Real Property Assessment Valuation Appeal

Redding Lifecare, 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 2012 revaluation. The assessor valued the CCRC 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 yielded annual taxes of \$2,279,812 on the October 1, 2012 Grand List, \$2,276,662 on the October 1, 2013 Grand List, \$2,276,662 on the October 1, 2014 Grand List, \$2,302,650 on the October 1, 2015 Grand List and \$2,332,575 on the October 1, 2016 Grand List. The Town conducted a revaluation on the October 1, 2017 Grand List which is not at issue here. RLC asserts that the Town's fair market value, and therefore the taxes which were levied, were excessive by approximately 40% or \$900,000 of the annual taxes due. After several years of litigation that went to the Supreme Court relating to pretrial discovery issues the case is likely to go to trial later this year in early 2021. The Town believes that its valuation is correct and intends to vigorously defend it.

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## ***Transcript and Documents Furnished at Delivery***

Upon delivery of the Bonds, the winning purchaser 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 Bonds 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 Bonds, 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 Bonds.
4. An executed continuing disclosure agreement for the Bonds substantially in the form attached hereto as Appendix C.
5. An approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut, substantially in the form attached hereto as Appendix B.
6. The Town of Redding has prepared an Official Statement for the Bonds which is dated June 23, 2020. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser of the Bonds twenty-five (25) copies of the final Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds 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 Bonds. The winning purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Bonds 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.

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**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:  /s/ Julia Pemberton  
Julia Pemberton, *First Selectman*

By:  /s/ W. Wesley Higgins  
W. Wesley Higgins, *Treasurer*

By:  /s/ Stephen Gniadek  
Stephen Gniadek, *Finance Director*

June 23, 2020

## ***Appendix A***

### ***2019 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, 2019. 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.

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RSM US LLP

## Independent Auditor's Report

To the Board of Finance  
Town of Redding, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

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

**Other Information**

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

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the Town of Redding, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Redding, Connecticut's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
December 23, 2019

## Town of Redding, Connecticut

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

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As management of the Town of Redding, Connecticut (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

#### **Financial Highlights**

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

#### **Overview of the Basic Financial Statements**

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

#### **Government-Wide Financial Statements**

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

The statement of net position, which presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The statement of net position and statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, deferred inflows/outflows, revenues, expenses, and gains and losses of the Town. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Town include general government, public safety, highway and streets, transfer station and recycling, health and social services, library, parks and recreation education and interest and fiscal charges. The Town's business-type activities are for the Georgetown Sewer Enterprise Fund operations.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and provide sound management of Town resources. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

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

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

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

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

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

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

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

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's General Fund budget, and pension and OPEB related schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to basic financial statements.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's net position is \$62,719,880 at the close of the most recent fiscal year.

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

By far, the largest portion of the Town's net position (86.2%) reflects its investment in capital (e.g., land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture, and fixtures and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

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

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

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

**Summary Statement of Activities**

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

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

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

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

#### **General Fund:**

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

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

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

#### **General Fund Budgetary Highlights**

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

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

#### **Non-Major Governmental Funds**

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

#### **Capital Assets and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$80,692,117 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture and fixtures and infrastructure.

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

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

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

**Outstanding Debt  
General Obligation Bonds and Notes**

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$348,856,681 which is significantly in excess of the Town’s outstanding general obligation debt.

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2019, which matures through 2026, amounted to \$13,535,000. The Town’s share of the debt was \$6,419,610.

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

**Economic Factors and Next Year’s Budget and Assumptions**

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

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

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

**Requests for Information**

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Redding, Finance Department, P.O. Box 1028, Redding, Connecticut 06875.



## **Basic Financial Statements**



**Statement of Net Position**  
**June 30, 2019**

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

See notes to financial statements.

Town of Redding, Connecticut

Statement of Activities  
For the Year Ended June 30, 2019

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

See notes to financial statements.

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

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

See notes to financial statements.

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different from the governmental fund balance sheet. The details of this difference are as follows:

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

See notes to financial statements.

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

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

See notes to financial statements.

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

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (375,524)
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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	2,038,828
Depreciation expense	(1,409,340)
Loss on disposal of assets	(12,219)
	<u>617,269</u>

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

<u>485,169</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Premium amortization	98,790
Deferred amounts on refunding	(37,280)
Bond principal repayments	2,230,000
Issuance of capital leases	(255,464)
Capital lease payments	323,743
	<u>2,359,789</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 MERS pension expense	(1,847,702)
Net OPEB expense	716,784
Landfill post-closure care	4,000
Compensated absences	8,931
Accrued interest payable	(8,621)
	<u>(1,126,608)</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>250,244</u>
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Change in net position of governmental activities (Exhibit II)

<u>\$ 2,210,339</u>
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See notes to financial statements.



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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

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

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

See notes to financial statements.

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies**

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

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

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

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from the statement of net position, except for the net residual amounts due between governmental and business-type activities. The interfund services provided and used are not eliminated from the statement of activities in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

**Measurement focus, basis of accounting and financial statement presentation:** The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus, and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences, landfill post-closure monitoring, claims and judgments, pension expense and other post-employment benefits which are recorded only when payment is due (matured).

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

The Town reports the following major governmental fund:

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Georgetown Sewer enterprise fund are charges to customers for sales and services and of the Town's internal service fund are the charges to departments for employee health benefits. The Georgetown Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, claim expense, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, and then unassigned.

#### **Assets, liabilities and net position or equity:**

**Deposits and investments:** The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of 3 months or less from the date of acquisition.

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

**Interfunds:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

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

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

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

**Capital assets:** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the enterprise fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.



## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

**Compensated absences:** Town and Board of Education employees are granted vacation based upon length of employment. Unused vacation time accrued prior to voluntary termination shall be paid. For the Town, sick leave does not accrue, and cannot be carried forward. For the Board of Education, sick leave may be carried forward. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for amounts that have become due. The General Fund is typically used to liquidate the liability.

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

**Long-term obligations:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments other than bond anticipation notes (BANs) are reported as debt service expenditures.

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

**Assigned fund balance:** Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by either the Board of Finance or Board of Selectman or the Finance Director who has been delegated authority to assign amounts.

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

**Estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Note 2. Stewardship, Compliance and Accountability

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

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 2. Stewardship, Compliance and Accountability (Continued)

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

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

#### Note 3. Cash and Cash Equivalents

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a qualified public depository as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. For the capital and nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles

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

Town of Redding, Connecticut

Notes to Financial Statements

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**Note 3. Cash and Cash Equivalents (Continued)**

**Deposits:**

**Deposit custodial credit risk:** Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town has a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, approximately \$852,000 of the Town's bank balance of approximately \$18,698,000 was uninsured and uncollateralized at June 30, 2019.

**Cash equivalents:** At June 30, 2019, the Town's cash equivalents amounted to \$227,000, which is recorded at amortized cost. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m
Cash of the Town consist of the following at June 30, 2019:	
Cash, restricted cash and equivalents:	
Deposits with financial institutions	\$ 18,578,317
State short-term investment fund	<u>226,852</u>
Total cash, cash equivalents and investments	<u><u>\$ 18,805,169</u></u>
Cash is classified in the accompanying financial statements as follows:	
Statement of net position:	
Cash and cash equivalents	\$ 18,734,697
	<u>18,734,697</u>
Fiduciary funds:	
Cash and cash equivalents	<u>70,472</u>
	<u>70,472</u>
Total cash, cash equivalents and investments	<u><u>\$ 18,805,169</u></u>

**Town of Redding, Connecticut**

**Notes to Financial Statements**

**Note 4. Receivables**

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

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

**Note 5. Deferred Inflows of Resources/Unearned Revenue**

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

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

**Town of Redding, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets**

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

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

**Town of Redding, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets (Continued)**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 15,342	\$ -	\$ -	\$ 15,342
Capital assets, being depreciated:				
Sewer plant	9,245,519	-	-	9,245,519
Sewer collection system	1,106,541	688,000	-	1,794,541
Machinery and equipment	9,250	-	-	9,250
Total capital assets, being depreciated	10,361,310	688,000	-	11,049,310
Less accumulated depreciation for:				
Sewer plant	1,587,870	83,209	-	1,671,079
Sewer collection system	805,792	59,593	-	865,385
Machinery and equipment	6,758	417	-	7,175
Total accumulated depreciation	2,400,420	143,219	-	2,543,639
Total capital assets, being depreciated, net	7,960,890	544,781	-	8,505,671
Business-type activities capital assets, net	\$ 7,976,232	\$ 544,781	\$ -	\$ 8,521,013

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

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



**Town of Redding, Connecticut**

**Notes to Financial Statements**

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**Note 7. Interfund Accounts**

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

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

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

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

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

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

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

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

Town of Redding, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities

Changes in long-term obligations:

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

#### Note 8. Long-Term Liabilities (Continued)

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

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

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2019, which matures through 2026, amounted to \$13,535,000. The Town's share of the debt was \$6,419,610.

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

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

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The cost of these assets was approximately \$3,434,000 with accumulated depreciation as of June 30, 2019 of approximately \$1,126,000. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2019. This schedule includes both Governmental Activities and Business-Type Activities:

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 8. Long-Term Liabilities (Continued)

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

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

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

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

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

General purpose	<u>\$ 157,000</u>
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**Landfill closure and post-closure care costs:** State and federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs for the next 3 years at \$4,000 per year are \$12,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. This estimated liability is recorded in the governmental activities statement of net position, since the liability will be funded from future financial resources, not from expendable available financial resources.

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### Note 9. Fund Balances

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

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

#### Note 10. Risk Management

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

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

The medical claims fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The Town does not have aggregate stop-loss coverage but has individual stop-loss coverage of \$150,000. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated.

**Town of Redding, Connecticut**

**Notes to Financial Statements**

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**Note 10. Risk Management (Continued)**

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

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

**Note 11. Employee Retirement Fund and Pension Plans**

**Municipal Employees' Retirement Fund:**

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

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

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

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

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

**Town of Redding, Connecticut**

**Notes to Financial Statements**

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

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

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

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

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



**Town of Redding, Connecticut**

**Notes to Financial Statements**

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

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

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

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

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

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

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

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

**Connecticut State Teachers' Retirement System:** Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the System. The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

## Town of Redding, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Town of Redding, Connecticut

Notes to Financial Statements

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

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

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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

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

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

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

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

Town of Redding, Connecticut

Notes to Financial Statements

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**Note 12. Other Post-Employment Benefits (OPEB)**

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

**Plan description and benefits provided:** In addition to the pension benefits described in Note 11 certain employees retiring under the Town of Redding’s Retiree Medical Program receive other post-employment benefits (OPEB). The level of these benefits provided is as follows:

Police

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

Highway

Eligibility for Medical and Dental Coverage	Retirement on or after age 62 with 18 years of service.
Retiree/Spouse Cost of Medical and Dental Coverage	Retiree pays 40% of the cost of insurance for the retiree only until age 65. For ages 65 and above, the retiree pays 100% of the cost.
Plan of Coverage	Anthem – fully insured medical and self-funded dental plans.

**Town of Redding, Connecticut**

**Notes to Financial Statements**

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

**Board of education:** The Board of Education (BOE) provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers' Retirement Plan (age 50 with 30 years, age 55 with 25 years, or age 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	100% of the contribution, depending on the plan selected, up to age 65.
Plan of Coverage	Self-insured medical and dental plans.

BOE Support Staff and Custodians

Eligibility for Medical and Dental Coverage	Retirement with 15 years of service
Retiree/Spouse Cost of Medical and Dental Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical and dental plans.

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

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

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

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

**Town of Redding, Connecticut**

**Notes to Financial Statements**

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

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

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

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

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

**Changes in the Total OPEB Liability:**

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

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

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

**Town of Redding, Connecticut**

**Notes to Financial Statements**

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

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

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

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

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

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

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

**Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan**

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

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



## Town of Redding, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

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

**Town of Redding, Connecticut**

**Notes to Financial Statements**

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

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

**Proratable retirement:** Age 60 with 10 years of credited service

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

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

**Contributions:**

*State of Connecticut*

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

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

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

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

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

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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#### **Note 13. Contingent Liabilities**

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

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

#### **Note 14. Governmental Accounting Standards Board (GASB) Statements**

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

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

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

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

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

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

## Town of Redding, Connecticut

### Notes to Financial Statements

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

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

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

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

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**Required Supplementary Information - unaudited**





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

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

(Continued)

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

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

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

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

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

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

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**Note 1. Budgets and Budgetary Accounting**

**Budgetary information:** The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in May, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by a vote at the Annual Town Budget Meeting.
- The Board of Finance is authorized to transfer budgeted amounts between appropriations and can approve one additional appropriation up to \$20,000 for any department per year. Subsequent appropriations and appropriations of more than \$20,000 must be approved by Town Meeting. During the year, there were no additional appropriations from fund balance.

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

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

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

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

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

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

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



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

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

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

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

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

Method and assumptions used in calculations of actuarially determined contributions

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

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

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

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

Notes to Connecticut State Teachers' Retirement System

Method and assumptions used in calculations of actuarially determined contributions

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

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

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

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

**Notes to Schedule**

Changes in benefit terms

The Plan was amended by the Board, effective July 1, 2018, during the January 11, 2018 meeting. The Board action added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System sponsored healthcare plan for those who cancel their coverage or choose not to enroll in a healthcare coverage option on or after the effective date. These changes were communicated to retired members during the months leading up to a special open enrollment period that preceded the July 1, 2018 implementation date.

Changes of assumptions

The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.

Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the TOL as of the June 30, 2018 measurement date.

Expected annual per capita claims costs were updated to better reflect anticipated prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.

The assumed age related annual percentage increases in expected annual per capita healthcare claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that effective on July 1, 2018.

Long-term healthcare cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.

The participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.

The post-disablement mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.

Actuarial cost method

Entry age

Amortization method

Level percent of payroll

Remaining amortization period

30 years, open

Asset valuation method

Market value of assets

Investment rate of return

4.25%, net of investment related expense

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

***Appendix B***

***Form of Opinion of Bond Counsel***

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July \_\_, 2020

Town of Redding  
Redding Town Hall  
Redding, CT 06875

We have acted as Bond Counsel to the Town of Redding, Connecticut (the “Town”) in connection with the issuance by the Town of its \$5,150,000 General Obligation Bonds, Issue of 2020 dated July \_\_, 2020 (the “Bonds”). In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town, dated July \_\_, 2020 (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 Bonds 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 Bonds 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 Bonds in order that interest on the Bonds be excluded 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 Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, 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 statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable 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. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

The Bonds shall be designated by the Town as “qualified tax-exempt obligations” within the meaning of Code Section 265(b)(3), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated June \_\_, 2020 and other offering material relating to the Bonds.

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

Respectfully,

PULLMAN & COMLEY, LLC



***Appendix C***

***Form of Continuing Disclosure Agreement***

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

**In Connection With The Issuance and Sale of  
\$5,150,000 Town of Redding, Connecticut  
General Obligation Bonds, Issue of 2020**

This Continuing Disclosure Agreement (“Agreement”) is made as of July \_\_, 2020, by the Town of Redding, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$5,150,000 General Obligation Bonds, Issue of 2020, dated July \_\_, 2020 (the “Bonds”).

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

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“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 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated June \_\_, 2020 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 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. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** the Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight

months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. 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 Bonds, 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 Bonds, or other events affecting the tax status of the Bonds;

(vi) tender offers;

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

*Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.*

(viii) Bond defeasances;

(ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(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 Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (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;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

*Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

**Section 6. 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 Bonds.

**Section 7. 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 8. 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 Bonds 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 9. 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 10. 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 11. 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 Bonds. 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 Bonds 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 Bonds 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 Bonds.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. 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 Selectwoman

By: \_\_\_\_\_  
Stephen Gniadek, Finance Director

By: \_\_\_\_\_  
W. Wesley Higgins, Treasurer



***Appendix D***

***Notice of Sale***

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## NOTICE OF SALE

**TOWN OF REDDING, CONNECTICUT**  
**\$5,150,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020**  
**(the “Bonds”)**

ELECTRONIC BIDS via *PARITY*® will be received by the **TOWN OF REDDING, CONNECTICUT** (the “Town”) at the offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, until **11:30 A.M. (Eastern Time), TUESDAY,**

**June 23, 2020**

(the “Bid Date”) for the purchase of all (but not less than all) of \$5,150,000 General Obligation Bonds, Issue of 2020 of the Town (the “Bonds”), when issued, at not less than par, which mature on July 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2021	\$600,000	2029	\$325,000
2022	\$300,000	2030	\$325,000
2023	\$300,000	2031	\$450,000
2024	\$300,000	2032	\$300,000
2025	\$325,000	2033	\$300,000
2026	\$325,000	2034	\$325,000
2027	\$325,000	2035	\$325,000
2028	\$325,000		

**The Issue**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the property subject to taxation by the Town without limit 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 provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on January 1, 2021 and semiannually thereafter on each July 1 and January 1 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated June 16, 2020.

**Optional Redemption**

The Bonds maturing on July 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after July 1, 2027, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

Redemption Period

Redemption Price

July 1, 2027 and thereafter

100%

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.]

**Ratings**

The Town has applied to S&P Global Ratings for assignment of its municipal bond ratings to the Bonds. The assigned ratings may be obtained from the respective rating agency.

**Official Statement and Continuing Disclosure Agreement**

The Town has prepared a Preliminary Official Statement for the Bonds which is dated June 16, 2020, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser twenty-five (25) copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received. If the Town's municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Bonds. The purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

**Electronic Proposals Bidding Procedure**

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**<sup>®</sup>, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Tuesday, June 23, 2020, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or

directions set forth in **PARITY**<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**<sup>®</sup>, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the Town, it shall constitute an irrevocable offer, in response to 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 Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds 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 Bonds 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**<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**<sup>®</sup>, the use of **PARITY**<sup>®</sup> 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.**

For the purpose of the electronic bidding process, the time maintained on **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

***Disclaimer.*** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> 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**<sup>®</sup> 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**<sup>®</sup> 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**<sup>®</sup>. The Town is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of **PARITY**<sup>®</sup> 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**<sup>®</sup> 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 Bonds, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021.

## **Bid Requirements**

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be

computed on the basis of twelve 30-day months and a 360 day year. No bid for less than par will be considered.

### **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) The Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Notice of Sale.

By submitting a bid, each bidder is certifying that (i) it is an underwriter with an established industry reputation for underwriting municipal bonds, and (ii) its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the Competitive Sale Rule, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds. Phoenix Advisors will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

In the event that the Competitive Sale Rule is not satisfied, the Town shall treat the first price at which 10% of a maturity of the Bonds (the “Actual Sale Rule”) is sold to the Public as the issue price of that maturity. In such event, the winning bidder shall promptly advise the Town if the Bonds satisfy the Actual Sale Rule as of the Bid Date.

To satisfy the Actual Sale Rule for the Bonds, the winning bidder:

- (1) will make a bona fide offering to the Public of all of the Bonds at the Initial Offering Price and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,
- (2) will report to the Town information regarding the actual prices at which at least 10% of each maturity of the Bonds have been sold to the Public,
- (3) will provide the Town with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Bonds, will continue until such date that 10% of each maturity of the Bonds has been sold to the Public at such sale price, and
- (4) has or will include within any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, language obligating each Underwriter to comply with the reporting requirement described above.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (2) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) *Underwriter* means (i) winning bidder, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

### **Bank Qualification**

The Bonds will be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

## **Award, Delivery and Payment**

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost (“TIC”) to the Town. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder’s proposal may be accepted, the bidder shall confirm to the Town the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of Town Officials relating to the accuracy and completeness of the Official Statement.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town’s costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York (“DTC”) or its agent via Fast Automated Securities Transfer (“FAST”) on or about, July 9, 2020 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors, LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC will provide CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder or bidders. The Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC 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.

## **Right to Reject Bids; Waiver**

The right is reserved to reject any and all bids or proposals and to reject any bid or proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal or bid.



## **Postponement; Change of Terms**

The Town reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

## **Book-Entry-Only Form**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to 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 Bonds in the principal amount of \$5,000 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 purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, 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.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the fifteenth day of June and December in each year, or the preceding business day if such fifteenth day is not a business day.)

## **Additional Information**

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

Julia Pemberton  
First Selectwoman

W. Wesley Higgins  
Treasurer

Stephen Gniadek  
Finance Director

June 16, 2020

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