

New Issue: Book-Entry-Only

RATING: Standard & Poor's Corporation: AAA

In the opinion of Bond Counsel, based on existing statutes and court decisions and rendered in reliance upon and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code,"), interest on the Bonds is excludable from the gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds is not taken into account in determining adjusted current earnings for the purposes of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on 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 excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Exemption" herein.

Town of Redding, Connecticut

\$10,315,000

General Obligation Bonds, Issue of 2010 (the "Bonds")

Dated: July 15, 2010

**Due: Serially July 15, 2011 – 2030
as detailed below:**

Interest on the Bonds will be payable on January 15, 2011 and semiannually thereafter on July 15 and January 15 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 as described herein.

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

Maturity Schedule ¹

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2011	\$ 515,000	___%	___%	757334___	2021	\$ 515,000	___%	___%	757334___
2012	515,000	___%	___%	757334___	2022	515,000	___%	___%	757334___
2013	515,000	___%	___%	757334___	2023	515,000	___%	___%	757334___
2014	515,000	___%	___%	757334___	2024	515,000	___%	___%	757334___
2015	515,000	___%	___%	757334___	2025	515,000	___%	___%	757334___
2016	515,000	___%	___%	757334___	2026	515,000	___%	___%	757334___
2017	515,000	___%	___%	757334___	2027	515,000	___%	___%	757334___
2018	515,000	___%	___%	757334___	2028	520,000	___%	___%	757334___
2019	515,000	___%	___%	757334___	2029	520,000	___%	___%	757334___
2020	515,000	___%	___%	757334___	2030	520,000	___%	___%	757334___

¹ Interest rates, prices or reoffering yields and CUSIP will be set forth in the final Official Statement.

Sealed proposals and electronic bids via PARITY for the Bonds will be received until 11:30 A.M. (E.D.T.) on Wednesday, July 14, 2010 at The Office of the First Selectman, Town Hall, Redding, Connecticut 06875. Telephone bids for the Bonds will be received by an authorized agent of Phoenix Advisors, LLC, the Town's Financial Advisor, until 11:30 A.M. on the day of the sale at (203) 938-8481.

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 on or about July 26, 2010.



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 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 their opinion 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.

Date of Sale:	Wednesday, July 14, 2010 at 11:30 A.M. (E.D.T.).
Location of Sale:	Town of Redding, Town Hall, 100 Hill Road, Office of the First Selectman, Redding, Connecticut, 06875.
Issuer:	Town of Redding, Connecticut (the "Town").
Issue:	\$10,315,000 General Obligation Bonds (the "Bonds").
Dated Date:	July 15, 2010.
Principal and Interest Due:	Principal is due serially July 15, 2011 through July 15, 2030. Interest is due July 15 and January 15 in each year until maturity, commencing January 15, 2011.
Purpose:	The Bond proceeds will be used to finance and refinance various general purpose and school projects.
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	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.
Credit Rating:	The Bonds received a "AAA" credit rating from Standard & Poor's Corporation.
Bond Insurance:	The Town does not intend to purchase bond insurance for the Bonds.
Basis of Award:	Lowest True Interest Cost (TIC).
Tax Exemption:	See "Tax Exemption" herein.
Bank Qualification:	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.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material 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.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Phone: (203) 878-4945.
Legal Opinion:	Pullman & Comley, LLC, of Bridgeport, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made on or about July 26, 2010 against payment in Federal Funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Mr. Stephen Gniadek, Controller, Town Hall, 100 Hill Road, Redding, Connecticut 06875. Telephone (203) 938-8481.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Redding, Connecticut (the "Town"), in connection with the original issuance and sale of \$10,315,000 General Obligation Bonds, Issue of 2010 (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 of Redding, with the assistance of the Town's financial advisor, Phoenix Advisors, LLC, from information supplied by Town Officials (as defined herein) and other sources as indicated.

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

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 their opinion in Appendix A), and they make no representation that they have independently verified the same.

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

Financial Advisor

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

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

The Bonds

Description of the Bonds

The Bonds will be dated July 15, 2010 and will mature in annual installments on July 15 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 July 15 and January 15 in each year until maturity, commencing January 15, 2011. Interest will be calculated on the basis of a thirty-day month and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of June and December in each year, by check mailed to the registered owner, 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 Provisions

The Bonds maturing on or before July 15, 2018, are not subject to redemption prior to maturity. The Bonds maturing July 15, 2019 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2018, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the respective 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:

<i>Period During Which Redeemed</i>	<i>Redemption Prices</i>
July 15, 2018 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 at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. 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; provided, however, that the portion of any bond 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 portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts 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 interests 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 reductions 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 or the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are issued pursuant to Title 7, Chapter 109, Sections 7-369 et seq. of the Connecticut General Statutes (“CGS”), as amended, and appropriation and issuance of the Bonds was authorized at various Town Meetings. The proceeds of the Bonds, in the total principal amount of \$10,315,000, will be used to finance and refinance various new general purpose and school projects.

Proceeds of This Issue

It is expected that proceeds from the Bonds will fund the following projects, as described below:

Project	Aggregate Amount Authorized	Note Due 7/26/10	(Paydowns)	<u>This Issue:</u> Bonds
Road Improvements.....	\$ 5,400,000	\$ 1,672,950	\$ -	\$ 1,672,950
Local School Projects.....	399,586	379,050	-	379,050
Purchase of Levine Property.....	1,450,000	1,200,000	-	1,200,000
2008 Capital Projects.....	1,158,000	1,155,000	-	1,155,000
2009 Capital Projects.....	1,589,000	1,589,000	-	1,589,000
School Improvements (HVAC).....	3,210,000	-	-	3,206,000
Road Reconstruction (2010).....	813,000	-	-	813,000
Town Property Repaving (2010).....	300,000	-	-	300,000
Total	\$ 14,319,586	\$ 5,996,000	\$ -	\$ 10,315,000

School Projects

Under the current program for school construction projects approved after July 1, 1996, the State of Connecticut will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, 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 Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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 Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds 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 the Town or Paying 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 Bonds 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, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying 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 Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

DTC Practices

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

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

Enforcement of a claim for payment of principal of or interest on 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. Section 7-566 of the Connecticut General Statutes, as amended, 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 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 within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating

data and notices of material 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.

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, the Town has not failed to meet any of its undertakings under such agreements.

Ratings

The Bonds have been rated “AAA” by Standard & Poor’s Corporation (“S&P”). Moody’s Investors Service also maintains a rating on the Town’s outstanding bonds of “Aa1”. 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 Bonds. S&P should be contacted directly for its rating on the Bonds and the explanation of such rating. No application was made to any other rating agencies for the purpose of obtaining ratings on the Bonds.

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 Exemption

Federal Taxes. In the opinion of Bond Counsel, under existing law, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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 Town 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 met 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 the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and certain other matters. The opinion of Bond Counsel is conditioned upon compliance by the Town with such requirements.

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

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond and will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by certain

corporations may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the case of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium. An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of such a Bond must amortize any premium over the term of such Bond using constant yield principles, based on such Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Legislation affecting the exclusion from gross income of interest on bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect upon the tax-exempt status or the market price of the Bonds.

State Taxes. 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 excludable 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.

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

Accrued original issue discount on a 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 in the case of 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 premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

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

Miscellaneous. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price for, or the marketability of, 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 opinions 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 opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the 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.

II. The Issuer

Description of the Municipality

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

In May 2010, the residents passed Town and Board of Education budgets on the first vote approving a 1.96% tax increase for Fiscal Year 2010-11. Moreover, the political climate is historically very stable. Over the past 28 years, the Town has elected only three First Selectmen. The continuity of governance continues today as the First Selectman was re-elected in November 2009 to a sixth term in office with support of the major parties.

The Town's population is also stable, with 4.1% growth between 1990-2000. 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 U.S. Census, the Town's median household income in 1999 was \$104,000, fourth highest in the State.

Form of Government

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

Executive Officer. The Town provides the following services: education, public safety, public works, public health and social services, and recreation.

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

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

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

Principal Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Term Expires</i>	<i>Length Of Service</i>
First Selectman	Natalie T. Ketcham	Elected	11/22/2011	11 years
Selectman	Donald Takacs	Elected	11/22/2011	7 years
Selectman	Julia Pemberton	Elected	11/22/2011	1 year
Treasurer	Margaret L. O'Donnell	Elected	11/22/2011	9 years
Tax Collector	Patricia Moio	Elected	11/22/2011	31 years
Chairman, Board of Finance	William Alvarez	Elected	11/22/2011	6 years
Chairman, Board of Education	Jess Gaspar	Elected	11/19/2013	1 year
Controller	Stephen Gniadek	Appointed	Indefinite	1 year

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 14 full-time officers (one lieutenant, four sergeants and nine officers). The department also employs a full-time animal control officer.

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

The department's recent programs include a Child Passenger Safety Program; Child Identification and Fingerprinting; Traffic Safety Initiative; Radar Trailer; and Speed Reduction.

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

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

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

Highway Department. Managed by the Superintendent, the Highway Department is responsible for the maintenance of approximately 94 miles of roads in the Town including repair, sweeping, snow removal, and debris removal. The department also is responsible for removing damaged roadside trees throughout the Town. In May of 2010, the Town Meeting authorized \$813,000 for 2.7 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 Commission approved the Georgetown Land Development Corporation's request to amend the Special Development District section of the regulations to allow broader application to additional zones and uses, and also approved the corporation's Master Plan for development and re-development of the Gilbert & Bennett factory site. The corporation plans to rehabilitate several historic manufacturing structures, remove several dilapidated and unsalvageable buildings, and environmentally clean-up the main factory site. When fully developed, this project is estimated to contribute \$6 million to the Town in new taxes.

The Zoning Board of Appeals is responsible for hearing and deciding appeals and variances from the zoning requirements. During fiscal year 2008-09, four appeals were considered and three were approved. Most of the requests sought relief from sight lines and building set-back requirements.

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 498 permits in Fiscal year 2008-09, collecting \$168,154 in fees.

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

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

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

The Town accepts about 10% 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 90% of the solid waste generated within the Town is collected by private haulers and brought to the Transfer Station in Ridgefield. The Transfer Station and Recycling Center also accepts some bulky waste for a

charge, including demolition materials, large appliances and tires. Materials such as glass, metal, newspapers, office paper, motor oil, vehicle batteries, plastics and demolition are separated and hauled to out-of-town facilities. Household hazardous waste collection is held biannually without charge to residents of the Town. Historical MSW rates are shown below:

<i>Year</i>	<i>Tonnage Rate</i>
2010	\$81.52
2009	80.16
2008	79.90
2007	78.28
2006	77.36

The Town's Recycling Center has been recognized by the Connecticut Department of Environmental Protection as being a role model for other Connecticut towns. Residents may recycle items free of charge, including newspapers, glass, plastics, waste oil, telephone books and electronics.

Library. Shortly before his death, Mark Twain, a Redding resident, donated the funds to build a library in memory of his daughter, Jean. Today, the Mark Twain Library Association, an independent organization, maintains a free Public Library employing a full-time Director of Library Services. The book collection includes 39,190 items. Although the Town provides about half of the library's operating budget each year, the Library Association funds the other half mainly from two large volunteer fund-raisers: the annual Book Fair and the Art Show.

The staff includes a Reference Librarian, Business Manager, and Youth Service Directors. Programs held at the library center cater to a diverse group of individuals within the community.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government.....	65	65	65	65	64
Board of Education.....	210	210	208	208	206
Total.....	275	275	273	273	270

Source: Town of Redding

Employee Relations ¹

<u>Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
<u>General Government</u>		
Highway Department -AFSCME	11	6/30/2012
Police Department -AFSCME	13	6/30/2012
Police Dispatch-NAME.....	5	6/30/2011
Non-bargaining (Full Time)	36	--
Sub-total.....	65	
<u>Board of Education</u>		
Administrators (Non-bargaining).....	6	
Certified Staff	123	6/30/2012
Secretaries and Clerk Typist	9	6/30/2011
Nurses	5	6/30/2011
Teachers Aides	57	6/30/2011
Custodians	10	6/30/2012
Sub-total.....	210	
Grand Total.....	275	

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 2009-10, the Town of Easton contributed 47.45% and the Town of Redding contributed 52.55% of total costs for the Regional District based upon enrollment figures as of October 1, 2009. Allocations of expenses for the 2010-2011 Fiscal Year will be based upon October 1, 2010 enrollment figures. 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.

**Regional School District No.9
Principal Officials**

Office	Name	Manner of Selection	Term Expires	Length Of Service
Chairperson	Mark Lewis	Elected	12/1/09-12/1/13	4.5 years
Treasurer	Chris Hocker	Elected	12/1/07-12/1/11	2.5 years
Secretary	Thomas Logie	Elected	12/1/09-12/1/13	0.5 years
Superintendent of Schools	Dr. Michael Cicchetti	Appointed	--	0.5 years ¹
Director of Finance and Operations	Margaret Sullivan	Appointed	--	5 years

¹ Dr. Cicchetti, most recently the Superintendent of Schools in the Town of Berlin, CT, was hired in October 2009 and began his new role in January 2010. He replaced Dr. Allen Fossbender who was the District's Superintendent of Schools for over five years.

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

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

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2009	Operating Capacity
Joel Barlow High School	9-12	1959 (2005)	68	959	1,100

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

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

School Year	9-12	Special Education¹	Total
Historical			
2000-01	727	16	743
2001-02	774	17	791
2002-03	871	20	891
2003-04	921	19	940
2004-05	965	20	985
2005-06	979	15	994
2006-07	970	18	988
2007-08	947	23	970
2008-09	957	13	970
2009-10	959	18	977
Projected			
2010-11	954	—	954
2011-12	998	—	998
2012-13	1,006	—	1,006

¹ Outplaced students.

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

Redding School District

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

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

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

Redding School District Principal Officials

Office	Name	Manner of Selection	Term
Chairperson	Dr. Jess Gaspar	Elected	11/17/09 - 11/19/2013
Vice Chairperson	Mr. James Barickman	Elected	11/17/09 - 11/19/2013
Secretary	Mr. Lewis Brey	Elected	11/20/07 - 11/22/2011

Redding School District School Facilities

School	Grades	Date of Construction (Latest Additions)	Number of Classrooms	Enrollment as of 10/1/2009	Operating Capacity
Redding Elementary	K-4	1948 (1973, 1988)	33	608	759
John Read Middle School.....	5-8	1966 (1988, 1999)	34	595	782
Total.....			67	1,203	1,541

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

Redding School District School Enrollment

School Year	Elementary K-4	Middle School 5-8	Total
Historical			
2000–01	608	604	1,212
2001–02	603	604	1,207
2002–03	645	590	1,235
2003–04	686	552	1,238
2004–05	699	552	1,251
2005–06	682	535	1,217
2006–07	696	531	1,227
2007–08	672	574	1,246
2008–09	648	587	1,235
2009–10	608	595	1,203
Projected			
2010–11	589	583	1,172
2011–12	539	578	1,117
2012–13	502	551	1,053

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

III. Economic and Demographic Information

Population and Density

Year	Actual Population	% Increase	Density¹
2008 ²	8,798	6.4%	273.2
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: 1950-2000, U.S. Department of Commerce, Bureau of Census.

¹ Per square mile: 32.2 square miles.

² State of Connecticut Department of Public Health. July 1, 2008.

Age Distribution of the Population

Age	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	582	7.0%	223,344	6.6%
5 to 9 years	702	8.5	244,144	7.2
10 to 14 years	763	9.2	241,587	7.1
15 to 19 years	452	5.5	216,627	6.4
20 to 24 years	164	2.0	187,571	5.5
25 to 34 years	584	7.1	451,640	13.3
35 to 44 years	1,629	19.7	581,049	17.1
45 to 54 years	1,627	19.7	480,807	14.1
55 to 59 years	560	6.8	176,961	5.2
60 to 64 years	368	4.4	131,652	3.9
65 to 74 years	497	6.0	231,565	6.8
75 to 84 years	244	3.0	174,345	5.1
85 years and over....	98	1.2	64,273	1.9
Total	8,270	100.0%	3,405,565	100.0%
Median Age (Years)		41.0		37.4

Source: U.S. Department of Commerce, Bureau of Census, 2000

Income Distribution

Income	Town of Redding		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000	23	0.9%	33,423	3.8%
\$10,000 to \$14,999	15	0.6	23,593	2.7
\$15,000 to \$24,999	89	3.7	63,262	7.1
\$25,000 to \$34,999	90	3.7	75,413	8.5
\$35,000 to \$49,999	137	5.6	120,134	13.6
\$50,000 to \$74,999	358	14.8	198,924	22.5
\$75,000 to \$99,999	326	13.4	141,981	16.0
\$100,000 to \$149,999	627	25.8	132,177	14.9
\$150,000 to \$199,999	233	9.6	42,472	4.8
\$200,000 or more	528	21.8	54,368	6.1
Total	2,426	100.0%	885,747	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Income Levels

	<u>Town of Redding</u>	<u>State of Connecticut</u>
Per Capita Income, 2000.....	\$50,687	\$28,766
Per Capita Income, 1990.....	\$37,193	\$20,189
Per Capita Income, 1987.....	\$26,314	\$16,094
Median Family Income, 2000.....	\$109,250	\$65,521
Median Family Income, 1990.....	\$83,474	\$49,199
Percent Below Poverty.....	1.2%	5.6%

Source: U.S. Department of Commerce, Bureau of the Census, 2000

Educational Attainment Years of School Completed Age 25 & Over

	<u>Town of Redding</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	55	1.0%	132,917	5.8%
9th to 12th grade, no diploma	120	2.1	234,739	10.2
High school graduate	770	13.6	653,300	28.5
Some college, no degree	835	14.7	402,741	17.5
Associate's degree	313	5.5	150,926	6.6
Bachelor's degree	1,977	34.9	416,751	18.2
Graduate or professional degree	1,600	28.2	304,243	13.3
Total	5,670	100.0%	2,295,617	100.0%
Percent high school graduate or higher		96.9%		84.0%
Percent bachelor degree or higher ...		63.1%		31.4%

Source: U.S. Department of Commerce, Bureau of Census, 2000

**Major Employers
As of May 2010**

Name	Business	Approximate Number of Employees
Redding Life Care, LLC.....	Assisted Living Center	275
Redding Board of Education	Education	210
Town of Redding (full time)	Municipal Government	65
Redding Country Club.....	Golf/Banquet	95
Redding Road House	Inn/Restaurant	50

Source: Town of Redding, Finance Department.

Employment by Industry

Sector	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	7,445	0.4%
Construction	272	6.6	99,913	6.0
Manufacturing	432	10.5	246,607	14.8
Wholesale trade	194	4.7	53,231	3.2
Retail trade.....	242	5.9	185,633	11.2
Transportation and warehousing, and utilities	61	1.5	64,662	3.9
Information	189	4.6	55,202	3.3
Finance, insurance, real estate, and rental and leasing.....	546	13.2	163,568	9.8
Professional, scientific, management, administrative, and waste management services	878	21.3	168,334	10.1
Educational, health and social services ...	842	20.4	366,568	22.0
Arts, entertainment, recreation, accommodation and food services.....	202	4.9	111,424	6.7
Other services (except public admin.)	179	4.3	74,499	4.5
Public Administration.....	86	2.1	67,354	4.0
Total Labor Force, Employed	4,123	100.0%	1,664,440	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, 2000

Employment Data

Period	Percentage Unemployed				
	Town of Redding		Town of Redding	Bridgeport/ Stamford	State of
	Employed	Unemployed		Labor Market	Connecticut
May 2010.....	4,418	277	5.9	8.1	8.8
Annual Average					
2009.....	4,430	272	5.8	7.8	8.2
2008.....	4,553	177	3.7	5.3	5.7
2007.....	4,556	127	2.7	4.1	4.6
2006.....	4,536	132	2.8	4.0	4.4
2005.....	4,306	137	3.1	4.6	4.9
2004.....	4,396	113	2.5	4.6	4.9
2003.....	4,324	144	3.2	5.1	5.5
2002.....	4,511	104	2.3	4.3	4.4
2001.....	4,308	94	2.1	3.1	3.1
2000.....	4,469	60	1.3	2.1	2.3
1999.....	4,328	65	1.5	3.9	3.2

Source: State of Connecticut, Department of Labor.

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Age Distribution Of Housing

Year Built	Town of Redding		State of Connecticut	
	Units	Percent	Units	Percent
1999 to March 2000	36	1.2%	15,993	1.2%
1995 to 1998	171	5.5	47,028	3.4
1990 to 1994	74	2.4	56,058	4.0
1980 to 1989	442	14.3	183,405	13.2
1970 to 1979	673	21.8	203,377	14.7
1960 to 1969	536	17.4	212,176	15.3
1940 - 1959	533	17.3	359,042	25.9
1939 or earlier	621	20.1	308,896	22.3
Total Housing Units, 2000	3,086	100.0%	1,385,975	100.0%
Percent Owner Occupied, 1990 ..		90.1%		66.8%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Housing Inventory

Type	Town of Redding	
	Units	Percent
1-unit detached	2,945	95.4%
1-unit attached	58	1.9
2 units	47	1.5
3 or 4 units	10	0.3
5 to 9 units	6	0.2
10 to 19 units	-	-
20 or more units	2	0.1
Mobile home	13	0.4
Boat, RV, van, etc	5	0.2
Total Inventory	3,086	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Owner-Occupied Housing Values

Specified Owner-Occupied Units	Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000	-	0%	5,996	0.8%
\$ 50,000 to \$ 99,999	5	0.2	85,221	11.7
\$100,000 to \$149,999	19	0.8	212,010	29.1
\$150,000 to \$199,999	93	3.9	156,397	21.5
\$200,000 to \$299,999	408	17.2	137,499	18.9
\$300,000 to \$499,999	1,252	52.7	79,047	10.9
\$500,000 to \$999,999	530	22.3	38,168	5.2
\$1,000,000 or more	70	2.9	13,906	1.9
Total	2,377	100.0%	728,244	100.0%
Median (dollars)	\$393,700		\$166,900	

Source: U.S. Department of Commerce, Bureau of Census, 2000

Building Permits

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

<i>Fiscal Year Ending 6/30</i>	<i>Number</i>	<i>Value</i>
2010	595	\$10,086,646
2009	498	14,460,604
2008	568	16,655,031
2007	577	17,150,840
2006	821	72,693,252
2005	688	27,675,942
2004	895	31,228,114
2003	741	24,859,748
2002	1,037	51,963,176
2001	1,003	29,186,349

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 Lists 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, 2007. Pursuant to Section 12-62 of the Connecticut General Statutes, as amended, the Town must next revalue all real estate in 2012 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.

Levy

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

Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property	Commercial & Industrial Real Property	Other Real Property	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
	(%)	(%)	(%)	(%)	(%)				
2009	73.2	6.5	2.9	3.2	3.7	\$2,231,834,521	\$238,499,768	\$1,993,334,753	0.6%
2008	73.5	6.1	2.9	3.2	3.7	2,218,673,917	237,488,397	1,981,185,520	-1.5%
2007	72.8	6.0	3.0	4.0	4.0	2,239,679,258	228,518,813	2,011,160,445	28.5%
2006	74.0	4.7	5.7	2.0	5.2	1,708,099,479	143,147,064	1,564,952,415	3.3%
2005	75.5	4.5	4.7	1.5	5.3	1,658,726,488	143,194,962	1,515,531,526	3.2%
2004	74.7	4.6	5.2	1.3	5.4	1,611,342,837	142,289,380	1,469,053,457	2.6%

Note: The latest revaluation was completed as of October 1, 2007 and became effective for fiscal year 2009.

Source: Assessor's Office, Town of Redding

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2010
2008 ¹	2010 ²	\$1,981,185,520	21.79	\$42,355,434	99.0%	1.0%	1.0%
2007 ¹	2009	2,011,160,445	21.00	40,826,213	98.8%	1.2%	1.2%
2006	2008	1,564,952,415	22.74	35,780,495	99.4%	0.6%	0.1%
2005	2007	1,515,531,526	22.74	33,561,920	99.1%	0.9%	--
2004	2006	1,469,053,457	22.74	32,824,519	99.2%	0.8%	--
2003	2005	1,431,669,390	22.05	30,969,973	99.0%	1.0%	--
2002 ¹	2004	1,397,759,855	21.25	26,985,825	99.1%	0.9%	--
2001	2003	994,598,609	29.00	25,835,654	98.6%	1.4%	--

¹ Revaluation.

² Subject to audit.

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

Property Tax Receivable

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2009	\$481,151	\$590,988
2008	231,716	388,941
2007	371,742	666,847
2006	269,132	551,750
2005	311,576	576,573
2004	271,633	601,745

Source: Annual Audit Reports, Town of Redding.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Redding Life Care LLC	Assisted Living Center	\$ 90,713,260	4.55%
Connecticut Light & Power Company	Public Utility	58,868,909	2.95%
Georgetown Land Development Co., LLC.	Wire Manufacturer	13,896,650	0.70%
Redding Country Club, Inc.	Private Golf Club	7,738,800	0.39%
Aquarion Water Company of CT.	Public Utility	5,250,680	0.26%
RP Trust	Property Owner	4,744,800	0.24%
Jerrold N. Fine	Property Owner	3,615,990	0.18%
Luciano & Debra Angeloni	Property Owner	3,402,180	0.17%
Dominick A. Pagano	Property Owner	3,199,800	0.16%
Highstead Foundation.....	Property Owner	3,028,150	0.15%
Total.....		\$ 194,459,219	9.76%

¹ Based on 10/1/09 Net Taxable Grand List of \$1,993,334,753.

Source: Assessor's Office, Town of Redding

V. Debt Summary

Principal Amount of Indebtedness As of July 26, 2010 (Pro Forma)

Long-Term Debt			Amount of Original Issue	Outstanding After This Issue	Fiscal Year of Maturity
Dated	Purpose	Rate %			
1991	Public Improvement	5.40 - 7.25	\$ 285,000	\$ 1,500	2011
1991	Schools	5.40 - 7.25	3,975,000	208,500	2011
1996	Sewer ¹	2.00	1,293,905	435,250	2012
1999	Schools	4.75 - 6.50	4,755,000	4,170,000	2012
1999	General Purpose	4.75 - 6.50	8,345,000	2,330,000	2015
2005	General Purpose	3.50 - 5.25	5,000,000	3,685,000	2015
Sub-Total.....			23,653,905	10,830,250	
THIS ISSUE					
2010	General Purpose	<i>tbd</i>	\$ 6,729,950	\$ 6,729,950	2031
2010	Schools	<i>tbd</i>	3,585,050	3,585,050	2031
Sub-Total.....			\$ 10,315,000	\$ 10,315,000	
Total.....			\$ 33,968,905	\$ 21,145,250	

¹ State of Connecticut Clean Water Fund (CWF) Permanent Loan Obligation. 46% of this loan is partially supported by benefit assessments levied on homeowners of the Georgetown section of the Town of Redding. See "Clean Water Fund Program".

Short-Term Debt As of July 26, 2010 (Pro Forma)

The Town will have no outstanding short term debt upon issuance of the Bonds.

Overlapping/Underlying Debt As of July 26, 2010 (Pro Forma)

Overlapping

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

Long-Term Debt			Amount of Original Issue	Outstanding After This Issue	Fiscal Year of Maturity
Dated	Purpose	Rate %			
05/15/02	Schools	3.00-5.00	\$ 10,000,000	\$ 1,080,000	2012
05/15/03	Schools	3.00-4.30	10,000,000	6,825,000	2023
08/01/05	Schools	3.50-5.50	9,125,000	7,875,000	2026
03/03/10	School Refunding Bonds.....	3.00-4.00	5,430,000	5,430,000	2022
03/03/10	School Bonds.....	<i>tbd</i> ¹	1,580,000	1,580,000	2021
Total.....			\$ 36,135,000	\$ 22,790,000	

¹ Final interest rate information will be provided in the final official statement since the Regional District's 2010 Bonds don't sell until July 8, 2010.

The Town of Redding participates with the Town of Easton in forming Regional School District No. 9, which provides a regional high school for each District Town. Accordingly, the outstanding debt of the Regional District is shared proportionately by each District Town. Based on school enrollment numbers as of October 1, 2009, Redding's share is 52.55%. Total Regional District debt totals \$22,790,000. Based on school enrollment numbers as of October 1, 2009, each Town's gross share of the debt is as follows:

Entity	Debt Amount
Easton (47.45%)	\$ 10,813,855
Redding (52.55%)	<u>11,976,145</u>
Total Regional School District No. 9...	\$ 22,790,000

Underlying

The Town of Redding has multiple districts within its borders, including fire districts and the Georgetown Special Taxing District, that have outstanding debt as of June 30, 2009 that would be considered underlying debt of the Town of Redding in the amount of \$1,519,592.

Annual Bonded Debt Maturity Schedule ¹ ***As of July 26, 2010*** ***(Pro Forma)***

Fiscal Year	<i>This issue</i>						Cumulative
Ended 6/30	Principal Payments	Interest Payments	Total Payments	General Purpose	Schools	Total	Principal Retired %
2011 ¹	\$ 1,261,110	\$ 485,534	\$ 1,746,644	\$ -	\$ -	\$ -	6.0%
2012	1,058,500	425,986	1,484,486	334,950	180,050	515,000	13.4%
2013	1,059,940	378,884	1,438,824	335,000	180,000	515,000	20.9%
2014	1,061,480	331,522	1,393,002	335,000	180,000	515,000	28.3%
2015	1,063,010	283,350	1,346,360	335,000	180,000	515,000	35.8%
2016	1,051,210	234,415	1,285,625	335,000	180,000	515,000	43.2%
2017	985,000	185,819	1,170,819	335,000	180,000	515,000	50.3%
2018	985,000	137,088	1,122,088	335,000	180,000	515,000	57.4%
2019	985,000	87,938	1,072,938	335,000	180,000	515,000	64.5%
2020	985,000	38,381	1,023,381	335,000	180,000	515,000	71.6%
2021	335,000	6,700	341,700	335,000	180,000	515,000	75.6%
2022	-	-	-	335,000	180,000	515,000	78.0%
2023	-	-	-	335,000	180,000	515,000	80.4%
2024	-	-	-	335,000	180,000	515,000	82.9%
2025	-	-	-	335,000	180,000	515,000	85.3%
2026	-	-	-	335,000	180,000	515,000	87.8%
2027	-	-	-	335,000	180,000	515,000	90.2%
2028	-	-	-	335,000	180,000	515,000	92.6%
2029	-	-	-	345,000	175,000	520,000	95.1%
2030	-	-	-	345,000	175,000	520,000	97.5%
2031	-	-	-	345,000	175,000	520,000	100.0%
Total.....	\$ 10,830,250	\$ 2,595,617	\$ 13,425,867	\$ 6,729,950	\$ 3,585,050	\$ 10,315,000	

¹ Excludes \$5,950 in principal payments and \$735 in interest payments from July 1, 2010 through July 21, 2010.

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

Debt Statement
As of July 26, 2010
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes \$6,016,500 outstanding and \$6,729,950 of this issue).....	\$ 12,746,450
Schools (Includes \$4,378,500 outstanding and \$3,585,050 of this issue).....	7,963,550
Sewer	435,250

Total Long-Term Debt..... \$ 21,145,250

Short-Term Debt..... -

Total Direct Debt..... \$ 21,145,250

Less: School Construction Grants Receivable (As of June 30, 2009) ¹..... (133,184)

Total Direct Net Debt..... \$ 21,012,066

Overlapping/Underlying Debt:

Fire Districts	308,260
Georgetown Special Taxing District	1,211,332
Regional School District No. 9 (current Redding share = 52.55%).....	11,976,145

Total Overall Net Debt..... \$ 34,507,803

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

Current Debt Ratios
As of July 26, 2010
(Pro Forma)

Population ¹	8,798
Net Taxable Grand List (10/1/09)	\$ 1,993,334,753
Estimated Full Value	\$ 2,847,621,076
Equalized Net Taxable Grand List (10/1/07) ²	\$ 2,869,460,967
Money Income per Capita (2000) ³	\$ 50,687

	Total Direct Debt \$21,012,066	Total Overall Net Debt \$34,507,803
Debt per Capita.....	\$2,388.28	\$3,922.23
Ratio to Net Taxable Grand List.....	1.05%	1.73%
Ratio to Estimated Full Value.....	0.74%	1.21%
Ratio to Equalized Grand List.....	0.73%	1.20%
Debt per Capita to Money Income per Capita.....	4.71%	7.74%

¹ State of Connecticut Department of Public Health, July 1, 2008.

² Office of Policy and Management, State of Connecticut.

³ U.S. Department of Commerce, Bureau of Census, 2000.

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.

Temporary Financing

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

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

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

Clean Water Fund Program

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

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

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

The Town has the following Clean Water Fund commitments outstanding:

Project	Amount Authorized	2% Permanent Loan Obligation ¹	Amount Outstanding on PLO As of 7/26/10
CWF 131-C.....	\$1,293,905	\$1,293,905	\$435,250

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

Limitation of Indebtedness

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

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

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

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt issued (i) in anticipation of taxes; (ii) for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; 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 26, 2010
(Pro Forma)

Total Tax Collections (including interest and lien fees)

For the fiscal year ended June 30, 2009 \$ 40,910,543

Reimbursement For Revenue Loss:

Fire District tax and interest collections..... 1,491,398

Tax relief for elderly..... 669

Base for Debt Limitation Computation..... \$ 42,402,610

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 95,405,873	-	-	-	-
4 1/2 times base.....	-	\$190,811,745	-	-	-
3 3/4 times base.....	-	-	\$159,009,788	-	-
3 1/4 times base.....	-	-	-	\$ 137,808,483	-
3 times base.....	-	-	-	-	\$ 127,207,830
Total Debt Limitation	\$ 95,405,873	\$190,811,745	\$159,009,788	\$ 137,808,483	\$ 127,207,830

Indebtedness:

Bonds Outstanding.....	6,016,500	4,378,500	-	-	-
Bonds: This Issue.....	6,729,950	3,585,050	-	-	-
State of CT, Clean Water Fund Debt ¹	-	-	435,250	-	-
Net Overlapping Debt (Share of RSD #9 Debt).....	-	11,976,145	-	-	-
Underlying Debt.....	1,519,592	-	-	-	-
Debt Authorized But Unissued	3,215	4,586	-	-	-
Total Indebtedness	14,269,257	19,944,281	435,250	-	-

Less:

State School Grants Receivable ²..... - 133,184 - - -

Total Net Indebtedness..... 14,269,257 20,077,465 435,250 - -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS \$ 81,136,616 \$170,734,280 \$158,574,538 \$ 137,808,483 \$ 127,207,830

¹ Partially supported by benefit assessments levied on property owners of the Georgetown section of the Town of Redding.

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

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$296,818,270.

Authorized but Unissued Debt
As of July 26, 2010
(Pro Forma)

Project	Aggregate Amount Authorized	Bonds Issued	This Issue Bonds	Paydowns Applied	Authorized but Unissued
Road Improvements.....	\$ 5,400,000	\$ 3,638,785	\$ 1,672,950	\$ 88,050	\$ 215
Local School Projects.....	399,586	-	379,050	19,950	586
Purchase of Levine Property.....	1,450,000	-	1,200,000	250,000	-
2008 Capital Projects.....	1,158,000	-	1,155,000	-	3,000
2009 Capital Projects.....	1,589,000	-	1,589,000	-	-
School Improvements (HVAC).....	3,210,000	-	3,206,000	-	4,000
Road Reconstruction (2010).....	813,000	-	813,000	-	-
Town Property Repaving (2010)....	300,000	-	300,000	-	-
Total	\$ 14,319,586	\$ 3,638,785	\$ 10,315,000	\$ 358,000	\$ 7,801

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

Long-Term Debt	2010²	2009	2008	2007	2006
Bonds ¹	\$10,836,200	\$12,111,629	\$13,398,784	\$14,684,610	\$15,944,134
Short-Term Debt					
Bond Anticipation Notes...	5,996,000	6,354,000	4,765,000	2,160,000	-
Totals	\$16,832,200	\$18,465,629	\$18,163,784	\$16,844,610	\$15,944,134

¹ Includes State of Connecticut Clean Water Fund debt.

² Subject to audit.

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

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value¹ (000s)	Net Long-Term Debt (000s)²	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population³	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income⁴ (%)
2009	\$2,011,160	\$2,873,086	\$11,978	0.60%	0.42%	8,798	\$1,361	1.77%
2008	1,564,952	2,235,646	13,197	0.84%	0.59%	8,798	1,500	1.95%
2007	1,515,532	2,165,045	14,414	0.95%	0.67%	8,840	1,631	2.12%
2006	1,469,053	2,098,648	15,604	1.06%	0.74%	8,919	1,750	2.28%
2005	1,431,669	2,045,241	11,484	0.80%	0.56%	8,646	1,328	1.73%

¹ Assessment Ratio, 70%; Revaluation October 1, 2007.

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

³ State of Connecticut, Department of Public Health Estimates.

⁴ Money Income per Capita: Census 2000 data: \$76,816 used for all calculations.

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

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2010	\$ 2,630,010	\$ 43,863,777	6.00%
2009	1,944,199	43,288,513	4.49%
2008	2,058,485	41,558,264	4.95%
2007	1,957,986	39,956,728	4.90%
2006	1,654,989	37,533,156	4.41%

¹ GAAP basis of accounting. Includes Transfers out.

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

Source: Annual Audited Financial Statements, 2006-2009.

Adopted Budget, 2010. Budgetary basis.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

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

Budget Procedure

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

Audit

The Town of Redding pursuant to local ordinance and provisions of Chapter III 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, 2009, 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 9 in "Appendix A - Notes to General Purpose Financial Statements."

Pensions

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

Other Post Employment Benefits

Based on a July 1, 2008 actuarial valuation date, the Town has an actuarial accrued liability of \$4,309,183. The Town's Net OPEB Obligation at June 30, 2009 is \$425,362.

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.
- The State Treasurer's Tax-Exempt Proceeds Fund (TEPF) established pursuant to CGS 3-24a.
- Certificates of deposit and other evidences of deposit at qualified public depositories, as defined in CGS 36a-330, in an amount not to exceed the maximum FDIC insurance guideline.
- Highest investment-grade obligations of state and local governments and public authorities;
- Repurchase agreements fully collateralized with US Government and agency securities held by a third-party custodian bank.
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities and those guaranteed by the federal government

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

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

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

	Adopted Budget ¹ 6/30/2011	Adopted Budget ¹ 6/30/2010	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007
Revenues:					
Property taxes	\$ 42,303,785	\$ 41,399,123	\$ 40,772,789	\$ 36,129,273	\$ 33,704,103
Intergovernmental revenues	1,001,996	984,052	2,574,379	2,204,598 ²	1,970,997
Investment income	50,000	175,742	174,354	330,758	527,688
Charges for Services.....	1,366,812	1,304,860	1,311,278	1,390,388	1,411,343
Total.....	44,722,593	43,863,777	44,832,800	40,055,017	37,614,131
Expenditures:					
General government	3,000,636	2,586,534	2,193,377	2,135,766	2,305,225
Public safety	2,081,116	2,033,702	2,006,335	1,835,747	1,777,609
Highway and streets	1,511,884	1,630,744	1,342,991	1,283,530	1,082,093
Transfer station and recycling	303,007	348,712	314,620	326,298	307,876
Health and welfare	124,472	129,407	116,201	109,783	117,078
Library	395,000	378,000	361,312	332,800	306,065
Parks and recreation	955,788	930,584	855,001	815,820	804,282
Employee benefits	2,465,000	2,123,869	1,959,482	1,880,517	1,892,881
Education	31,797,244	31,072,215	32,043,820	30,084,810 ²	28,727,401
Capital outlay	7,000	-	-	439,908	518,232
Debt service	2,081,446	2,630,010	1,944,199	2,058,485	1,957,986
Total.....	44,722,593	43,863,777	43,137,338	41,303,464	39,796,728
Excess (Deficiency) of Revenues					
Over Expenditures.....	-	-	1,695,462	(1,248,447)	(2,182,597)
Other financing sources (uses):					
Sale of property	-	-	-	349,927	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(151,175)	(254,800)	(160,000)
Total Other financing sources (uses).....	-	-	(151,175)	95,127	(160,000)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....					
	-	-	1,544,287	(1,153,320)	(2,342,597)
Fund Equity, Beginning of Year.....	N/A	1,942,938	398,651	1,551,971	3,894,568
Fund Equity, End of Year.....	N/A	N/A	\$ 1,942,938	\$ 398,651	\$ 1,551,971

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

² The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers was \$5,640,808 above the prior year's contribution. This one time payment has been excluded to be comparable with prior years.

Analysis of General Fund Equity

	Adopted Budget 6/30/2011	Adopted Budget 6/30/2010	Actual 6/30/2009	Actual 6/30/2008	Actual 6/30/2007
Reserved for:					
Endowments	N/A	N/A	\$ -	\$ -	\$ -
Unreserved:					
Designated for next year's budget.....	N/A	N/A	-	-	-
Undesignated.....	N/A	N/A	1,942,938	398,651	1,551,971
Total Fund Equity	N/A	N/A	\$ 1,942,938	\$ 398,651	\$ 1,551,971

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 Life Care, LLC Real Property Tax Valuation Appeal.

Redding Life Care, LLC ("Redding Life Care"), as owner of a continuing care retirement community in Town and currently the Town's largest taxpayer, has filed property tax valuation appeals for the 2007, 2008 and 2009 Grand Lists. These appeals were brought in the New Britain Superior Court.

The Town has assessed the property at the following assessed values (70% of Fair Market Value): \$82.3 million for the 2007 Grand List; \$82.3 million for the 2008 Grand List; and \$82.3 million for the 2009 Grand List. These assessed valuations formed the basis for the following real property tax bills on the property: \$1.7 million for Fiscal Year 2008-2009; \$1.8 million for Fiscal Year 2009-2010; and an estimated \$1.8 million for Fiscal Year 2010-2011. In the pending court case, Redding Life Care has alleged that the assessed value of the property in each Grand List year should be reduced, which if completely successful would result in a reduction of real property taxes of \$419,258.70 for Fiscal Year 2008-2009, \$435,230.46 for Fiscal Year 2009-2010, and an estimated \$435,230.46 for Fiscal Year 2010-2011. Any reduction would also be applicable to all subsequent grand lists until the Town conducts a general community wide revaluation which currently is scheduled for the 2012 Grand List.

To date, Redding Life Care has been paying at least the statutorily mandated 90% of the tax bills as required by state law to avoid arrears collection activity. While the trial has concluded and a decision is expected in the fourth quarter of 2010, it is still too premature to determine what, if any, reduction in valuation and/or tax billings is ascertainable and warranted. However, if Redding Life Care is successful in its appeals, the Town could be required to either refund prior tax overpayments to Redding Life Care or provide a tax credit to Redding Life Care in future tax years.

Documents Furnished At Delivery

The original purchaser of the Bonds, as appropriate, will be furnished the following documentation after the Bonds are issued:

1. 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. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport, Connecticut, in substantially the form attached hereto as Appendix B.
3. Executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
4. Certificate on behalf of the Town, signed by the First Selectman, Treasurer and Controller, 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 the bids on the Bonds were accepted and as of the closing date, 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 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.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of the Paying Agent, U.S. Bank National Association, Corporate Trust Department, 225 Asylum Street, Hartford, Connecticut 06103 and may be examined upon reasonable request.

Concluding Statement

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of 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: _____
Natalie T. Ketcham, *First Selectman*

By: _____
Margaret L. O'Donnell, *Treasurer*

By: _____
Stephen Gniadek, *Controller*

July __, 2010

Appendix A

2009 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, 2009. 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, Managing Director, Phoenix Advisors, 53 River Street, Suite #3, Milford, Connecticut 06460. Telephone (203) 878-4945.



Accounting | Tax | Business Consulting

Independent Auditors' Report

Board of Finance
Town of Redding
Redding, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Redding, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 39 through 44 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Redding, Connecticut's basic financial statements. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

January 25, 2010

TOWN OF REDDING, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

As management of the Town of Redding, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$38,518,041 (net assets). Of this amount, \$4,951,333 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$753,436 as a result of decreases in education expenses of \$2,780,057 and interest expenses of \$160,805.
- Actual Town expenditures (excluding Education) came in 5.7% under budget due to responsible spending within Town departments.
- On January 28, 2009, the Town issued a \$4,765,000 Bond Anticipation Note (BAN). This BAN bears interest at .618%, matures on October 27, 2009. This BAN is allocated for road improvements and land purchase.
- On May 12, 2009, the Town issued a \$1,589,000 Bond Anticipation Note (BAN). This BAN bears interest at 1.094%, matures on October 27, 2009 and is for road and school improvements and the purchase of Highway trucks.

Overview of the Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

The Town maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 27 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. Assets exceeded liabilities by \$38,518,041 at the close of the most recent fiscal year.

	NET ASSETS					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 10,727,447	\$ 7,147,245	\$ 191,829	\$ 202,813	\$ 10,919,276	\$ 7,350,058
Capital assets	49,660,460	49,931,352	2,369,777	2,476,251	52,030,237	52,407,603
Total assets	<u>60,387,907</u>	<u>57,078,597</u>	<u>2,561,606</u>	<u>2,679,064</u>	<u>62,949,513</u>	<u>59,757,661</u>
Long-term debt outstanding	12,709,977	13,555,295			12,709,977	13,555,295
Other liabilities	11,655,737	8,416,314	65,758	21,447	11,721,495	8,437,761
Total liabilities	<u>24,365,714</u>	<u>21,971,609</u>	<u>65,758</u>	<u>21,447</u>	<u>24,431,472</u>	<u>21,993,056</u>
Net Assets:						
Invested in capital assets, net of debt	31,194,831	31,767,568	2,369,777	2,476,251	33,564,608	34,243,819
Restricted	2,100	2,100			2,100	2,100
Unrestricted	<u>4,825,262</u>	<u>3,337,320</u>	<u>126,071</u>	<u>181,366</u>	<u>4,951,333</u>	<u>3,518,686</u>
Total Net Assets	<u>\$ 36,022,193</u>	<u>\$ 35,106,988</u>	<u>\$ 2,495,848</u>	<u>\$ 2,657,617</u>	<u>\$ 38,518,041</u>	<u>\$ 37,764,605</u>

By far, the largest portion of the Town's net assets (87%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture, and fixtures and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A minor portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets.

The Town's net assets increased by \$915,205 during the current fiscal year. There was a decrease of \$161,769 in net assets reported in connection with the Town's business-type activities due to depreciation and increases in contracted services. This increase is attributable to increases in tax revenue.

Governmental Activities. Governmental activities increased the Town's net assets by \$915,205.

Revenues

Governmental activities revenues totaled \$46,672,613 for fiscal year 2009. Property taxes are the largest revenue source for the Town and represent 87% of governmental revenues. Operating grants and contributions are the Town's second largest revenue and account for 8% of governmental revenues. Charges for services revenues are the Town's third largest revenue and account for 4% of governmental revenues for the year.

The most significant changes from the prior year were as follows:

- Operating grants and contributions and Education expenditures decreased due to a significant decrease in the State of Connecticut's contribution to the State Teachers' Retirement Fund.
- Property taxes billed increased by \$4,781,553 due to an increase in property assessments.
- Total property tax revenue came in at 101% compared to the 99% budgeted. An additional \$94,699 interest and lien fees were collected. This increase is due to more aggressive tax collection procedures.

Expenses

Governmental expenses totaled \$45,757,408 for the fiscal year. Of the expenses, \$33,500,937 or 73.2% is related to education. Public safety expenses amounted \$3,393,531 or 7.4%. General government expenses amounted to \$3,136,079 or 6.9% and highway and streets expenses were \$2,886,756 or 6.3%.

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,805,534	\$ 1,752,856	\$ 500,314	\$ 514,568	\$ 2,305,848	\$ 2,267,424
Operating grants and contributions	3,839,318	7,758,433			3,839,318	7,758,433
Capital grants and contributions	80,203	95,682			80,203	95,682
General revenues:						
Property taxes	40,507,798	35,736,243			40,507,798	35,736,243
Grants and contributions not restricted to specific purposes	252,104	346,682			252,104	346,682
Investment income	187,656	371,688	2,003	3,194	189,659	374,882
Gain on sale of capital asset		343,231				343,231
Total revenues	<u>46,672,613</u>	<u>46,404,815</u>	<u>502,317</u>	<u>517,762</u>	<u>47,174,930</u>	<u>46,922,577</u>
Program expenses:						
General government	3,136,079	3,003,150			3,136,079	3,003,150
Public safety	3,393,531	2,397,305			3,393,531	2,397,305
Highway and streets	2,886,756	2,519,697			2,886,756	2,519,697
Transfer station and recycling	397,409	405,945			397,409	405,945
Health and social services	152,151	149,935			152,151	149,935
Library	451,458	426,826			451,458	426,826
Parks and recreation	1,098,551	1,037,852			1,098,551	1,037,852
Education	33,500,937	36,280,994			33,500,937	36,280,994
Interest expense	740,536	901,341			740,536	901,341
Sewer department			664,086	539,213	664,086	539,213
Total expenses	<u>45,757,408</u>	<u>47,123,045</u>	<u>664,086</u>	<u>539,213</u>	<u>46,421,494</u>	<u>47,662,258</u>
Change in net assets	915,205	(718,230)	(161,769)	(21,451)	753,436	(739,681)
Net Assets at Beginning of Year	<u>35,106,988</u>	<u>35,825,218</u>	<u>2,657,617</u>	<u>2,679,068</u>	<u>37,764,605</u>	<u>38,504,286</u>
Net Assets at End of Year	<u>\$ 36,022,193</u>	<u>\$ 35,106,988</u>	<u>\$ 2,495,848</u>	<u>\$ 2,657,617</u>	<u>\$ 38,518,041</u>	<u>\$ 37,764,605</u>

Business-Type Activities. Business-type activities decreased the Town's net assets by \$161,769, which was substantially a result of depreciation expense \$106,474 and contracted services \$332,393. General revenues do not support the Town's business-type activities; thus, revenues come from charges for services.

The Georgetown sewer expenses were \$664,086 in the fiscal year ended June 30, 2009, which was not significantly different than the amount for the prior year.

Financial Analysis of the Town's Funds

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

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

At year-end, unreserved and undesignated fund balance in the General Fund was \$1,786,776. An analysis of fund balance is presented below:

Fund balance, 7/1/08	\$ 398,651
Budgeted increase	607,856
Actual revenue greater than budgeted	100,454
Actual expenditures less than budgeted	679,815
Unreserved Fund Balance, 6/30/09	<u>1,786,776</u>
Encumbrances	<u>156,162</u>
 Total Fund Balance	 \$ <u>1,942,938</u>

An aggressive pursuit of current as well as past due taxes (plus interest and penalties) netted actual property tax revenue at \$40,772,789. Interest and lien fees were higher than budget by \$94,699. The Town had favorable under expenditure of various functions including general government of \$270,385, \$81,494 for highways and streets, \$43,801 for public safety and \$186,871 from parks and recreation.

Overall, Town departments (excluding Education) under spent their budgets by 5.7%, contributing to the increase in fund balance.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Georgetown Sewer Fund amounted to \$2,495,848 at year end. This represents a decrease of \$161,769 from the prior year, which was substantially a result of depreciation expense.

General Fund Budgetary Highlights

- There was no variance between the original budget for expenditures and the final budget of \$43,225,272.
- Several budget transfers reallocated resources as needed, the most significant of which are noted below:
 - Contingency account was reduced \$82,904.
 - Total public safety was increased \$16,858.
 - Total parks and recreation were increased \$14,949.
 - Total highway and streets increased \$11,902.

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, 2009 amounts to \$52,030,237 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, sewer plant, sewer collection system, machinery and equipment, vehicles, furniture and fixtures and infrastructure.

CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 19,203,822	\$ 18,813,822	\$ 15,342	\$ 15,342	\$ 19,219,164	\$ 18,829,164
Buildings	15,070,313	15,264,782			15,070,313	15,264,782
Sewer plant			1,858,728	1,947,338	1,858,728	1,947,338
Sewer collection system			495,707	513,571	495,707	513,571
Machinery and equipment	930,480	981,945			930,480	981,945
Infrastructure	13,218,059	13,445,142			13,218,059	13,445,142
Vehicles	1,225,565	1,419,231			1,225,565	1,419,231
Furniture and fixtures	12,221	6,430			12,221	6,430
Total	<u>\$ 49,660,460</u>	<u>\$ 49,931,352</u>	<u>\$ 2,369,777</u>	<u>\$ 2,476,251</u>	<u>\$ 52,030,237</u>	<u>\$ 52,407,603</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$18,465,629. The entire amount is backed by the full faith and credit of the Town. During the year, debt increased due to the sale of bond anticipation notes. These BANs will be used for road and school improvements and open space.

OUTSTANDING DEBT General Obligation Bonds and Notes

	Governmental Activities	
	2009	2008
General obligation bonds - Town improvements	\$ 8,624,250	\$ 9,392,000
General obligation bonds - school improvements	2,990,750	3,443,000
Clean Water Fund note	496,629	563,784
Bond anticipation note	<u>6,354,000</u>	<u>4,765,000</u>
Total	<u>\$ 18,465,629</u>	<u>\$ 18,163,784</u>

The Town maintains an "Aa1" credit rating from Moody's Investors Service, Inc., 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 \$298,478,929 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, 2009, which matures through 2025, amounted to \$22,660,000. The related school building grant principal amount due from the State of Connecticut was \$13,850. The Town's share of the debt, net of the related grant, was \$12,138,336.

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the Town is currently 6.0%, which is an increase from a rate of 2.7% a year ago. This compares favorably to the state's average unemployment rate of 8.0% and the national average rate of 9.4%.
- The uncertainty of federal and state grants could play an adverse role in the Town's finances based on its dependence on these sources of funding.

All of these factors were considered in preparing the Town's budget for the 2010 fiscal year.

At the end of the current fiscal year, unreserved and undesignated fund balance in the general fund is \$1,786,776.

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, Controller's Office, P.O. Box 1028, Redding, Connecticut 06875.

TOWN OF REDDING, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 9,573,687	\$ 62,315	\$ 9,636,002
Receivables, net	968,560	129,514	1,098,074
Other	161,448		161,448
Bond issuance costs	1,980		1,980
Total current assets	<u>10,705,675</u>	<u>191,829</u>	<u>10,897,504</u>
Noncurrent assets:			
Capital assets:			
Assets not being depreciated	19,203,822	15,342	19,219,164
Assets being depreciated, net	30,456,638	2,354,435	32,811,073
Total capital assets	<u>49,660,460</u>	<u>2,369,777</u>	<u>52,030,237</u>
Bond issuance costs	<u>21,772</u>		<u>21,772</u>
Total assets	<u>60,387,907</u>	<u>2,561,606</u>	<u>62,949,513</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,630,876	65,758	2,696,634
Due to other governments	45		45
Due to Regional School District No. 9	716,612		716,612
Unearned revenue	1,954,204		1,954,204
Bond anticipation notes	6,354,000		6,354,000
Total current liabilities	<u>11,655,737</u>	<u>65,758</u>	<u>11,721,495</u>
Noncurrent liabilities:			
Noncurrent liabilities due within one year	1,354,571		1,354,571
Due in more than one year	11,355,406		11,355,406
Total noncurrent liabilities	<u>12,709,977</u>	<u>-</u>	<u>12,709,977</u>
Total liabilities	<u>24,365,714</u>	<u>65,758</u>	<u>24,431,472</u>
Net Assets:			
Invested in capital assets, net of related debt	31,194,831	2,369,777	33,564,608
Restricted for:			
Perpetual care:			
Nonexpendable	2,100		2,100
Unrestricted	<u>4,825,262</u>	<u>126,071</u>	<u>4,951,333</u>
Total Net Assets	<u>\$ 36,022,193</u>	<u>\$ 2,495,848</u>	<u>\$ 38,518,041</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,136,079	\$ 327,028	\$ 251,981	\$	\$ (2,557,070)	\$	\$ (2,557,070)
Public safety	3,393,531	116,775	515,936		(2,760,820)		(2,760,820)
Highway and streets	2,886,756	257,770	130,535		(2,498,451)		(2,498,451)
Transfer station and recycling	397,409	230,881			(166,528)		(166,528)
Health and welfare	152,151	10,905	3,836		(137,410)		(137,410)
Library	451,458				(451,458)		(451,458)
Education	33,500,937	190,911	2,937,030		(30,372,996)		(30,372,996)
Parks and recreation	1,098,551	671,264			(427,287)		(427,287)
Interest and fiscal charges	740,536			80,203	(660,333)		(660,333)
Total governmental activities	45,757,408	1,805,534	3,839,318	80,203	(40,032,353)	-	(40,032,353)
Business-type activities:							
Georgetown sewer fund	664,086	500,314				(163,772)	(163,772)
Total	\$ 46,421,494	\$ 2,305,848	\$ 3,839,318	\$ 80,203	(40,032,353)	(163,772)	(40,196,125)
General revenues:							
Property taxes					40,507,798		40,507,798
Grants and contributions not restricted to specific programs					252,104		252,104
Investment income					187,656	2,003	189,659
Total general revenues					40,947,558	2,003	40,949,561
Change in net assets					915,205	(161,769)	753,436
Net Assets - Beginning of Year					35,106,988	2,657,617	37,764,605
Net Assets - End of Year					\$ 36,022,193	\$ 2,495,848	\$ 38,518,041

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Road Reconstruction</u>	<u>Reserve Fund for CNRE</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,300,620	\$ 1,094,584	\$ 875,532	\$ 960,022	\$ 9,230,758
Receivables:					
Property taxes	530,988				530,988
Sewer assessments				2,304	2,304
Intergovernmental	149,046			327,935	476,981
Other	32,389				32,389
Due from other funds	177,710		487,266	110,748	775,724
Other assets	149,185				149,185
Inventory	12,263				12,263
Total Assets	<u>\$ 7,352,201</u>	<u>\$ 1,094,584</u>	<u>\$ 1,362,798</u>	<u>\$ 1,401,009</u>	<u>\$ 11,210,592</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,582,112	\$ 218,200		\$ 374,639	\$ 2,174,951
Due to other governments	45				45
Due to Regional School District No. 9	716,612				716,612
Due to other funds	598,014	7,195		170,515	775,724
Deferred revenue	2,512,480			68,527	2,581,007
Bond anticipation notes payable		3,425,725	2,365,275	563,000	6,354,000
Total liabilities	<u>5,409,263</u>	<u>3,651,120</u>	<u>2,365,275</u>	<u>1,176,681</u>	<u>12,602,339</u>
Fund balances:					
Reserved for:					
Endowments				2,100	2,100
Encumbrances	156,162				156,162
Unreserved, reported in:					
General fund	1,786,776				1,786,776
Special revenue funds				560,778	560,778
Capital projects funds		(2,556,536)	(1,002,477)	(339,483)	(3,898,496)
Permanent funds				933	933
Total fund balances	<u>1,942,938</u>	<u>(2,556,536)</u>	<u>(1,002,477)</u>	<u>224,328</u>	<u>(1,391,747)</u>
Total Liabilities and Fund Balances	<u>\$ 7,352,201</u>	<u>\$ 1,094,584</u>	<u>\$ 1,362,798</u>	<u>\$ 1,401,009</u>	<u>\$ 11,210,592</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

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

Total fund balances (Exhibit III)	\$ <u>(1,391,747)</u>
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	60,278,855
Less accumulated depreciation	<u>(10,618,395)</u>
Net capital assets	<u>49,660,460</u>

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax and sewer assessment interest and lien accrual	146,591
Property tax and sewer assessment receivable - accrual basis change	233,619
School building grant receivable	133,184
Bond issue costs	23,752

Internal service funds are used by management to charge the cost of medical insurance to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	74,081
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(12,111,629)
Compensated absences	(123,986)
Accrued interest payable	(147,770)
Net OPEB obligation	(425,362)
Landfill closure and post closure care	<u>(49,000)</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u><u>36,022,193</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	General	Road Reconstruction Fund	Reserve Fund for CNRE	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 40,772,789	\$	\$	\$	\$ 40,772,789
Intergovernmental	3,035,369		250,000	1,071,350	4,356,719
Investment income	174,354	640	5,862	6,800	187,656
Charges for services	1,311,278			309,162	1,620,440
Total revenues	<u>45,293,790</u>	<u>640</u>	<u>255,862</u>	<u>1,387,312</u>	<u>46,937,604</u>
Expenditures:					
Current:					
General government	2,182,922			7,513	2,190,435
Public safety	2,006,335			568,942	2,575,277
Highway and streets	1,353,446			64,477	1,417,923
Transfer station and recycling	314,620				314,620
Health and welfare	116,201			2,267	118,468
Library	361,312				361,312
Parks and recreation	855,001			20,735	875,736
Employee benefits	1,959,482				1,959,482
Education	32,504,810			422,524	32,927,334
Capital outlay		791,890	400,000	73,999	1,265,889
Debt service	1,944,199			27,135	1,971,334
Total expenditures	<u>43,598,328</u>	<u>791,890</u>	<u>400,000</u>	<u>1,187,592</u>	<u>45,977,810</u>
Deficiency of Revenues over Expenditures	<u>1,695,462</u>	<u>(791,250)</u>	<u>(144,138)</u>	<u>199,720</u>	<u>959,794</u>
Other Financing Sources (Uses):					
Transfers in			151,175		151,175
Transfers out	<u>(151,175)</u>				<u>(151,175)</u>
Net other financing sources (uses)	<u>(151,175)</u>	<u>-</u>	<u>151,175</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,544,287	(791,250)	7,037	199,720	959,794
Fund Balances - Beginning of Year	<u>398,651</u>	<u>(1,765,286)</u>	<u>(1,009,514)</u>	<u>24,608</u>	<u>(2,351,541)</u>
Fund Balances - End of Year	<u>\$ 1,942,938</u>	<u>\$ (2,556,536)</u>	<u>\$ (1,002,477)</u>	<u>\$ 224,328</u>	<u>\$ (1,391,747)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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) \$ 959,794

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

Capital outlay	465,897
Depreciation expense	<u>(616,256)</u>
Total	<u>(150,359)</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(120,533)

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

School building grant receipts	(68,888)
Increase in property tax and sewer assessment receivable - accrual basis change	(135,069)
Increase in property tax and sewer assessment interest and lien revenue	(89,922)
Increase in property tax and sewer use allowance for doubtful accounts	<u>(40,000)</u>
Total	<u>(333,879)</u>

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

Principal repayments:	
General obligation bonds	1,220,000
Notes payable	<u>67,155</u>
Total	<u>1,287,155</u>

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

Net OPEB expense	(425,362)
Landfill postclosure care	3,500
Compensated absences	(19,975)
Accrued interest payable	14,511
Amortization of issuance costs	<u>(1,980)</u>
Total	<u>(429,306)</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.

(297,667)

Change in Net Assets of Governmental Activities (Exhibit II) \$ 915,205

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Assets:		
Current assets:		
Cash and cash equivalents	\$ 62,315	\$ 342,929
Accounts receivable	129,514	
Due from Town of Easton		39,307
Total current assets	<u>191,829</u>	<u>382,236</u>
Noncurrent assets:		
Capital assets, net:		
Land	15,342	
Sewer plant	1,858,728	
Sewer collection system	495,707	
Total capital assets, net	<u>2,369,777</u>	<u>-</u>
Total assets	<u>2,561,606</u>	<u>382,236</u>
Liabilities:		
Current liabilities:		
Accounts payable	65,758	
Claims payable		308,155
Total liabilities	<u>65,758</u>	<u>308,155</u>
Net Assets:		
Invested in capital assets	2,369,777	
Unrestricted	<u>126,071</u>	<u>74,081</u>
Total Net Assets	<u>\$ 2,495,848</u>	<u>\$ 74,081</u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Operating Revenue:		
Premiums	\$	\$ 2,618,043
Charges for services	500,314	
Total operating revenues	<u>500,314</u>	<u>2,618,043</u>
Operating Expenses:		
Claims incurred		2,675,815
Administration	14,129	246,003
Contracted services	332,393	
Outside services	15,481	
Materials disposal	6,731	
Materials and supplies	79,547	
Utilities	109,331	
Depreciation	106,474	
Total operating expenses	<u>664,086</u>	<u>2,921,818</u>
Operating Loss	(163,772)	(303,775)
Nonoperating Revenues:		
Investment income	<u>2,003</u>	<u>6,108</u>
Change in Net Assets	(161,769)	(297,667)
Total Net Assets - Beginning of Year	<u>2,657,617</u>	<u>371,748</u>
Total Net Assets - End of Year	\$ <u><u>2,495,848</u></u>	\$ <u><u>74,081</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Georgetown Sewer	
Cash Flows from Operating Activities:		
Receipts from customers	\$ 484,874	\$
Payments to suppliers	(513,301)	
Claim payments		(2,597,470)
Premiums received		2,796,867
Administrative payments		(246,003)
Net cash used in operating activities	<u>(28,427)</u>	<u>(46,606)</u>
Cash Flows From Investing Activities:		
Income from investments	<u>2,003</u>	<u>6,108</u>
Net Decrease in Cash and Cash Equivalents	(26,424)	(40,498)
Cash and Cash Equivalents - Beginning of Year	<u>88,739</u>	<u>383,427</u>
Cash and Cash Equivalents - End of Year	<u>\$ 62,315</u>	<u>\$ 342,929</u>
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities:		
Operating loss	\$ (163,772)	\$ (303,775)
Adjustments to reconcile operating loss to net cash		
used in operating activities:		
Depreciation expense	106,474	
(Increase) decrease:		
Accounts receivable	(15,440)	123,827
Intergovernmental receivable:		
Due from Regional School District No. 9		8,904
Due from Town of Easton		46,093
Increase:		
Accounts payable	11,519	78,345
Due to other funds	<u>32,792</u>	
Net Cash Used in Operating Activities	<u>\$ (28,427)</u>	<u>\$ (46,606)</u>

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>121,666</u>
Liability:	
Due to others	\$ <u>121,666</u>

The accompany notes are an integral part of the financial statements

TOWN OF REDDING, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

The various types included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Georgetown Sewer Fund is the Town's enterprise fund.

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Health Insurance Fund is the Town's only internal service fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The Fiduciary fund is as follows:

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Town's Agency Funds consist of student activity funds for Redding Elementary and John Read Middle School.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The Road Reconstruction Fund is used to account for the various road repair activities.

The Reserve for CNRE is used to account for various capital purchases.

The Town reports the following major proprietary fund:

The Georgetown Sewer Fund accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for the medical insurance benefits as allowed by the Governmental Accounting Standards Board (GASB) Statement No. 10 provided to other departments on a cost reimbursement basis.

The Agency Fund accounts for monies held on behalf of students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The Town also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital and nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments were invested in a 2a-7 like pool, which operates within State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

Receivables and Payables

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

Property Taxes and Other Receivables - In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 50% of outstanding receivable balances at June 30, 2009 and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2009, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, including motor vehicles, are computed at 70% of market value. Taxes not paid within 30 days of the due date are subject to an interest charge of 1½% per month.

Restricted Assets

The Permanent School and Cemetery Funds are restricted to expenditures of the investment income only for the donor-designated purpose.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Compensated Absences

The Town and Board of Education employees are granted vacation and sick leave based upon length of employment. In the event of termination, Police Department and Highway Department employees are compensated for accumulated vacation. All other Town and Board of Education employees do not accumulate vacation pay. Unused sick leave does not accumulate for future absences.

Long-Term Obligations

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

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

Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt - This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purpose is excluded.

Restricted Net Assets - This category presents the net assets restricted by external parties (creditors, grantors, contributors, or laws and regulations).

Unrestricted Net Assets - This category presents the net assets of the Town which are not restricted.

Estimates

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

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

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

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

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as a reservation of fund balance on a GAAP basis.
- State of Connecticut payments on behalf of Town of Redding teachers for the State Teachers' Retirement System are reported for GAAP purposes only.

B. Donor-Restricted Endowments

The Town has received certain endowments for the maintenance and improvement of cemeteries and local schools. The amounts are reflected in net assets as restricted for other purposes. Investment income (interest earned) is approved for expenditure by the individual Boards responsible for each fund and is included in unreserved fund balance in the Permanent School Fund (\$400) and Cemetery Fund (\$1,700).

C. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2009:

Major Fund:	
Road Reconstruction	\$ (2,556,536)
Reserve Fund for CNRE	(1,002,477)
Nonmajor Governmental Funds:	
FEMA Grant	(7,673)
Capital Projects-Schools	(364,758)
Georgetown STEAP	(31,023)

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

D. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2009:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2009</u>
Road Reconstruction Fund	\$ 1,004,725	\$ 791,890	\$ 796,119	\$ 208,606
Capital projects - schools	75,000	42,752	42,752	32,248
Georgetown STEAP	1,227,953	31,247	190,132	1,037,821

3. CASH AND CASH EQUIVALENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$6,913,472 of the Town's bank balance of \$7,454,419 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,197,125
Uninsured and collateral held by the pledging bank's Trust department, not in the Town's name	<u>716,347</u>
Total Cash and Cash Equivalents	<u>\$ 6,913,472</u>

B. Cash Equivalents

At June 30, 2009, the Town's cash equivalents amounted to \$1,941,429. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Tax-Exempt Proceeds Fund (TEPF)*		
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA

*Not rated

4. RECEIVABLES

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 590,988	\$	\$	\$	\$ 590,988
Accounts	32,389		129,514	39,307	201,210
Sewer assessments		2,304			2,304
Intergovernmental	149,046	327,935			476,981
Gross receivables	<u>772,423</u>	<u>330,239</u>	<u>129,514</u>	<u>39,307</u>	<u>1,271,483</u>
Less allowance for uncollectibles	<u>60,000</u>				<u>60,000</u>
Net Total Receivables	<u>\$ 712,423</u>	<u>\$ 330,239</u>	<u>\$ 129,514</u>	<u>\$ 39,307</u>	<u>\$ 1,211,483</u>

* Accrued interest on property taxes in the amount of \$146,591 is not included in the fund financial statements.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes collected in advance	\$	\$ 1,870,215
Delinquent property taxes receivable	491,315	
Special assessments not yet due	2,304	
Grant drawdowns prior to meeting all eligibility requirements		66,221
School building grants	133,184	
Parks and recreation revenue not yet earned		<u>17,768</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 626,803</u>	<u>\$ 1,954,204</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,813,822	\$ 390,000	\$ _____	\$ 19,203,822
Capital assets being depreciated:				
Buildings	18,195,809	10,000		18,205,809
Machinery and equipment	1,246,746		19,500	1,227,246
Vehicles	2,495,920	50,260	325,250	2,220,930
Furniture and fixtures	93,090	6,500		99,590
Infrastructure	19,312,321	9,137		19,321,458
Total capital assets being depreciated	<u>41,343,886</u>	<u>75,897</u>	<u>344,750</u>	<u>41,075,033</u>
Less accumulated depreciation for:				
Buildings	2,931,027	204,469		3,135,496
Machinery and equipment	264,801	44,273	12,308	296,766
Vehicles	1,076,689	130,585	211,909	995,365
Furniture and fixtures	86,660	709		87,369
Infrastructure	<u>5,867,179</u>	<u>236,220</u>		<u>6,103,399</u>
Total accumulated depreciation	<u>10,226,356</u>	<u>616,256</u>	<u>224,217</u>	<u>10,618,395</u>
Total capital assets being depreciated, net	<u>31,117,530</u>	<u>(540,359)</u>	<u>120,533</u>	<u>30,456,638</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,931,352</u>	<u>\$ (150,359)</u>	<u>\$ 120,533</u>	<u>\$ 49,660,460</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,342	\$ _____	\$ _____	\$ 15,342
Capital assets being depreciated:				
Sewer plant	2,658,319			2,658,319
Sewer collection system	714,541			714,541
Machinery and equipment	<u>6,550</u>			<u>6,550</u>
Total capital assets being depreciated	<u>3,379,410</u>	<u>-</u>	<u>-</u>	<u>3,379,410</u>
Less accumulated depreciation for:				
Sewer plant	710,981	88,610		799,591
Sewer collection system	200,970	17,864		218,834
Machinery and equipment	<u>6,550</u>			<u>6,550</u>
Total accumulated depreciation	<u>918,501</u>	<u>106,474</u>	<u>-</u>	<u>1,024,975</u>
Total capital assets being depreciated, net	<u>2,460,909</u>	<u>(106,474)</u>	<u>-</u>	<u>2,354,435</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,476,251</u>	<u>\$ (106,474)</u>	<u>\$ -</u>	<u>\$ 2,369,777</u>

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

Governmental Activities:	
General government	\$ 78,114
Public safety	46,051
Highway and streets	337,203
Transfer station and recycling	7,793
Health and social services	3,595
Parks and recreation	3,575
Education	<u>139,925</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>616,256</u></u>
Business-Type Activities:	
Sewer	\$ <u><u>106,474</u></u>

6. INTERFUND ACCOUNTS

At June 30, 2009, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 170,515
General Fund	Road Reconstruction	7,195
Reserve Fund for CNRE	General Fund	487,266
Nonmajor Governmental Fund	General Fund	<u>110,748</u>
Total		\$ <u><u>775,724</u></u>

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

Interfund transfers:

	<u>Transfer In</u>
	<u>Reserve Fund</u>
	<u>for CNRE</u>
Transfer out:	
General Fund	\$ 151,175

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

7. BOND ANTICIPATION NOTES

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. At June 30, 2009, the balance outstanding was \$6,354,000.

On January 28, 2009, the Town issued \$4,765,000 of bond anticipation notes. These notes bear interest at .618%, mature on October 27, 2009, and are for open space, road reconstruction and school construction. On May 12, 2009, the Town issued \$1,589,000 of bond anticipation notes, bearing interest of 1.094% and maturing on October 27, 2009. These notes are for roads, school water treatment systems and the purchase of highway trucks.

Short-term obligation activity for the year ended June 30, 2009 was as follows:

<u>Description</u>	<u>Balance, July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2009</u>
Bond Anticipation Notes	\$ 4,765,000	\$ 6,354,000	\$ (4,765,000)	\$ 6,354,000

8. LONG-TERM DEBT

A. Changes in Long-Term Obligations

Summary of Changes

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

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Outstanding June 30, 2009</u>	<u>Current Portion</u>
Bond Notes:									
General purpose:									
Improvement bond	\$ 285,000	04/15/91	04/15/11	5.4-7.25	\$ 33,000	\$	\$ 15,750	\$ 17,250	\$ 15,750
Improvement bond	8,345,000	10/15/99	10/15/19	4.75-6.5	5,004,000		417,000	4,587,000	417,000
Improvement bond	5,000,000	08/01/05	08/01/20	3.25-5.25	4,355,000		335,000	4,020,000	335,000
Total general purpose					9,392,000	-	767,750	8,624,250	767,750
Schools:									
Improvement bond	3,975,000	04/15/91	04/15/11	5.4-7.25	627,000		209,250	417,750	209,250
Improvement bond	4,755,000	10/15/99	10/15/19	4.75-6.5	2,816,000		243,000	2,573,000	243,000
Total schools					3,443,000	-	452,250	2,990,750	452,250
Sewer:									
Clean water note	1,293,905	10/01/96	04/01/16	2	563,784		67,155	496,629	68,510
Total bond/notes					13,398,784		1,287,155	12,111,629	1,288,510
Compensated absences					104,011	19,975		123,986	62,561
Net OPEB obligation						425,362		425,362	
Landfill closure and post closure care					52,500		3,500	49,000	3,500
Total General Long-Term Obligations					\$ 13,555,295	\$ 445,337	\$ 1,290,655	\$ 12,709,977	\$ 1,354,571

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

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

Year Ending June 30,	To Be Provided By State		Principal		Interest	
	For Principal	For Interest	Bonds	Clean Water Loan	Bonds	Clean Water Loan
2010	\$ 68,888	\$ 6,854	\$ 1,220,000	\$ 68,510	\$ 537,017	\$ 9,307
2011	64,296	3,308	1,195,000	69,893	478,104	7,924
2012			985,000	71,304	419,275	6,513
2013			985,000	72,743	373,656	5,074
2014			985,000	74,212	327,806	3,606
2015			985,000	75,712	281,178	2,108
2016			985,000	64,255	233,806	591
2017			985,000		185,819	
2018			985,000		137,087	
2019			985,000		87,938	
2020			985,000		38,381	
2021			335,000		6,700	
Total	\$ <u>133,184</u>	\$ <u>10,162</u>	\$ <u>11,615,000</u>	\$ <u>496,629</u>	\$ <u>3,106,767</u>	\$ <u>35,123</u>

In addition to the above recorded amounts, the Town participates with the Town of Easton in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2009, which matures through 2025, amounted to \$22,660,000. The related school building grant principal amount due from the State of Connecticut was \$13,850. The Town's share of the debt, net of the related grant, was \$12,138,336.

B. 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	\$ 95,939,656	\$ 16,408,842	\$ 79,530,814
Schools	191,879,312	15,084,902	176,794,410
Sewers	159,899,426		159,899,426
Urban renewal	138,579,503		138,579,503
Pension deficit	127,919,541		127,919,541

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$298,478,929.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$133,184 for bond principal is reflected as deductions in the computation of net indebtedness.

C. 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 15 years at \$3,500 per year are \$49,000. 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 assets, since the liability will be funded from future financial resources, not from expendable available financial resources.

D. Authorized/Unissued Bonds

The amount of authorized/unissued bonds for general purposes is \$1,761,215.

9. RISK MANAGEMENT

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

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

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

10. EMPLOYEE RETIREMENT FUND AND PENSION PLANS

Municipal Employees' Retirement Fund

A. Plan Description

All permanent Town employees who work at least 20 hours a week, excluding teachers, participate in the Municipal Employees' Retirement Fund (MERF). MERF is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities.

Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

B. Funding Policy

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

The required and actual contribution for the years ended June 30, 2007, 2008 and 2009, were \$403,623, \$272,020 and \$24,854, respectively.

C. Teachers' Retirement

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers was \$1,507,074.

11. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

In addition to the pension benefits described in Note 10, certain employees retiring under the Town of Redding's Retiree Medical Program are provided post-employment benefits. The level of these benefits provided is as follows:

Police

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

Highway

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

Board of Education

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

Teachers

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

BOE Support Staff and Custodians

Eligibility for Medical and Dental Coverage

Retirement with 15 years of service

Retiree/Spouse Cost of Medical and Dental Coverage

Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.

Plan of Coverage

Self-insured medical plan with fully insured dental plan.

B. Membership

Membership in the plan consisted of the following at July 1, 2008:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	22
Number of active participants	<u>246</u>
Total	<u><u>268</u></u>

C. Description of Actuarial Assumptions and Methods

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

	<u>Retiree Medical Program</u>
Actuarial valuation date	July 1, 2008
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum

D. Annual OPEB Cost and Net OPEB Obligations

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

		Retiree Medical Program
Annual required contribution	\$	431,218
Interest on net OPEB obligation		
Adjustment to annual required contribution		
		<u>431,218</u>
Annual OPEB cost		
Contribution made		<u>5,856</u>
Increase in net OPEB obligation		425,362
Net OPEB obligation, July 1, 2008		<u></u>
Net OPEB Obligation, June 30, 2009	\$	<u><u>425,362</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2009 is presented below. Data is only presented for one fiscal year as it is the first year of implementation.

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/09	\$ 431,218	\$ 5,856	\$ 1.4%	\$ 425,362

Schedule of Funding Progress

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 4,309,183	\$ 4,309,183	0%	\$ 13,985,304	30.8%

12. CONTINGENT LIABILITIES

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

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

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property Taxes:				
Property taxes, current and prior	\$ 40,376,041	\$ 40,376,041	\$ 40,601,090	\$ 225,049
Interest and lien fees	77,000	77,000	171,699	94,699
Total property taxes	<u>40,453,041</u>	<u>40,453,041</u>	<u>40,772,789</u>	<u>319,748</u>
Intergovernmental:				
Educational assistance grants:				
ECS grant	515,800	515,800	544,087	28,287
School bond interest	79,286	79,286	80,203	917
Adult education	285	285	308	23
Regional School District No. 9	171,933	171,933	190,603	18,670
Total educational assistance	<u>767,304</u>	<u>767,304</u>	<u>815,201</u>	<u>47,897</u>
Town assistance grants:				
In lieu of taxes - State property	154,208	154,208	154,728	520
In lieu of taxes - business inventory	4,490	4,490	4,426	(64)
Local property tax relief (freeze)	6,000	6,000	669	(5,331)
Tax relief circuit breaker	20,625	20,625	16,354	(4,271)
Disability exemption	265	265	189	(76)
Veterans' exemption	397	397		(397)
Other State Grants			19	19
Safe boating	2,972	2,972	2,972	-
Telephone access line grant	38,000	38,000	44,076	6,076
Local capital improvements	69,016	69,016		(69,016)
Mashantucket Pequot Grant	22,016	22,016	22,910	894
Unclassified Revenue	3,000	3,000	5,761	2,761
Total Town assistance grants	<u>320,989</u>	<u>320,989</u>	<u>252,104</u>	<u>(68,885)</u>
Total intergovernmental	<u>1,088,293</u>	<u>1,088,293</u>	<u>1,067,305</u>	<u>(20,988)</u>
Investment Income	<u>150,000</u>	<u>150,000</u>	<u>174,354</u>	<u>24,354</u>

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TOWN OF REDDING, CONNECTICUT**GENERAL FUND****SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)****FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Charges for Services:				
Town clerk	\$ 220,500	\$ 220,500	\$ 199,286	\$ (21,214)
Conservation	4,000	4,000	3,444	(556)
Heritage Center	25,700	25,700	16,377	(9,323)
Planning Commission	4,200	4,200	1,402	(2,798)
Zoning Commission	53,000	53,000	38,444	(14,556)
Zoning Board of Appeals	1,700	1,700	700	(1,000)
Building inspection	150,000	150,000	168,224	18,224
Transfer station	211,070	211,070	172,921	(38,149)
Sanitarian	14,000	14,000	10,905	(3,095)
Parks and recreation	818,435	818,435	660,871	(157,564)
Fiber optics	23,853	23,853	30,851	6,998
Rental of Town property	6,480	6,480	6,480	-
Miscellaneous	1,000	1,000	1,373	373
Total charges for services	<u>1,533,938</u>	<u>1,533,938</u>	<u>1,311,278</u>	<u>(222,660)</u>
 Total Revenues	 \$ <u>43,225,272</u>	 \$ <u>43,225,272</u>	 43,325,726	 \$ <u>100,454</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf payments to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted 1,507,074

Special education excess cost grant is recorded gross for GAAP 460,990

Total Revenues and Other Financing Sources as Reported on the

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds - Exhibit IV \$ 45,293,790

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General Government:					
Town meetings	\$ 2,800	\$	\$ 2,800	\$ 1,127	\$ 1,673
Board of selectmen	148,713	4,174	152,887	151,012	1,875
Probate court	3,250		3,250	3,638	(388)
Registrar's office	44,790	708	45,498	35,394	10,104
Controller's office	212,234	5,094	217,328	214,897	2,431
Independent audit	35,050		35,050	32,880	2,170
Assessor's office	187,968	2,946	190,914	169,491	21,423
Board of assessment appeals	1,075		1,075	1,974	(899)
Tax collector	142,015	3,323	145,338	138,350	6,988
Town treasurer	30,562	305	30,867	16,649	14,218
Computer capability	55,000		55,000	53,737	1,263
Management services	30,500		30,500	21,546	8,954
Special legal	220,000		220,000	280,121	(60,121)
Town clerk	129,467	2,526	131,993	119,499	12,494
Vital statistics	600		600	477	123
Annual town report	7,000		7,000	5,594	1,406
Board of ethics	500		500		500
Conservation	44,582	480	45,062	25,045	20,017
Heritage Center	141,448	2,686	144,134	132,128	12,006
Municipal agent for the elderly	11,879	295	12,174	11,140	1,034
Heritage center senior bus	32,000	803	32,803	28,276	4,527
Town planning commission	78,813		78,813	66,679	12,134
Housatonic Valley Council of Elected Officials	10,875		10,875	10,875	-
Zoning commission	81,402	1,438	82,840	61,600	21,240
Zoning board of appeals	4,690		4,690	888	3,802
Council of small towns	825		825	825	-
Land use services	93,258	2,379	95,637	92,823	2,814
Office of tree warden	1,765		1,765		1,765
Town office building	95,428		95,428	74,018	21,410
Old town house	9,469		9,469	6,376	3,093
Town office building annex	12,085		12,085	8,437	3,648
Community center	313,605	2,522	316,127	246,179	69,948
Police headquarters/communication center	31,600		31,600	27,125	4,475
Leases	2,000		2,000	1,000	1,000
Administrative services	85,620		85,620	114,322	(28,702)
Memorial Day observance	600		600		600
Cemeteries	10,776		10,776	7,400	3,376
Insurance	163,400		163,400	154,696	8,704
Miscellaneous	15,050		15,050	17,866	(2,816)
Agencies serving residents	5,000		5,000	5,000	-
Provision for contingencies	165,000	(82,904)	82,096		82,096
Total general government	2,662,694	(53,225)	2,609,469	2,339,084	270,385

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TOWN OF REDDING, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Public Safety:					
Police Department - salaries and related expenses	\$ 1,173,384	\$ 10,263	\$ 1,183,647	\$ 1,158,267	\$ 25,380
Police Department - contractual services and expenses	120,750		120,750	115,031	5,719
Police Department - maintenance of vehicles	90,650		90,650	91,383	(733)
Volunteer fire companies	117,781		117,781	105,056	12,725
Building inspections	253,693	6,595	260,288	247,364	12,924
Emergency Management	2,350		2,350	1,330	1,020
Communications Center	221,670		221,670	236,903	(15,233)
Dog licenses	53,000		53,000	51,001	1,999
Total public safety	<u>2,033,278</u>	<u>16,858</u>	<u>2,050,136</u>	<u>2,006,335</u>	<u>43,801</u>
Highway and Streets:					
Wages - regular, overtime and seasonal	774,133	2,765	776,898	678,632	98,266
General maintenance and repair	180,630	9,137	189,767	178,833	10,934
Snow removal and ice control	272,525		272,525	302,177	(29,652)
Equipment maintenance and repair	140,000		140,000	158,151	(18,151)
Town garage buildings	55,750		55,750	35,653	20,097
Total highway and streets	<u>1,423,038</u>	<u>11,902</u>	<u>1,434,940</u>	<u>1,353,446</u>	<u>81,494</u>
Transfer Station and Recycling:					
Salaries	198,624	5,149	203,773	214,517	(10,744)
General maintenance	130,681		130,681	90,343	40,338
Equipment maintenance	11,800		11,800	9,760	2,040
Total transfer station and recycling	<u>341,105</u>	<u>5,149</u>	<u>346,254</u>	<u>314,620</u>	<u>31,634</u>
Health and Social Services:					
Conservation of health	7,081		7,081	5,857	1,224
Sanitarian inspection	81,693	1,748	83,441	75,643	7,798
Social services	35,328	574	35,902	34,701	1,201
Total health and social services	<u>124,102</u>	<u>2,322</u>	<u>126,424</u>	<u>116,201</u>	<u>10,223</u>
Mark Twain Library:					
Operations	<u>361,312</u>		<u>361,312</u>	<u>361,312</u>	<u>-</u>
Parks and Recreation:					
Field maintenance	101,511		101,511	76,627	24,884
Administration	180,191	4,266	184,457	185,317	(860)
Summer camp	248,308		248,308	160,558	87,750
Recreation programs	253,500		253,500	183,182	70,318
Topstone park	90,621		90,621	89,093	1,528
Tennis courts	8,675	8,825	17,500	18,065	(565)
Extended day service	144,117	1,858	145,975	142,159	3,816
Total parks and recreation	<u>1,026,923</u>	<u>14,949</u>	<u>1,041,872</u>	<u>855,001</u>	<u>186,871</u>

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TOWN OF REDDING, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Transfers and Additional Appropriations</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Employee Benefits	\$ 1,961,578	\$ 10,870	\$ 1,972,448	\$ 1,959,482	\$ 12,966
Capital Outlay:					
Selectmen's general maintenance	8,000		8,000		8,000
Total capital outlay	8,000	-	8,000	-	8,000
Debt Service:					
Debt retirement	1,264,994		1,264,994	1,261,811	3,183
Interest payments	713,646		713,646	682,388	31,258
Total debt service	1,978,640	-	1,978,640	1,944,199	34,441
Total town expenditures	11,920,670	8,825	11,929,495	11,249,680	679,815
Education:					
Redding Board of Education:					
General instruction	9,941,029	(85,653)	9,855,376	9,812,278	43,098
Kindergarten	20,300		20,300	19,871	429
Humanities	73,181	(2,669)	70,512	68,169	2,343
Integrated language arts	55,678	(5,913)	49,765	47,736	2,029
Curriculum	74,607	686	75,293	84,995	(9,702)
Industrial technology	4,465		4,465	4,443	22
Science/math technology	86,198	(4,501)	81,697	75,544	6,153
Physical education/health	17,398		17,398	15,958	1,440
Student activity co-curricular	45,250	(1,550)	43,700	43,541	159
Special services	30,725		30,725	16,335	14,390
Student activity summer school	1,475		1,475	1,475	-
Special education	3,855,820		3,855,820	3,837,047	18,773
Guidance	3,192		3,192	1,672	1,520
Health services	206,645	(1,353)	205,292	198,349	6,943
Psychological services	19,300		19,300	16,177	3,123
Speech services	11,400		11,400	6,342	5,058
Educational media services	72,733	(3,345)	69,388	67,158	2,230
Technology plan	327,464	810	328,274	314,845	13,429
Board of Education	109,140	(26)	109,114	146,213	(37,099)
Central administration	486,491		486,491	486,491	-
Magnet school	54,000	2,353	56,353	56,353	-
School administration	1,178,772	(7,446)	1,171,326	1,121,170	50,156
Operation/maintenance physical plant	1,943,389	109,036	2,052,425	2,089,396	(36,971)
Student transportation	1,042,190	2,048	1,044,238	973,287	70,951
Food service	5,800	(2,477)	3,323	161,797	(158,474)
Total Redding Board of Education	19,666,642	-	19,666,642	19,666,642	-
Regional School District No. 9	10,870,104	-	10,870,104	10,870,104	-
Total Education	30,536,746	-	30,536,746	30,536,746	-
Total Expenditures	42,457,416	8,825	42,466,241	41,786,426	679,815

(Continued on next page)

TOWN OF REDDING, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Transfers and Additional Appropriations</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Other Financing Uses:					
Transfers out:					
Reserve Fund for CNRE	\$ 160,000	\$ (8,825)	\$ 151,175	\$ 151,175	\$ -
Total other financing uses	<u>160,000</u>	<u>(8,825)</u>	<u>151,175</u>	<u>151,175</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>42,617,416</u>	\$ <u>-</u>	\$ <u>42,617,416</u>	41,937,601	\$ <u>679,815</u>
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted				1,507,074	
Special education excess cost grant is recorded gross for GAAP				460,990	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				<u>(156,162)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				\$ <u>43,749,503</u>	

Appendix B

Form of Opinion of Bond Counsel

**FORM OF OPINION OF BOND COUNSEL
TOWN OF REDDING, CONNECTICUT
\$10,315,000 GENERAL OBLIGATION BONDS, ISSUE OF 2010**

July __, 2010

Town of Redding
Redding Town Hall
100 Hill Road
Redding, Connecticut 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 \$10,315,000 General Obligation Bonds, Issue of 2010, dated July 15, 2010 (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 __, 2010 (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 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 it 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 met in and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 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 pursuant to Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the Federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

The Town has designated the Bonds 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 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 interest on the Bonds is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated July __, 2010 and other offering material relating to the Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

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 the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

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

**In Connection With The Issuance and Sale of
\$10,315,000 Town of Redding, Connecticut
General Obligation Bonds, Issue of 2010**

This Continuing Disclosure Agreement (“Agreement”) is made as of July __, 2010, by the Town of Redding, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$10,315,000 General Obligation Bonds, Issue of 2010, dated July 15, 2010 (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 Continuing Disclosure 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 July __, 2010 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 Continuing Disclosure 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. The Issuer agrees to provide or cause to be provided in a timely manner to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) modifications to rights of Bond holders;
- (viii) Bond calls;
- (ix) Bond defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

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 Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure 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 Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure 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 Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure 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 Continuing Disclosure 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 Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure 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 Continuing Disclosure 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 06875. 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 Continuing Disclosure 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: _____
Natalie T. Ketcham, First Selectman

By: _____
Stephen Gniadek, Controller

By: _____
Margaret L. O'Donnell, Treasurer

Appendix D

Notice of Sale and Bid Form

NOTICE OF SALE

TOWN OF REDDING, CONNECTICUT
\$10,315,000 GENERAL OBLIGATION BONDS, ISSUE OF 2010
(the “Bonds”)

SEALED BIDS, TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY®** will be received by the **TOWN OF REDDING, CONNECTICUT**, (the "Town") at The Office of the First Selectman, Town Hall, Redding, Connecticut 06875, until **11:30 A.M. (Eastern Time), Wednesday,**

JULY 14, 2010

(the “Bid Date”) for the purchase of all (but not less than all) of \$10,315,000 General Obligation Bonds, Issue of 2010, of the Town (the “Bonds”), when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, which mature on July 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$515,000	2021	\$515,000
2012	\$515,000	2022	\$515,000
2013	\$515,000	2023	\$515,000
2014	\$515,000	2024	\$515,000
2015	\$515,000	2025	\$515,000
2016	\$515,000	2026	\$515,000
2017	\$515,000	2027	\$515,000
2018	\$515,000	2028	\$520,000
2019	\$515,000	2029	\$520,000
2020	\$515,000	2030	\$520,000

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 Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without 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 July 15, 2010, with interest payable on January 15, 2011 and semiannually thereafter on each July 15 and January 15 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 July __, 2010.

Optional Redemption

The Bonds maturing July 15, 2019 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2018, 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:

<u>Redemption Period</u>	<u>Redemption Price</u>
July 15, 2018 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 Standard & Poor's Corporation for assignment of their municipal bond ratings to the Bonds. The assigned ratings may be obtained from the respective rating agency or will be posted through the facilities of **PARITY**® prior to sale.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Bonds which is dated July __, 2010, 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 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 financial 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 underwriting, on the Bonds and any corrections. The purchaser shall arrange with the financial 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) timely notice of the occurrence of certain material events with respect to the Bonds 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**[®], in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Wednesday, July 14, 2010, 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**[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, or by telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal'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**[®] 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**[®], 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[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

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

For the purpose of the sealed proposal process and the electronic bidding process, the time maintained on **PARITY**[®] 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.

Bid Requirements

Unless submitted via electronic means using **PARITY**® as described above, all proposals for the purchase of the Bonds shall be submitted on forms furnished by the Town. Each proposal 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 two percent (2%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. No bid for less than par and accrued interest will be considered.

Except for those proposals submitted electronically via **PARITY**®, all proposals must be enclosed in sealed envelopes and addressed to Mr. Stephen Gniadek, Controller, Office of the Controller, Redding, Connecticut, and marked on the outside, in substance, "Proposal for Redding Bonds."

Telephone bids for the Bonds will be received by an authorized agent of Phoenix Advisors, LLC, the Town's Financial Advisor. All telephone bids must be made to (203) 938-8481 and be completed by 11:30 A.M. (Eastern Time) on Wednesday, July 14, 2010.

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 TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 15, 2010, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. 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 1:30 P.M. (Eastern Time) on the Bid Date in accordance with the provisions herein.

Simultaneously with or before delivery of the Bonds, the purchaser shall furnish to the Town a certificate acceptable to Bond Counsel for the Town to the effect that the purchaser has either purchased the Bonds at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary or has made a bona fide public offering of all of the Bonds of each maturity to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of each maturity of the Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Bond Counsel advises that (i) such certificates must be made on the best knowledge, information and belief of

the purchaser, (ii) the sale to the public of 10% or more of each maturity of the Bonds at prices not greater than or yields not lower than, the initial offering prices or yields would be sufficient for the purpose of certifying as to the sale of a substantial amount of the Bonds and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement.

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

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 26, 2010 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 the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

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

Postponement; Change of Terms

The Town reserve 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 last day of June and December in each year, or the preceding business day if the last day of the month is not a business day.)

Additional Information

For more information regarding the Bonds and the Town, reference is made to the Preliminary Official Statement dated July __, 2010. Bid forms and copies of the Official Statement may be obtained from Matthew Spoerndle, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 3, Milford, Connecticut 06460, (203) 878-4945.

Natalie T. Ketcham, First Selectman

Margaret L. O'Donnell, Treasurer

Stephen Gniadek, Controller

(See attached form of Proposal for Town of Redding Bonds)

July __, 2010

PROPOSAL FOR TOWN OF REDDING BONDS

July __, 2010

Natalie Ketcham, First Selectman
Margaret O'Donnell, Treasurer
Stephen Gniadek, Controller
Town of Redding
Town Hall
100 Hill Road
Redding, Connecticut 068775

Subject to the provisions of the Notice of Sale dated July __, 2010 which Notice of Sale is made a part of this proposal, we offer to purchase all \$10,315,000 bonds of the Town of Redding comprising the issue described in said Notice of Sale and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the bonds maturing July 15 in the several years set forth below shall bear interest from their date until maturity at the respective rates (in decimal format) per annum stated in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$515,000	____%	2021	\$515,000	____%
2012	\$515,000	____%	2022	\$515,000	____%
2013	\$515,000	____%	2023	\$515,000	____%
2014	\$515,000	____%	2024	\$515,000	____%
2015	\$515,000	____%	2025	\$515,000	____%
2016	\$515,000	____%	2026	\$515,000	____%
2017	\$515,000	____%	2027	\$515,000	____%
2018	\$515,000	____%	2028	\$520,000	____%
2019	\$515,000	____%	2029	\$520,000	____%
2020	\$515,000	____%	2030	\$520,000	____%

We acknowledge receipt of the Official Statement referred to in the Notice of Sale.

Name of Bidder_____

Address_____

Telephone Number _____

Signature of Officer or
Authorized Agent_____

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of the bonds under such proposal:

Percent True Interest Cost _____ %
(four decimals)

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