

## Preliminary Official Statement Dated June 27, 2018

**New Money Issue: Book-Entry-Only**

**Ratings: Moody's Investors Service: "Aa3" / "MIG 1"**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the District with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and the Notes is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code and such interest on the Bonds and the Notes is not an item of tax preference for purposes of calculating the Federal alternative minimum tax imposed on individuals or corporation, but in the case of certain corporations for tax years that began before January 1, 2018 such interest may be taken into account in computing the corporations federal alternative minimum tax liability. Interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein.)

**\$12,000,000**

**Regional School District No. 14  
of the State of Connecticut  
(Towns of Bethlehem and Woodbury, Connecticut)  
General Obligation Bonds, Issue of 2018**

**Dated: Date of Delivery**

**Due: Serially, August 1, 2019-2043  
as detailed inside the front cover:**

Interest on the General Obligation Bonds, Issue of 2018 (the "Bonds") will be payable semiannually on February 1 and August 1 in each year until maturity, commencing on August 1, 2019. The Bonds will be issued as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial owners (as described herein) of the Bonds. (See "Book-Entry Transfer System herein).

The Bonds are subject to redemption prior to maturity as more fully described under "Optional Redemption" herein.

**Electronic bids via PARITY for the Bonds will be received until 11:30 AM (Eastern) on Wednesday, July 11, 2018 at the Business Office of Regional School District No. 14, 67 Washington Avenue, Woodbury, Connecticut 06798.**

**\$18,000,000**

**General Obligation Bond Anticipation Notes**

**Dated: July 25, 2018**

**Due: July 24, 2019**

The General Obligation Bond Anticipation Notes (the "Notes") will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale dated June 27, 2018. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein. The Notes are NOT subject to redemption.

**Telephone bids and electronic bids via PARITY for the Notes will be received until 11:00 A.M. (Eastern) on Wednesday, July 11, 2018 at the Business Office of Regional School District No. 14, 67 Washington Avenue, Woodbury, Connecticut 06798. Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the District's Municipal Advisor, until 11:00 A.M. on the day of the sale at (203) 283-1110.**

The Bonds and the Notes will be general obligations of Regional School District No. 14 of the State of Connecticut (the "District") and its member towns of Bethlehem and Woodbury (the "Member Towns"), and the District will pledge its full faith and credit to pay principal and interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley LLC of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made through the facilities of DTC on or about July 25, 2018.

**\$12,000,000**  
**Regional School District No. 14**  
**of the State of Connecticut**  
**(Towns of Bethlehem and Woodbury)**  
**General Obligation Bonds, Issue of 2018**

**Dated:**     **Date of Delivery**

**Due: Serially on August 1, 2019-2043,**  
**as detailed below:**

<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>	<b>Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
2019	\$ 480,000	___%	___%	759125___	2032	\$ 480,000	___%	___%	759125___
2020	480,000	___%	___%	759125___	2033	480,000	___%	___%	759125___
2021	480,000	___%	___%	759125___	2034	480,000	___%	___%	759125___
2022	480,000	___%	___%	759125___	2035	480,000	___%	___%	759125___
2023	480,000	___%	___%	759125___	2036	480,000	___%	___%	759125___
2024	480,000	___%	___%	759125___	2037	480,000	___%	___%	759125___
2025	480,000	___%	___%	759125___	2038	480,000	___%	___%	759125___
2026	480,000	___%	___%	759125___	2039	480,000	___%	___%	759125___
2027	480,000	___%	___%	759125___	2040	480,000	___%	___%	759125___
2028	480,000	___%	___%	759125___	2041	480,000	___%	___%	759125___
2029	480,000	___%	___%	759125___	2042	480,000	___%	___%	759125___
2030	480,000	___%	___%	759125___	2043	480,000	___%	___%	759125___
2031	480,000	___%	___%	759125___					

**\$18,000,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**     **July 25, 2018**  
**Due:**       **July 24, 2019**  
**CUSIP:**<sup>1</sup>   **759125\_\_\_**

**Rate:**     \_\_\_%  
**Yield:**    \_\_\_%

<sup>1</sup> Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds. It shall be the responsibility of the municipal advisor to obtain CUSIP numbers for the Bonds prior to delivery.

No dealer, broker, salesman or other person has been authorized by the District 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 by the district. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

Certain information contained herein has been obtained from DTC. The District has relied entirely on DTC for such information. The District makes no representation as to the accuracy or completeness of such information.

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 District since the date of this Official Statement.

The independent auditors of Bethlehem and Woodbury have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The independent auditors for the District 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 Appendices A "General Purpose Financial Statements" herein, and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B "Form of Opinion of Bond Counsel" herein, Bond Counsel is not passing on and do not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement and make no representation that they have independently verified the same.

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## **Bond Issue Summary**

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

<b>Date of Sale</b>	Wednesday, July 11, 2018 at 11:30 A.M. (Eastern Time)
<b>Location of Sale</b>	Regional School District No. 14, Business Office, 67 Washington Avenue, Woodbury, Connecticut 06798
<b>Issuer:</b>	Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem and Woodbury) (the "District").
<b>Issue:</b>	\$12,000,000 General Obligation Bonds, Issue of 2018 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	Principal due serially, August 1, 2019 through August 1, 2043 as detailed in this Official Statement. Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing on August 1, 2019.
<b>Purpose and Authority:</b>	The Bond proceeds are being used to redeem a portion of existing bond anticipation notes which were issued to finance improvements to Nonnewaug High School. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are subject to optional redemption prior to maturity, as herein provided.
<b>Security:</b>	The Bonds will be general obligations of the District, and its member towns of Bethlehem and Woodbury (the "Member Towns"), and the District and member towns will pledge their full faith and credit to pay the principal of and interest on the Bonds when due.
<b>Credit Ratings:</b>	The Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's").
<b>Bond Insurance:</b>	The District does not expect to purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See Appendix B-1 "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C-1 to this Official Statement.
<b>Bank Qualification:</b>	The Bonds <u>shall NOT</u> be designated by the District 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 interest expense allocable to the Bonds.
<b>Registrar, Transfer Agent, Certifying Agent &amp; Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Pullman & Comley LLC of Hartford, Connecticut.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of The Depository Trust Company on or about July 25, 2018. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the sale should be addressed to: Ed Arum, Interim Director of Finance and Operations, 67 Washington Avenue, Woodbury, Connecticut 06798. Phone (203) 263-4330.

## **Note Issue Summary**

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

<b>Date of Sale</b>	Wednesday, July 11, 2018 at 11:00 A.M. (Eastern Time)
<b>Location of Sale</b>	Regional School District No. 14, Business Office, 67 Washington Avenue, Woodbury, Connecticut 06798
<b>Issuer:</b>	Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem and Woodbury) (the "District").
<b>Issue:</b>	\$18,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	At maturity on July 24, 2019.
<b>Purpose and Authority:</b>	The Note proceeds are being used to redeem a portion of bond anticipation notes which were issued to finance renovations to Nonnewaug High School and to finance additional renovations to Nonnewaug High School. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Notes are NOT subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the District, and its member towns of Bethlehem and Woodbury (the "Member Towns"), and the District and member towns will pledge their full faith and credit to pay the principal of and interest on the Notes when due.
<b>Credit Ratings:</b>	The Notes have been rated "MIG 1" by Moody's Investors Service ("Moody's").
<b>Bond Insurance:</b>	The District does not expect to purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See Appendix B-2 "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C-2 to this Official Statement.
<b>Bank Qualification:</b>	The Notes <u>shall NOT</u> be designated by the District 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 interest expense allocable to the Notes.
<b>Registrar, Transfer Agent, Certifying Agent &amp; Paying Agent:</b>	U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Pullman & Comley LLC of Hartford, Connecticut.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made through the facilities of The Depository Trust Company on or about July 25, 2018. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the sale should be addressed to: Ed Arum, Interim Director of Finance and Operations, 67 Washington Avenue, Woodbury, Connecticut 06798. Phone (203) 263-4330.

## ***I. Bond and Note Information***

### ***Introduction***

This Official Statement is provided for the purpose of presenting certain information relating to Regional School District No. 14 of the State of Connecticut (the "District") comprised of the Towns of Bethlehem and Woodbury (the "Member Towns"), in connection with the original issuance and sale of \$12,000,000 General Obligation Bonds, Issue of 2018 (the "Bonds") and \$18,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the District.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated June 27, 2018 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendices D-1 and D-2 for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds or Notes. Any statements 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. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds or Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

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

### ***Municipal Advisor***

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

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

### ***Description of the Bonds***

The Bonds will be dated as of the date of delivery and will mature on August 1 in each of the years and will bear interest at the rate or rates per annum as set forth on the inside cover page of this Official Statement, payable on August 1, 2019, and semiannually thereafter on February 1 and August 1 in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding day if such day is not a business day, by check mailed to the registered owner at the address as shown on the registration books of the District kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the District shall agree.

**Optional Redemption**

The Bonds maturing on or before August 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing August 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after August 1, 2025 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 District may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
August 1, 2025 and thereafter.....	100%

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the date fixed for redemption to the registered owner designated for redemption in whole or in part at the address of such 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 in such manner as the District in its discretion may determine; 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 District, 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 Direct Participant, or of any Direct 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 District 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 interest held by Direct 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 Direct Participants. The Direct 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 District authorizing the issuance of the Bonds and will not be conducted by the District, the Registrar or Paying Agent.

**Description of the Notes**

The Notes will be dated July 25, 2018 and will be due and payable as to both principal and interest at maturity on July 24, 2019. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System”. The Notes are not subject to redemption prior to maturity.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes. The legal opinions for the Bonds and the Notes will be rendered by Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut. See Appendices B-1 and B-2.

**Authorization and Purpose**

An appropriation and bond authorization in the aggregate amount of \$63,800,000 for renovation at Nonnewaug High School was adopted at referenda that was held on June 18, 2013.



**Use of Bond Proceeds:**

<i>Project</i>	<i>Aggregate Amount</i>			<i>This Issue:</i>	
	<i>Authorized</i>	<i>Notes Due: 7/25/18</i>	<i>New Money</i>	<i>Bonds</i>	<i>Notes Due: 7/24/19</i>
Nonnewaug High School Renovation Project .....	\$ 63,800,000	\$ 22,300,000	\$ 7,700,000	\$ 12,000,000	\$ 18,000,000
<b>Total .....</b>	<b>\$ 63,800,000</b>	<b>\$ 22,300,000</b>	<b>\$ 7,700,000</b>	<b>\$ 12,000,000</b>	<b>\$ 18,000,000</b>

**Tax Matters**

**Opinion of Bond Counsel – Federal Tax Exemption**

In the opinion of Bond Counsel to the District, under existing law, interest on the Bonds and Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and, except as hereinafter described, corporations. In rendering its opinion, Bond Counsel will rely on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the issuance of the Bonds and Notes, and Bond Counsel will assume continuing compliance by the District with certain ongoing covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) to assure the exclusion of interest on the Bonds and Notes from gross income under the Code.

For taxable years that began before January 1, 2018, interest on the Bonds and Notes owned by certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax may be taken into account in computing the federal alternative minimum tax for such corporations. For taxable years beginning on or after January 1, 2018, the federal alternative minimum tax on corporations has been repealed.

**Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and Notes in order that interest on the Bonds and Notes be and remain excludable from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds and Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds and Notes, the District will covenant to comply with such applicable requirements of the Code to assure the exclusion of interest on the Bonds and Notes from gross income under the Code.

**Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds and Notes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Bond or Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and Notes.

Prospective owners of the Bonds and Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

Interest paid on tax-exempt obligations such as the Bonds and Notes is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds and Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

## **Original Issue Discount**

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

Under the Code, for purposes of determining an owner’s adjusted basis in a Discount Bond, original issue discount is treated as having accrued while the owner holds the Discount Bond and will be added to the owner’s basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Bond or Note. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond or Note even though there will not be a corresponding cash payment.

Owners of Discount Bonds and Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of a Discount Bond or Note.

## **Original Issue Premium**

Certain of the Bonds and Notes may be offered at prices in excess of their principal amounts (the “Premium Obligations”). An initial purchaser with an initial adjusted basis in a Premium Obligation in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Obligation based on the purchaser’s yield to maturity (or, in the case of Premium Obligations callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Obligation, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Obligation annually by the amount of amortizable bond premium for the taxable year. The amortization of bond or note premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Obligations. Owners of the Premium Obligations are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Obligations.

## **State Taxes**

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

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

Accrued original issue discount on the Bonds and Notes is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds and Notes 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.

Owners of the Bonds and Notes 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 and Notes.

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

### **General and Post Issuance Events**

Tax legislation, administrative actions or court decisions, at either the federal or state level, may adversely affect the tax exempt status of the interest on the Bonds and Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and Notes from realizing the full current benefit of the tax status of such interest. In addition, such tax legislation, administrative actions or court decisions, could affect the market value of the Bonds and Notes and their marketability. This could arise from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds and the Notes from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds and Notes may occur. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding the impact of any change in law on the Bonds and Notes.

The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's 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. Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds and Notes. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal or state income tax purposes of interest on the Bonds and Notes.

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 and Notes. Prospective owners of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds and Notes.

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and Notes 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 Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P Global Ratings highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes 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 and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds and Notes may wish to ascertain that the nominee holding the Bonds and the Notes 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 and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the 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 and Notes 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 District, 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 District 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 and the Notes at any time by giving reasonable notice to the District or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

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

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

### ***DTC Practices***

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

### ***Replacement Securities***

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

### ***Security and Remedies***

The Bonds and Notes will be general obligations of the District and the Member Towns of Bethlehem and Woodbury. The District will pledge its full faith and credit to pay the principal of and interest on the Bonds and Notes when due.

Unless paid from other sources, the Bonds and Notes are payable from general property tax revenues of the Member Towns. The Member Towns have the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Member Towns 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. Under existing statutes, the State of Connecticut is obligated to pay the Member Towns the amount of tax revenues which the Member Towns would have received except for the limitation on their power to tax such dwelling houses or the Member Town may place a lien on the property for the amount of tax relief granted plus interest. **The District does not have the direct power to levy taxes.**

**Payment of the Bonds** and Notes is not limited to property tax revenues or any other revenue sources, but certain revenues of the District and its Member Towns may be restricted as to use and therefore may not be available to pay debt service on the Bonds and Notes.

Section 10-58a of said Connecticut General Statutes, revision of 1958, as amended, provides that upon verification of a default by a regional school district in the payment of principal or interest on its bonds or notes the State Comptroller is required to withhold future payments of State aid and assistance in such amounts as may be required to remedy the default. If the amounts withheld from such district are insufficient for this purpose, payments of State aid and assistance due to the member towns must similarly be withheld and applied. The withheld payments are to be forwarded promptly to the paying agent or agents for the bonds or notes in default for the sole purpose of paying the defaulted principal of and interest on such obligations.

Section 10-63f of the Connecticut General Statutes, Revision of 1958, as amended, provides that the withdrawal of a member town from a regional school district or the dissolution of a school district pursuant to the provisions of Section 10-63a *41 seq.* of said General Statutes will not impair the obligation of the withdrawing member town or the district to the holders of bonds or other indebtedness issued prior to the withdrawal or dissolution.

There is no statutory provision for priorities in the payment of general obligations of the District, or for a lien on any portion of the tax levies or other revenues of the District or its Member Towns to secure the Bonds or Notes, or judgments thereon, in priority to other claims.

The District and its Member Towns are subject to suit on their general obligation bonds and notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the District or its Member Towns. Courts of competent jurisdiction also have power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefore or, in the absence thereof, to order the District or its Member Towns to take all lawful action to obtain the same, including the raising of the required

amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the District and its Member Towns and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds and Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws effecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough and metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

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

The Bonds and the Notes shall NOT be designated by the District 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 or the Notes.

### ***Availability of Continuing Information***

The District will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form included in Appendix C-1 to this Official Statement, to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the District to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The District will enter into a Continuing Disclosure Agreement with respect to the Notes substantially in the form included in Appendix C-2 to the Official Statement to provide notice of the occurrence of certain material events. The Underwriter's obligation to purchase the Bonds or Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds or Notes, an executed copy of the Continuing Disclosure Agreement.

The District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12. To date, the District has not failed to meet any of its undertakings under such agreements.

The District prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management, within six months of the end of its fiscal year. The District provides, and will continue to provide, to Moody's Investors Service ongoing disclosure in the form of the annual financial report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The District intends to file its official statement for primary offerings with Electronic Municipal Market Access, the Municipal Securities Rulemaking Board's electronic continuing disclosure service.

## **Ratings**

The Bonds and the Notes have been rated “Aa3” and “MIG 1”, respectively by Moody’s Investors Service (“Moody’s”). The District furnished to Moody’s certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of Moody’s and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody’s should be contacted directly for its rating on the Bonds and the Notes and the explanation of such rating.

The District expects to furnish to Moody’s information and materials that it may request. However, the District may issue short-term or other debt for which a rating is not requested. The District’s Municipal Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

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## ***II. The Issuer***

*(CT Map goes here for Final OS)*

### ***Description of Regional School District No. 14***

#### ***Organization of the District***

Regional School District Number 14 (the “District”) was established under the provisions of Part III of Chapter 164 of the Connecticut General Statutes upon approval of the voters of the Towns of Bethlehem and Woodbury, on May 20, 1968.

The affairs of the District are administered by a Regional Board of Education made up of eight members, with each Town having equal representation. Four members, two from each Town, are elected every two years, except when a vacated position is filled. Members are voted for on an “at-large basis” in both Towns. The Board has responsibility over all activities related to public elementary and secondary school education for its member Towns. Since the Board members are elected by the public, they are the governing authority for the District. Governing authority includes the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The District annual meeting is the District meeting at which the annual budget is first presented for adoption and is held on the first Monday in May. After adoption of the annual budget of the District, the Regional Board of Education must determine the amount of the total budgetary appropriation that each of the member Towns must pay. The amount each Town is to pay is determined by the number of pupils resident in such Town in average daily membership during the preceding school year. For fiscal year 2017-18, the Town of Bethlehem pays approximately 24.0% of the District’s budget, and the Town of Woodbury pays approximately 76.0%. Payments are made to the District on a monthly basis in accordance with cash flow requirements of the District.



The District is composed of four major school facilities that provide educational opportunities for students of kindergarten level through twelfth grade, in addition to a special education program. Staff and program development are ongoing priorities of the Board and administration. Educational programs emphasize a core curriculum supplemented by advanced offerings in languages, science and humanities. A full range of extra-curricular programs is also offered.

Section 10-51a of the Connecticut General Statutes provides that if a member town fails to include in its annual town budget the amount necessary to pay its proportionate share of the annual district budget, a petition may be filed with the Superior Court to determine the amount of the alleged deficiency. If such a deficiency is found to exist, the Superior Court shall order the town to provide a sum equal to such deficiency, together with a sum of money equal to twenty-five percent thereof. The amount of the deficiency shall then be paid by the town to the regional school district; the additional sum of twenty-five percent shall be kept in a separate account by such town and shall be applied toward payment of such town's share of the annual budget of the regional school district in the following year. If the annual tax rate of such town has been fixed, the sums shall be provided by the town from any available cash surplus, from any contingent fund, from borrowing or from any combination thereof.

Section 10-63f of the Connecticut General Statutes provides that the withdrawal of a town from the district or the dissolution of the district would not impair the obligation of the withdrawing town or the district to the holders of any outstanding indebtedness issued prior to such withdrawal or dissolution.

### ***Description of Member Towns***

#### ***Bethlehem***

The Town of Bethlehem was incorporated in May 1787 and is located in Litchfield County. The Town has an area of 19.7 square miles and is bordered by the Towns of Morris, Watertown, Woodbury and Washington. Access is provided by Connecticut Routes 132 and 61. Bethlehem's population according to the 2016 U.S. Census Bureau, American Community Survey was 3,492.

#### ***Woodbury***

The Town of Woodbury was incorporated in 1673 and is located in Litchfield County. The Town has an area of 36.8 square miles and is bordered by the Towns of Bethlehem, Watertown, Middlebury, Southbury and Roxbury. Access is provided by Connecticut Routes 6 and 64. The Town's population according to the 2016 U.S. Census Bureau, American Community Survey was 9,723.

The Woodlake Tax District is a separate tax district within the territorial limits of the Town of Woodbury. The District was organized in 1983 and provides services including sewers.

### ***Form of Government***

Bethlehem and Woodbury operate under the Town Meeting form of government with three-member Boards of Selectmen elected to two-year terms of office biennially. The First Selectman of each Town serves as the chief executive and administrative officer. The First Selectman presides over the Board of Selectmen and is an ex-officio member of all Town boards, commissions and committees.

Woodbury adopted a Town Charter in 1974, under which legislative power is the Town Meeting. Legislative authority in Bethlehem resides with the Town Meeting. A six-member Board of Finance is elected in each community. The Boards are responsible for budget preparation prior to submission to the Annual Budget Meeting for adoption. Board of Finance and Town Meeting approval are required in each Town for bond or note authorizations. Woodbury is assisted in the administration of its financial affairs by an appointed, full-time Town Treasurer.

**Principal District Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Years of Service</b>
Board of Education:			
Chairman .....	Janet Morgan	Elected	6/30/2019
Vice Chairman .....	Maryanne Van Aken	Elected	6/30/2020
Secretary .....	Pamela Zmek	Elected	6/30/2020
Treasurer .....	George Bauer	Elected	6/30/2019
Assistant Secretary / Treasurer .....	Carol Ann Brown	Elected	6/30/2019
Member .....	John Chapman	Elected	6/30/2020
Member .....	Michael Devine	Elected	6/30/2020
Member .....	Dave Lampart	Elected	6/30/2019
Superintendent of Schools .....	Dr. Anna Cutaia	Appointed	N/A
Director of Finance and Operations .....	Wayne McAllister	Appointed	N/A
Interim Director of Finance and Operations .....	Edward Arum	Appointed	N/A

Source: Director of Finance and Operations, Regional School District No. 14

Regional School District Number 14 has two elementary schools (Bethlehem Elementary and Mitchell Elementary serving grades kindergarten through grade five), a middle school (Woodbury Middle School serving grades six through eight), located in the Town of Woodbury, and one high school (Nonnewaug High School serving grades nine through twelve), located in the Town of Woodbury. Enrollment in the District system as of October 1, 2017 was 1,702 students with a design capacity of 2,555.

**District Employees**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
265	265	268	275	292

Source: Director of Finance and Operations, Regional School District No. 14

**Current Employee Breakdown**

Administration .....	12.00
Teachers .....	164.00
Clerical .....	9.00
Nurses .....	4.00
Custodians / Maintenance .....	22.00
Cafeteria Aides .....	15.00
Para-Professionals .....	28.00
Technology Staff .....	3.00
Instructional Support .....	8.00
<b>Total .....</b>	<b>265.00</b>

## Employee Bargaining Groups

<b>Bargaining Unit</b>	<b>Organization</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
Teachers .....	Nonnewaug Teachers' Association	164.0	6/30/2019
Custodial .....	Teamsters Local #677	17.0	6/30/2021
Clerical .....	Secretarial Association of Region 14	9.0	6/30/2021
Nurses .....	American Federation of State, County and Municipal Employees, Council #4	4.0	6/30/2021
Teachers Aides .....	American Federation of State, County and Municipal Employees, Council #4	27.5	6/30/2018
Administrators .....	Administrator's Association of Region 14	9.0	6/30/2020
Cafeteria .....	Cafeteria Workers' Association of Region 14	15.0	6/30/2021
Instructional Support .....	AFSCME Municipal Employees, Council 4	8.0	6/30/2019
<b>Total .....</b>		<b>253.5</b>	

Source: Director of Finance and Operations, Regional School District No. 14

General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality (in the case of a Regional School District, the legislative body of each member town) may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## School Facilities

Regional School District Number 14 has two elementary schools, a middle school, and one high school. Enrollment in the District system as of October 1, 2017 was 1,702 students with a design capacity of 2,555.

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>10/1/2017 Enrollment</b>	<b>Operating Capacity</b>
Bethlehem Elementary .....	K-2	1965 (1980s)	24	267	378
Mitchell Elementary .....	3-5	1948 (2002)	28	369	652
Woodbury Middle .....	Pre-K, 6-8	1953 (2000)	46	358	650
Nonnewaug High School .....	9-12	1970 (2000)	55	708	875
<b>Total .....</b>			<b>153</b>	<b>1,702</b>	<b>2,555</b>

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

## Average Daily Membership by Town

	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
Bethlehem .....	358	348	368	383	400
Woodbury .....	1,125	1,187	1,166	1,196	1,275

### **School Enrollment**

<b>School Year</b>	<b>Pre-K-5</b>	<b>6-8</b>	<b>9-12</b>	<b>Total <sup>1</sup></b>
<b>Historical</b>				
2008-09	813	490	837	2,140
2009-10	793	476	841	2,110
2010-11	786	445	874	2,105
2011-12	764	426	830	2,020
2012-13	708	420	820	1,948
2013-14	711	376	811	1,898
2014-15	676	368	764	1,808
2015-16	671	345	755	1,771
2016-17	667	376	729	1,772
2017-18	638	363	717	1,718
<b>Projected</b>				
2018-19	654	331	682	1,667
2019-20	635	320	664	1,619
2020-21	647	313	675	1,635

<sup>1</sup> Includes Special Education.

Source: Director of Finance and Operations, Regional School District No. 14.

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### **III. Economic and Demographic Information**

#### **Local Economy**

##### **Town of Bethlehem**

Bethlehem's economy is based on agriculture, particularly dairy farming. Tourism is also important, supported by an annual agricultural exposition, Christmas festival, and Bellamy-Ferriday House and Garden tours. The Bethlehem Fair attracts over 60,000 visitors annually. The Bethlehem Post Office is where each year thousands of Christmas cards are stamped with special cachets and mailed worldwide. The Benedictine Abbey of Regina Laudis and its 18th century Neapolitan Creche and home is the central location for the Christmas Town Festival.

Bethlehem offers seclusion, yet proximity to New York City. Tanglewood is within 60 minutes and New York City only a 90-minute drive. Accessible quality public and private schools are key assets to residents seeking quality-of-life amenities.

##### **Town of Woodbury**

The Town of Woodbury was incorporated in 1673 and is located in Litchfield County. The Town has an area of 36.8 square miles and is bordered by the Towns of Bethlehem, Watertown, Middlebury, Southbury and Roxbury. Access is provided by U.S. Highway 6 and Connecticut Routes 61, 317 and 64. The Town's population according to the 2010 U.S. Census was 9,975.

The Woodlake Tax District is a separate tax district within the territorial limits of the Town. The district was organized in 1983 and provides services including sewers.

Woodbury is a residential community serving as a gateway to neighboring towns and southern Litchfield County. It is located at the northern edge of a rapidly "urbanizing" I-84 corridor. Woodbury supplies water to its residents and those of adjoining communities through the United Water Company Connecticut and the Pomperaug River aquifer system; it supplies construction materials (natural resources excavation) for the surrounding communities and other parts of the State; it funnels residential, commercial and tourist traffic from the interstate highway system to the rural communities to the north and northwest; and it is located in one of Connecticut's most frequently visited tourist destinations, the Litchfield Hills. Route 6 serves as a regional roadway through Woodbury.

Seven percent of Woodbury's taxable grand list is from commercial and industrial real property located along Route 6 in the Town's center. Principal industries include machine, woodworking, and welding shops in addition to numerous retail and office complexes, antique shops, and home-based businesses. Tubing, screw machines, plastic die-casting molds and custom furniture are manufactured in Woodbury. Woodbury and immediately surrounding towns enjoy a niche market of antiques and tourism. Recently, the Connecticut Department of Culture and Tourism awarded Woodbury number 12 of 52 getaways. The "Antique Retreat" focuses on the Connecticut antiques trail and features a number of Town attractions. The full article can be found at [www.ctvisit.com](http://www.ctvisit.com).

Through conscientious planning and faithfulness to implementation, the Town has maintained its historic and rural character. But much of the land remains undeveloped, and growth pressures are increasing. Woodbury's essence and charm are a composite of its natural features and the physical development that has evolved. The Town has retained its character and cultural landscape by balancing private property interests with the respect for heritage and traditional quality of life. The Town completed updating its Plan of Conservation and Development in March 2010 and is currently working on its implementation. Woodbury has an abundance of open space – forest, field, farmland, watercourses and floodplain. Strong support for Town acquisition of open space has been expressed by residents in the interest of preserving Woodbury's rural and scenic character. Its mix of residential, commercial and community uses has kept its Main Street true to traditional Main Street functions.

Woodbury's population experienced a 8.4% increase over the 2000 Census of 9,198. Building permit data indicated that there has been a 7.4% increase in housing units since the 2000 Census, all single-family detached dwellings. The median residential sales price in 2010 in Woodbury was \$400,000, much higher than the State's median sales price of \$296,500 according to the Census Bureau's 2006–2010 American Community Survey. The average household size has continued to decline to approximately 2.35 persons per household in 2010.

## Population and Density

<b>Town of Bethlehem</b>				<b>Town of Woodbury</b>			
<b>Actual</b>				<b>Actual</b>			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>	Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2016 <sup>3</sup>	3,492	-3.2%	177.3	2016 <sup>3</sup>	9,723	-1.9%	264.2
2010	3,607	5.4%	183.1	2010	9,909	7.7%	269.3
2000	3,422	11.4%	173.7	2000	9,198	13.1%	249.9
1990	3,071	19.4%	155.9	1990	8,131	17.1%	221.0
1980	2,573	33.8%	130.6	1980	6,942	18.3%	188.6
1970	1,923	29.4%	97.6	1970	5,869	50.1%	159.5
1960	1,486	--	75.4	1960	3,910	--	106.3

<sup>1</sup> U.S. Department of Commerce, Bureau of Census.

<sup>2</sup> Per square mile: 19.7 square miles for Bethlehem, 36.8 square miles for Woodbury.

<sup>3</sup> American Community Survey 2012-2016

## Age Distribution of the Population

Age	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	Number	Percent	Number	Percent	Number	Percent
Under 5 years .....	91	2.6%	543	5.6%	188,812	5.3%
5 to 9 years .....	178	5.1	499	5.1	210,557	5.9
10 to 14 years .....	250	7.2	708	7.3	228,543	6.4
15 to 19 years .....	296	8.5	392	4.0	252,522	7.0
20 to 24 years .....	208	6.0	221	2.3	242,007	6.7
25 to 34 years .....	206	5.9	920	9.5	438,471	12.2
35 to 44 years .....	424	12.1	1,140	11.7	439,606	12.3
45 to 54 years .....	560	16.0	1,750	18.0	545,977	15.2
55 to 59 years .....	295	8.4	894	9.2	263,778	7.4
60 to 64 years .....	442	12.7	789	8.1	223,274	6.2
65 to 74 years .....	377	10.8	1,138	11.7	303,959	8.5
75 to 84 years .....	135	3.9	407	4.2	163,137	4.5
85 years and over .....	30	0.9	322	3.3	87,927	2.5
<b>Total.....</b>	3,492	100%	9,723	100%	3,588,570	100%
Median Age (Years) 2016...	47.9		47.7		40.6	

Source: American Community Survey 2012-2016

## Income Distribution

<b>Income</b>	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	13	1.4%	14	0.5%	29,623	3.3%
10,000 - 14,999.....	7	0.7	48	1.7	17,060	1.9%
15,000 - 24,999.....	17	1.8	92	3.2	44,354	5.0%
25,000 - 34,999.....	24	2.6	83	2.9	54,456	6.1%
35,000 - 49,999.....	42	4.5	215	7.6	81,300	9.1%
50,000 - 74,999.....	161	17.1	566	20.0	137,336	15.4%
75,000 - 99,999.....	136	14.5	422	14.9	124,033	13.9%
100,000 - 149,999.....	343	36.5	670	23.7	186,214	20.8%
150,000 - 199,999.....	108	11.5	311	11.0	96,075	10.7%
200,000 and over.....	89	9.5	410	14.5	123,962	13.9%
<b>Total.....</b>	<b>940</b>	<b>100.0%</b>	<b>2,831</b>	<b>100.0%</b>	<b>894,413</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

## Income Levels

	<b>Town of Bethlehem</b>	<b>Town of Woodbury</b>	<b>State of Connecticut</b>
Per Capita Income, 2016.....	\$43,639	\$46,321	\$39,906
Median Family Income, 2016.....	\$110,000	\$97,070	\$91,274
Median Household Income, 2016.....	\$87,056	\$79,387	\$71,755

Source: American Community Survey 2012-2016

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

	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	238	2.3%	56	2.3%	103,279	4.2%
9th to 12th grade.....	218	2.6	105	2.6	139,653	5.7
High School graduate.....	1,663	21.8	668	21.8	673,220	27.3
Some college, no degree.....	1,379	16.7	483	16.7	427,232	17.3
Associate's degree .....	469	7.7	187	7.7	184,426	7.5
Bachelor's degree.....	1,540	25.3	480	25.3	524,370	21.3
Graduate or professional degree.....	1,853	23.5	490	23.5	413,949	16.8
<b>Total.....</b>	<b>7,372</b>	<b>100.0%</b>	<b>7,372</b>	<b>100.0%</b>	<b>2,466,129</b>	<b>100.0%</b>
Total high school graduate or higher (%)....		93.5%		93.8%		90.1%
Total bachelor's degree or higher (%).....		39.5%		46.1%		38.0%

Source: American Community Survey 2012-2016

## Employment by Industry

<b>Sector</b>	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Agriculture, forestry, fishing and hunting, and mining.....	60	3.2%	49	1.0%	7,209	0.4%
Construction.....	113	6.0	400	7.8	101,497	5.7
Manufacturing.....	268	14.2	402	7.9	190,713	10.6
Wholesale trade.....	51	2.7	156	3.0	45,110	2.5
Retail trade.....	105	5.6	489	9.6	193,853	10.8
Transportation warehousing, and utilities....	102	5.4	179	3.5	66,516	3.7
Information.....	27	1.4	126	2.5	42,374	2.4
Finance, insurance, real estate, and leasing..	100	5.3	281	5.5	163,765	9.1
Professional, scientific, management, administrative, and waste management.....	269	14.3	510	10.0	206,042	11.5
Education, health and social services.....	530	28.1	1,679	32.8	474,976	26.5
Arts, entertainment, recreation, accommodation and food services.....	54	2.9	367	7.2	153,754	8.6
Other services (except public admin.).....	153	8.1	249	4.9	81,588	4.5
Public Administration.....	54	2.9	228	4.5	66,291	3.7
<b>Total Labor Force, Employed.....</b>	<b>1,886</b>	<b>100.0%</b>	<b>5,115</b>	<b>100.0%</b>	<b>1,793,688</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

## Employment Data By Place of Residence

<b>Period</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Percentage Unemployed</b>		
			<b>Town</b>	<b>Waterbury Labor Market</b>	<b>State of Connecticut</b>
<b>Town of Bethlehem</b>					
March 2018.....	1,851	112	5.7%	6.0	4.7%
2017.....	1,896	89	4.5	5.9	4.7
2016.....	1,881	91	4.6	6.5	5.3
2015.....	1,920	91	4.5	7.1	5.6
2014.....	1,913	117	5.8	8.9	6.7
2013.....	1,875	116	5.9	10.5	7.9
<b>Town of Woodbury</b>					
March 2018.....	5,279	227	4.1%	6.0	4.7%
2017.....	5,349	194	3.5	5.9	4.7
2016.....	5,353	224	4.0	6.5	5.3
2015.....	5,406	239	4.2	7.1	5.6
2014.....	5,304	282	5.1	8.9	6.7
2013.....	5,203	330	6.0	10.5	7.9

Source: State of Connecticut, Department of Labor.



### Age Distribution of Housing

Year Built	Town of Bethlehem		Town of Woodbury		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	184	11.9%	881	19.5%	334,202	22.4%
1940 to 1969.....	378	24.4	1,184	26.2	533,202	35.7
1970 to 1979.....	196	12.7	934	20.7	200,614	13.4
1980 to 1989.....	239	15.4	803	17.8	190,755	12.8
1990 to 1999.....	282	18.2	452	10.0	113,584	7.6
2000 or 2009.....	238	15.4	246	5.4	104,308	7.0
2010 or later.....	30	1.9	14	0.3	17,133	1.1
<b>Total Housing Units .....</b>	<b>1,547</b>	<b>100.0%</b>	<b>4,514</b>	<b>100.0%</b>	<b>1,493,798</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### Housing Inventory

Housing Units	Town of Bethlehem		Town of Woodbury		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1-unit, detached.....	1,397	90.3%	3,078	68.2%	882,236	59.1%
1-unit, attached.....	19	1.2	403	8.9	80,639	5.4
2 units.....	79	5.1	147	3.3	123,152	8.2
3 or 4 units.....	29	1.9	291	6.4	130,686	8.7
5 to 9 units.....	8	0.5	253	5.6	82,581	5.5
10 to 19 units.....	7	0.5	192	4.3	56,858	3.8
20 or more units.....	-	-	134	3.0	125,758	8.4
Mobile home.....	8	0.5	-	-	11,534	0.8
Boat, RV, van, etc.....	-	-	16	0.4	354	0.0
<b>Total Inventory.....</b>	<b>1,547</b>	<b>100.0%</b>	<b>4,514</b>	<b>100.0%</b>	<b>1,493,798</b>	<b>100.0%</b>

Source: American Community Survey 2012-2016

### Building Permits

Fiscal Year Ending 6/30	Town of Bethlehem		Town of Woodbury	
	Number	Value	Number	Value
2017	285	\$ 4,452,000	649	\$ 12,783,798
2016	291	4,324,000	691	11,966,469
2015	286	4,189,400	619	11,593,050
2014	318	3,676,000	634	8,935,568
2013	334	3,987,000	733	10,441,210
2012	335	3,655,000	717	6,829,803
2011	333	3,867,000	456	7,565,376
2010	334	4,015,061	598	9,872,463
2009	320	4,843,492	539	9,387,848

Source: Town of Bethlehem, Building Department and Town of Woodbury, Building Department

### Owner-Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	-	0.0%	51	1.7%	24,343	2.7%
\$50,000 to \$99,000.....	7	0.7	48	1.6	29,703	3.3
\$100,000 to \$149,999.....	24	2.3	220	7.3	81,158	9.0
\$150,000 to \$199,000.....	113	10.7	362	12.0	139,979	15.5
\$200,000 to \$299,999.....	231	21.9	573	19.0	246,071	27.3
\$300,000 to \$499,999.....	431	40.9	1,224	40.7	233,345	25.9
\$500,000 to \$999,999.....	201	19.1	484	16.1	104,952	11.7
\$1,000,000 or more.....	48	4.5	49	1.6	40,672	4.5
<b>Total.....</b>	<b>1,055</b>	<b>100.0%</b>	<b>3,011</b>	<b>100.0%</b>	<b>900,223</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$351,200</b>		<b>\$331,800</b>		<b>\$269,300</b>	

Source: American Community Survey 2012-2016

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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 within the Member Towns for inclusion on the Grand Lists is the responsibility of their Assessors. 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 Appeal 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: the Bethlehem Grand List as of 10/1/13; the Woodbury Grand List as of 10/1/13. The next revaluations for the member towns are 10/1/18.

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 Member Towns 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 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.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Member Towns have not approved the use of this abatement provision to date.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-66l of the General Statutes, as amended ("Section 4-66l"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Member Towns of Bethlehem and Woodbury's mill rate for motor vehicles for the assessment year commencing October 1, 2017 (the fiscal year ending June 30, 2019) are 24.15 and 26.58 mills, respectively.

#### **Levy**

Property taxes are levied on all assessed property on the Member Town 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 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 lien'd 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 fifteen years after the due date in accordance with state statutes.

Section 4-66l creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceed the spending limit specified in the general statutes. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the spending limit, and if so, the amount by which the limit was exceeded.

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## Comparative Assessed Valuations

### Town of Bethlehem

Grand List of 10/1	Residential	Commercial	Other	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
	Real Property (%)	& Industrial Real Property (%)	Real Property (%)						
2017	79.0	6.9	2.3	2.5	9.4	\$ 409,979,496	\$ 32,631,690	\$ 377,347,806	0.87
2016	73.6	6.4	2.1	2.3	8.4	406,706,344	32,605,843	374,100,501	1.16
2015	80.8	6.1	2.1	2.1	8.8	402,729,938	32,924,999	369,804,939	0.66
2014	81.1	6.0	2.2	2.0	8.7	399,696,690	32,317,713	367,378,977	0.87
2013 <sup>1</sup>	80.2	6.3	2.4	2.1	9.0	368,355,400	4,149,545	364,205,855	(10.52)
2012	80.9	6.2	3.0	1.9	8.0	411,308,000	4,297,000	407,011,000	0.35
2011	80.7	6.2	3.1	2.0	8.0	410,084,000	4,486,000	405,598,000	(0.01)
2010	81.0	6.1	3.0	2.2	7.7	409,980,000	4,342,000	405,638,000	1.03
2009	81.4	6.1	2.9	1.9	7.7	405,635,000	4,147,000	401,488,000	0.92
2008 <sup>1</sup>	81.7	5.8	3.2	1.9	7.4	401,790,000	3,944,000	397,846,000	10.44

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Bethlehem.

### Town of Woodbury

Grand List of 10/1	Residential	Commercial	Other	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
	Real Property (%)	& Industrial Real Property (%)	Real Property (%)						
2017	79.0	7.5	3.2	2.8	7.5	\$ 1,159,733,296	\$ 7,174,934	\$ 1,152,558,362	0.66
2016	79.0	7.5	3.2	2.8	7.5	1,151,862,943	6,870,152	1,144,992,791	0.61
2015	80.2	7.5	2.4	4.3	5.6	1,145,198,000	7,175,000	1,138,023,000	0.49
2014	80.1	7.5	2.5	4.3	5.6	1,138,861,000	6,350,000	1,132,511,000	0.35
2013 <sup>1</sup>	80.0	7.5	2.6	4.4	5.5	1,134,878,000	6,332,000	1,128,546,000	(8.82)
2012	80.1	7.5	2.6	4.4	5.4	1,243,995,000	6,231,000	1,237,764,000	0.53
2011	82.1	6.8	3.0	3.6	4.5	1,237,383,000	6,139,000	1,231,244,000	0.70
2010	82.2	6.8	3.1	3.5	4.4	1,229,996,000	7,270,000	1,222,726,000	0.73
2009	82.0	7.2	3.2	3.5	4.1	1,220,806,000	6,957,000	1,213,849,000	0.32
2008 <sup>1</sup>	82.3	6.8	3.2	3.5	4.2	1,215,956,000	6,022,000	1,209,934,000	(1.49)

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Woodbury

Connecticut General Statutes Section 12-81(72) exempts new manufacturing equipment from property taxation by municipalities. The State of Connecticut will directly reimburse the Town for 100% of the foregone taxes.

## Property Tax Levies and Collections

### Town of Bethlehem

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2017</b>
2016 <sup>2</sup>	2018	\$ 374,100,501	25.38	\$ 9,494,671	IN COLLECTION		
2015	2017	369,804,939	23.41	8,657,134	98.4%	1.6%	1.6%
2014	2016	367,378,977	22.96	8,435,021	98.1%	1.9%	0.9%
2013 <sup>1</sup>	2015	364,205,855	22.47	8,183,706	97.6%	2.4%	0.6%
2012	2014	407,011,000	20.50	8,343,726	97.4%	2.6%	0.5%
2011	2013	405,598,000	20.50	8,284,463	97.9%	2.1%	0.4%
2010	2012	405,638,000	20.67	8,341,223	97.7%	2.3%	0.5%
2009	2011	401,488,000	21.25	8,517,336	97.2%	2.8%	0.0%
2008 <sup>1</sup>	2010	397,846,000	21.41	8,488,564	97.8%	2.2%	0.5%
2007	2009	360,227,000	22.82	8,416,354	97.7%	2.3%	-

<sup>1</sup> Revaluation.

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

Sources: Tax Collector's Office, Town of Bethlehem.

### Town of Woodbury

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2017</b>
2016	2018 <sup>2</sup>	\$ 1,144,992,791	27.16	\$ 31,098,004	IN COLLECTION		
2015	2017	1,138,023,000	26.29	29,792,838	98.3%	1.7%	1.7%
2014	2016	1,132,511,000	26.07	29,629,544	98.2%	1.8%	1.0%
2013 <sup>1</sup>	2015	1,128,546,000	25.69	29,041,986	98.3%	1.7%	0.7%
2012	2014	1,237,764,000	23.40	29,011,852	97.9%	2.1%	0.5%
2011	2013	1,231,244,000	23.00	28,362,557	98.1%	1.9%	0.4%
2010	2012	1,222,726,000	22.46	27,479,740	98.3%	1.7%	0.3%
2009	2011	1,213,849,000	21.45	26,071,554	98.3%	1.7%	0.2%
2008 <sup>1</sup>	2010	1,209,934,000	21.13	25,574,256	98.5%	1.5%	0.1%
2007	2009	2,011,160,445	24.35	25,687,041	98.5%	1.5%	0.1%

<sup>1</sup> Revaluation.

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

Source: Tax Collector's Office, Town of Woodbury

**Property Taxes Receivable**

**Town of Bethlehem**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2017	\$138,274	\$469,406
2016	157,771	534,576
2015	197,947	620,668
2014	216,351	546,436
2013	173,627	514,090

Source: Annual Audit Reports, Town of Bethlehem.

**Town of Woodbury**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2017	\$510,838	\$1,475,540
2016	554,358	1,599,227
2015	488,892	1,523,356
2014	595,956	1,504,840
2013	533,759	1,260,768

Source: Annual Audit Reports, Town of Woodbury.

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## Ten Largest Taxpayers

### Town of Bethlehem

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Eversource Energy .....	Personal	\$ 4,421,840	1.17%
Health Real Estate Holdings, LLC. ....	Real Estate	3,176,650	0.84%
Millspaugh Properties .....	Real Estate	1,349,800	0.36%
Watertown Fire District .....	Real Estate	1,200,200	0.32%
Monroe Operations .....	Personal	1,120,300	0.30%
Dufour, John R. Trustees .....	Real Estate	1,064,190	0.28%
Underwood, Lisa and Barnes, Michael .....	Real Estate	983,740	0.26%
Beltran, Amparo and Gonzalez, Adalberto .....	Real Estate	963,000	0.26%
Perricone, Anthony L. and Greenburg .....	Real Estate	889,940	0.24%
116 Main Street North LLC .....	Real Estate	844,500	0.22%
<b>Total</b> .....		\$ 16,014,160	4.24%

<sup>1</sup> Based on October 1, 2017 Net Taxable Grand List of \$377,347,806.

Source: Assessor's Office, Town of Bethlehem

### Town of Woodbury

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Connecticut Light & Power Co., Inc. ....	Utility	\$ 16,929,960	1.47%
O&G Industries .....	Earth Excavation	14,006,700	1.22%
GCO Enterprises LLC .....	Office Buildings	3,866,370	0.34%
Woodbury Knoll II LLC .....	Apartment Complex	2,771,900	0.24%
Little Portion Properties LLC .....	Super Market	2,622,620	0.23%
SMH Grandview LLC .....	Retail Commercial	2,516,390	0.22%
Scott James M .....	Retail Commercial	2,289,880	0.20%
Aisling Meadows LLC .....	Residential Development	2,039,920	0.18%
Hardisty Gertrude + Et Als .....	Retail Commercial	1,993,080	0.17%
K&N Properties LLC .....	Retail Commercial	1,891,340	0.16%
<b>Total</b> .....		\$ 50,928,160	4.42%

<sup>1</sup> Based on October 1, 2017 Net Taxable Grand List of \$1,152,558,362.

Source: Assessor's Office, Town of Woodbury

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## V. Debt Summary

### Principal Amount of Bonded Indebtedness (the District) As of July 25, 2018 (Pro Forma)

<b>Long-Term Debt</b>			<b>Amount of Original Issue</b>	<b>Outstanding After This Issue</b>	<b>Fiscal Year of Maturity</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>			
<u>This Issue</u>					
07/25/18	Schools.....	<i>tbd</i>	12,000,000	12,000,000	2044
<b>Grand Total.....</b>			<b>\$ 12,000,000</b>	<b>\$ 12,000,000</b>	

Source: Regional School District #14 Business Office.

### Short-Term Debt As of July 25, 2018 (Pro Forma)

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Maturing Notes Due: 7/25/18</b>	<b>This Issue: Notes Due: 7/24/19</b>
Nonnewaug High School Renovation Project .....	\$ 63,800,000	\$ 22,300,000	\$ 18,000,000
<b>Total .....</b>	<b>\$ 63,800,000</b>	<b>\$ 22,300,000</b>	<b>\$ 18,000,000</b>

Source: Regional School District #14 Business Office.

### Other Long-Term Commitments

See note #6 - "Capital Lease" in Appendix A "Notes to General Purpose Financial Statements."

### Overlapping/Underlying Debt As of July 25, 2018 (Pro Forma)

The following table of jurisdictions with overlapping district boundaries is based upon information received by the District and its Member Towns from sources specified below. The table does not reflect authorized but unissued indebtedness of those jurisdictions. The District has not assumed responsibility to verify this information.

**Overlapping Debt:** Regional School District No. 14 has no overlapping debt.

**Underlying Debt:** The following municipalities, municipal subdivisions, or Special Tax Districts have the authority to issue tax exempt debt which constitutes underlying debt for analytical but not legal, purposes of Regional School District No. 14.

<b>Issuer</b>	<b>Debt Outstanding</b>
Town of Bethlehem .....	\$0
Town of Woodbury <sup>1</sup> .....	8,245,000
<b>Total .....</b>	<b>\$8,245,000</b>

<sup>1</sup> Includes \$1,000,000 GO Bond Anticipation Notes maturing February 6, 2019.

Source: Regional School District #14 Business Office.

**Principal Amount of Bonded Indebtedness**

**As of July 25, 2018**

**(Pro Forma)**

**Town of Bethlehem**

The Town of Bethlehem does not have outstanding long-term debt as of July 25, 2018.

**Short-Term Debt**

**As of July 25, 2018**

**(Pro Forma)**

The Town of Bethlehem does not have outstanding short-term debt as of July 25, 2018.

**Overlapping/Underlying Debt**

**As of July 25, 2018**

**(Pro Forma)**

The Town of Bethlehem is a Member Town along with the Town of Woodbury in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2017, Bethlehem's share is 24.0%. Each Member Town's gross share of the District's debt is as follows:

<b><u>Entity</u></b>	<b><u>Debt Amount</u></b>
Bethlehem (24.0%) .....	\$ 7,200,000
Woodbury (76.0%) .....	<u>22,800,000</u>
<b>Total District Debt.....</b>	<b>\$ 30,000,000</b>

*Source: Regional School District #14 Business Office.*

**Underlying**

The Town of Bethlehem has no underlying debt.

**Principal Amount of Bonded Indebtedness  
As of July 25, 2018  
(Pro Forma)**

**Town of Woodbury**

<b>Long-Term Debt</b>			<b>Amount of Original Issue</b>	<b>Outstanding After This Issue</b>	<b>Fiscal Year of Maturity</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>			
11/15/12	General Purpose .....	2.00-3.00	\$ 3,110,000	\$ 1,860,000	2031
11/01/16	General Purpose .....	2.00-2.25	4,350,000	4,050,000	2032
11/01/16	Refunding - General Purpose .....	2.00-2.25	1,435,000	1,335,000	2027
<b>Total.....</b>			<b>\$ 8,895,000</b>	<b>\$ 7,245,000</b>	

Source: Town of Woodbury, Finance Department.

**Short-Term Debt  
As of July 25, 2018  
(Pro Forma)**

As of the date of this Official Statement, the Town of Woodbury has outstanding short-term debt in the amount of \$1,000,000 which matures on February 6, 2019.

**Overlapping/Underlying Debt  
As of July 25, 2018  
(Pro Forma)**

**Overlapping**

The Town of Woodbury is a Member Town along with the Town of Bethlehem in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2017, Woodbury's share is 76.0%. Each Member Town's gross share of the District's debt is as follows:

<b>Entity</b>	<b>Debt Amount</b>
Bethlehem (24.0%) .....	\$ 7,200,000
Woodbury (76.0%) .....	22,800,000
<b>Total District Debt.....</b>	<b>\$ 30,000,000</b>

Source: Regional School District #14 Business Office.

**Underlying**

Woodlake Tax District, a special taxing district located within the Town of Woodbury, has the power to levy taxes and to issue bonds and notes. As of June 30, 2017, Woodlake Tax District has \$729,398 in debt outstanding, which constitutes underlying debt of the Town of Woodbury.

**Annual Long-Term Bonded Debt Service,  
As of July 25, 2018  
(Pro Forma)**

**Regional School District No. 14**

<b>Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This Issue Schools</b>	<b>Total Principal</b>	<b>Principal Retired %</b>
2019	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2020	-	-	-	480,000	480,000	4.00%
2021	-	-	-	480,000	480,000	8.00%
2022	-	-	-	480,000	480,000	12.00%
2023	-	-	-	480,000	480,000	16.00%
2024	-	-	-	480,000	480,000	20.00%
2025	-	-	-	480,000	480,000	24.00%
2026	-	-	-	480,000	480,000	28.00%
2027	-	-	-	480,000	480,000	32.00%
2028	-	-	-	480,000	480,000	36.00%
2029	-	-	-	480,000	480,000	40.00%
2030	-	-	-	480,000	480,000	44.00%
2031	-	-	-	480,000	480,000	48.00%
2032	-	-	-	480,000	480,000	52.00%
2033	-	-	-	480,000	480,000	56.00%
2034	-	-	-	480,000	480,000	60.00%
2035	-	-	-	480,000	480,000	64.00%
2036	-	-	-	480,000	480,000	68.00%
2037	-	-	-	480,000	480,000	72.00%
2038	-	-	-	480,000	480,000	76.00%
2039	-	-	-	480,000	480,000	80.00%
2040	-	-	-	480,000	480,000	84.00%
2041	-	-	-	480,000	480,000	88.00%
2042	-	-	-	480,000	480,000	92.00%
2043	-	-	-	480,000	480,000	96.00%
2044	-	-	-	480,000	480,000	100.00%
<b>Total.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,000,000</b>	<b>\$ 12,000,000</b>	

Source: Regional School District #14 Business Office.

**Annual Long-Term Bonded Debt Service**  
**As of July 25, 2018**  
**(Pro Forma)**

**Town of Bethlehem**

The Town of Bethlehem does not have outstanding long-term debt as of July 25, 2018.

**Annual Long-Term Bonded Debt Service**  
**As of July 25, 2018**  
**(Pro Forma)**

**Town of Woodbury**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>Cumulative Principal Retired %</b>
2019	\$ 675,000	\$ 143,300	\$ 818,300	9.32%
2020	670,000	127,700	797,700	18.56%
2021	665,000	113,275	778,275	27.74%
2022	650,000	100,125	750,125	36.71%
2023	650,000	87,125	737,125	45.69%
2024	535,000	75,275	610,275	53.07%
2025	530,000	64,625	594,625	60.39%
2026	525,000	54,075	579,075	67.63%
2027	520,000	43,625	563,625	74.81%
2028	385,000	34,575	419,575	80.12%
2029	385,000	26,813	411,813	85.44%
2030	385,000	18,988	403,988	90.75%
2031	385,000	10,744	395,744	96.07%
2032	285,000	3,206	288,206	100.00%
<b>Total.....</b>	<b>\$ 7,245,000</b>	<b>\$ 903,450</b>	<b>\$ 8,148,450</b>	

Source: Town of Woodbury, Finance Department.

**Debt Statement**  
**As of July 25, 2018**  
**(Pro Forma)**

**Regional School District No. 14**

**Long-Term Debt:**

Schools (Includes this issue).....	\$ 12,000,000
<b>Total Long-Term Debt</b> .....	<u>12,000,000</u>
<b>Short-Term Debt</b> (Includes this issue) .....	<u>18,000,000</u>
<b>Total Direct Debt</b> .....	<u>30,000,000</u>
Less: School Construction Grants Receivable (6/30/17) <sup>1</sup> .....	-
<b>Total Net Direct Debt</b> .....	<u>30,000,000</u>

**Underlying Debt:**

Town of Bethlehem .....	-
Town of Woodbury (Includes Short-Term Debt in the Amount of \$1,000,000) .....	8,245,000
<b>Total Overall Net Debt</b> .....	<u>\$ 38,245,000</u>

<sup>1</sup> The State of Connecticut will reimburse the 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.

Source: Regional School District #14 Business Office.

**Current Debt Ratios**  
**As of July 25, 2018**  
**(Pro-Forma)**

Population <sup>1</sup> .....	13,215
Net Taxable Grand List at 70% of Full Value (10/1/17) .....	\$ 1,502,315,939
Estimated Full Value .....	\$ 2,146,165,627
Equalized Net Taxable Grand List (10/1/14) <sup>2</sup> .....	\$ 2,030,288,322
Money Income per Capita (2016) <sup>1</sup> .....	\$ 89,960

	<b>Total Direct Debt \$30,000,000</b>	<b>Total Overall Net Debt \$38,245,000</b>
Debt per Capita.....	\$2,270.15	\$2,894.06
Ratio to Net Taxable Grand List.....	2.00%	2.55%
Ratio to Estimated Full Value.....	1.40%	1.78%
Ratio to Equalized Grand List.....	1.48%	1.88%
Debt per Capita to Money Income per Capita.....	2.52%	3.22%

<sup>1</sup> American Community Survey 2012-2016.

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

**Debt Statement  
As of July 25, 2018  
(Pro Forma)**

**Member Towns**

	<u>Town of Bethlehem</u>	<u>Town of Woodbury</u>
<b>Long-Term Debt Outstanding</b> .....	\$ -	\$ 7,245,000
<b>Short-Term Debt</b> .....	-	1,000,000
<b>Total Direct Debt</b> .....	-	8,245,000
Less: School Construction Grants Receivable (As of June 30, 2017) <sup>1</sup> .....	-	-
<b>Total Direct Net Debt</b> .....	-	8,245,000
<b>Overlapping/Underlying Debt:</b>		
Woodlake Taxing District (Woodbury Only - As of June 30, 2017) .....	-	729,398
Regional School District No. 14:		
Bethlehem (24.0%) <sup>2</sup> .....	7,200,000	-
Woodbury (76.0%) <sup>2</sup> .....	-	22,800,000
Less: Amount due from State of Connecticut <sup>1</sup> .....	-	-
<b>Total Overall Net Debt</b> .....	<u>\$ 7,200,000</u>	<u>\$ 31,774,398</u>

<sup>1</sup> The State of Connecticut will reimburse the Towns and 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.

<sup>2</sup> This represents each Member Town's gross share of the District's outstanding long-term and short-term debt. Information from Regional School District #14 Business Office.

Source: Town of Woodbury, Finance Department.

**Current Debt Ratios  
As of July 25, 2018  
(Pro Forma)**

	<u>Town of Bethlehem</u>	<u>Town of Woodbury</u>
Population <sup>1</sup> .....	3,492	9,723
Net Taxable Grand List (10/1/16) .....	\$ 369,804,939	\$ 1,132,511,000
Estimated Full Value .....	\$ 528,292,770	\$ 1,617,872,857
Equalized Net Taxable Grand List (10/1/14) <sup>2</sup> .....	\$ 489,510,704	\$ 1,540,777,617
Money Income per Capita (2016) <sup>1</sup> .....	\$ 43,639	\$ 46,321

	<u>Town of Bethlehem</u>		<u>Town of Woodbury</u>	
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
	<u>Direct Debt / Net Direct Debt</u>	<u>Total Overall Net Debt</u>	<u>Direct Debt / Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	<u>\$0</u>	<u>\$7,200,000</u>	<u>\$8,245,000</u>	<u>\$31,774,398</u>
Debt per Capita.....	\$0.00	\$2,061.86	\$847.99	\$3,267.96
Ratio to Net Taxable Grand List.....	0.00%	1.95%	0.73%	2.81%
Ratio to Estimated Full Value.....	0.00%	1.36%	0.51%	1.96%
Ratio to Equalized Grand List.....	0.00%	1.47%	0.54%	2.06%
Debt per Capita to Money Income per Capita.....	0.00%	4.72%	1.83%	7.06%

<sup>1</sup> American Community Survey 2012-2016.

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

## ***Bond Authorization***

The Connecticut General Statutes provide for regional school districts to authorize general obligation bonds, notes, or other obligations under resolutions adopted by the regional board of education following a public hearing and a referendum simultaneously approved in each of the district member towns. The question is approved by the affirmative vote of a majority of those persons voting in the district as a whole.

In addition to the power to issue bonds, the District may, when authorized by a District meeting (CGS 10-60), borrow money and issue obligations for a term not exceeding ten years in amounts not exceeding five hundred thousand dollars in the aggregate at any time.

## ***Maturities***

Except for refunding bonds, notes, or other obligations, general obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal and interest payments must be substantially equal. The term of the issue may not exceed twenty years, except in the case of sewer and school bonds, which may mature in up to thirty years.

## ***Temporary Financing***

When general obligation bonds have been authorized by the District, bond anticipation notes may be issued for a period, not to exceed ten years from their original date of issue as long as all project grant payments are applied toward project cost or payment of temporary notes when they become due and payable, and the principal reductions are made no later than the fifth year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20<sup>th</sup>, or for certain school project financings, 1/30<sup>th</sup>, of the estimated project cost (CGS Sections 10-56 and 7-378a). The term of any bonds issued shall be reduced by the amount of time temporary financing exceeds four years.

## ***Limitation of Indebtedness – Regional School Districts***

The Connecticut General Statutes provide that the aggregate indebtedness of a regional school district shall not exceed:

for a district empowered to provide for its member towns all programs under the general supervision and control of the State Board of Education 4.5 times the annual receipts from taxation of its member towns for the prior fiscal year;

for a district serving the same towns as are served by two or more town school districts 2.25 times the annual receipts from taxation of its member towns for the prior fiscal year.

In no case however, shall total indebtedness exceed 3.5 times the Member Towns' annual receipts from taxation less the member towns' aggregate indebtedness. "Annual receipts from taxation," (the "base,") are defined as total tax collections of the member towns (including interest, penalties, and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528).

The District is empowered to provide for the Member Towns all programs under the general supervision and control of the State Board of Education.

In computing the aggregate indebtedness of a regional school district, excluded is debt issued in anticipation of the receipt of: ( 1) State or member town payments for the operation of the district's schools, (2) State or Federal grant proceeds for which the district has received a written commitment or for which an allocation has been approved by the State Bond Commission, and (3) the proceeds from contracts with the State, a State agency, or another municipality providing for the reimbursement of capital costs, but only to the extent such debt can be paid from such proceeds.

The statutes also provide for exclusion from the debt limitation any debt upon placement in escrow of the proceeds of refunding obligation or other funds in an amount sufficient to provide for the payment when due the principal of and interest on such debt.



### **Limitation of Indebtedness - Municipalities**

Municipalities shall not incur indebtedness through the issuance of notes or bonds that 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  
Pension Benefit Purposes: 3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed 7 times the annual receipts from taxation.

Annual receipts from taxation, (the "Base"), are defined as total tax collections including interest, penalties, late payment of taxes, and state payments for revenue loss under C.G.S. Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation of debt issued in anticipation of taxes; for the supply of water, gas, electricity for electric demand response; for conservation and land management; for distributed generation; for renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment as for which an allocation has been approved by the State Bond Commission or from a contract with the State, a State agency, or another municipality providing for the reimbursement of capital costs, but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt that has been advance refunded and is to be paid from amounts in escrow sufficient to pay principal and interest and premium thereon.

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**Statement of Statutory Debt Limitation  
As of July 25, 2018  
(Pro Forma)**

**Regional School District No. 14**

<b>Total Tax Collections for Bethlehem &amp; Woodbury</b> (including interest and lien fees)	
For the year ended June 30, 2017 .....	\$ 39,243,547
<b>Reimbursement For Revenue Loss:</b>	
Woodlake Tax District tax and interest collections (Woodbury Only).....	1,389,652
Tax relief for elderly (Bethlehem Only).....	28,855
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 40,662,054</u>
<b>Debt Limitation:</b>	
	<u><b>Schools</b></u>
4 1/4 times base. <sup>1</sup> .....	\$ 172,813,730
<b>Indebtedness:</b>	
Bonds Outstanding.....	-
Bonds – This Issue.....	12,000,000
Notes – This Issue.....	18,000,000
Debt Authorized But Unissued .....	<u>33,800,000</u>
<b>Total Indebtedness</b> .....	<u>63,800,000</u>
Less:	
State School Grants Receivable.. <sup>2</sup> .....	<u>-</u>
<b>Total Net Indebtedness</b> .....	<u><u>63,800,000</u></u>
<b>DEBT LIMITATION IN EXCESS</b>	
<b>OF OUTSTANDING INDEBTEDNESS</b> .....	<u><u>\$ 109,013,730</u></u>

<sup>1</sup> The State of Connecticut General Statutes require that in no event shall the total debt for a regional school district that provides educational services for levels K-12 exceed 4.5 times the annual receipts for taxation of its member towns.

<sup>2</sup> The State of Connecticut will reimburse municipalities for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. Since any school construction grants received by the District are returned to the Member Towns, they are not reflected as deductions in the computation of net indebtedness.

Source: Regional School District #14 Business Office.

**REGIONAL SCHOOL DISTRICT NO. 14 HAS NEVER DEFAULTED IN THE PAYMENT  
OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

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**Statement of Statutory Debt Limitation  
As of July 25, 2018  
(Pro Forma)**

**Town of Bethlehem**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2017 .....	\$ 8,860,196
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	28,855
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 8,889,051</b>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 20,000,365	-	-	-	-
4 1/2 times base.....	-	\$ 40,000,730	-	-	-
3 3/4 times base.....	-	-	\$ 33,333,941	-	-
3 1/4 times base.....	-	-	-	\$ 28,889,416	-
3 times base.....	-	-	-	-	\$ 26,667,153
<b>Total Debt Limitation.....</b>	<b>\$ 20,000,365</b>	<b>\$ 40,000,730</b>	<b>\$ 33,333,941</b>	<b>\$ 28,889,416</b>	<b>\$ 26,667,153</b>

<b>Indebtedness:</b>					
Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #14 Debt).....	-	7,200,000 <sup>1</sup>	-	-	-
Debt Authorized But Unissued .....	-	-	-	-	-
<b>Total Indebtedness.....</b>	<b>-</b>	<b>7,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable <sup>2</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness.....</b>	<b>-</b>	<b>7,200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 20,000,365</b>	<b>\$ 32,800,730</b>	<b>\$ 33,333,941</b>	<b>\$ 28,889,416</b>	<b>\$ 26,667,153</b>
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<sup>1</sup> Represents Bethlehem's share of the District's Net Direct Indebtedness. The percentage of participation in 24%.

<sup>2</sup> 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.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$251,017,305.

Source: Town of Bethlehem, Finance Department.

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

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**Statement of Statutory Debt Limitation  
As of July 25, 2018  
(Pro Forma)**

**Town of Woodbury**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2017 .....	\$ 30,383,351
<b>Reimbursement For Revenue Loss:</b>	
Woodlake Tax District .....	1,389,652
Tax relief for elderly.....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 31,773,003</b>

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 71,489,257	-	-	-	-
4 1/2 times base.....	-	\$ 142,978,514	-	-	-
3 3/4 times base.....	-	-	\$ 119,148,761	-	-
3 1/4 times base.....	-	-	-	\$ 103,262,260	-
3 times base.....	-	-	-	-	\$ 95,319,009
<b>Total Debt Limitation.....</b>	<b>\$ 71,489,257</b>	<b>\$ 142,978,514</b>	<b>\$ 119,148,761</b>	<b>\$ 103,262,260</b>	<b>\$ 95,319,009</b>

<b>Indebtedness:</b>					
Bonds Outstanding.....	7,245,000	-	-	-	-
Notes Outstanding.....	1,000,000	-	-	-	-
Net Overlapping Debt (Share of RSD #14 Debt)....	-	22,800,000 <sup>1</sup>	-	-	-
Underlying Debt.....	729,398	-	-	-	-
Debt Authorized But Unissued .....	2,195,650	-	-	-	-
<b>Total Indebtedness.....</b>	<b>11,170,048</b>	<b>22,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

Less:					
State School Grants Receivable <sup>2</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness.....</b>	<b>11,170,048</b>	<b>22,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 60,319,209</b>	<b>\$ 120,178,514</b>	<b>\$ 119,148,761</b>	<b>\$ 103,262,260</b>	<b>\$ 95,319,009</b>
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<sup>1</sup> Represents Woodbury's share of the District's Net Direct Indebtedness. The percentage of participation in 76%.  
<sup>2</sup> 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.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$222,411,021.  
Source: Town of Woodbury, Finance Department.

**THE TOWN OF WOODBURY HAS NEVER DEFAULTED ON THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

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**Authorized but Unissued Debt  
As of July 25, 2018  
(Pro Forma)**

**Regional School District No. 14**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Maturing Notes Due: 7/25/18</b>	<b>New Money</b>	<b>This Issue:</b>		<b>Authorized but Unissued</b>
				<b>Bonds</b>	<b>Notes Due: 7/24/19</b>	
Nonnewaug High School Renovation Project .....	\$ 63,800,000	\$ 22,300,000	\$ 7,700,000	\$ 12,000,000	\$ 18,000,000	\$ 33,800,000
<b>Total</b> .....	\$ 63,800,000	\$ 22,300,000	\$ 7,700,000	\$ 12,000,000	\$ 18,000,000	\$ 33,800,000

Source: Regional School District #14 Business Office.

**Town of Bethlehem**

The Town of Bethlehem does not have any authorized but unissued debt as of July 25, 2018.

**Town of Woodbury**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Previously Bonded</b>	<b>Maturing Notes Due: 2/6/19</b>	<b>Grants</b>		<b>Authorized but Unissued</b>
				<b>Received and Original Issue</b>	<b>Premium Applied</b>	
Five-Year Capital Equipment Program.....	\$ 2,065,000	\$ 1,295,000	\$ 525,000	\$ 26,000	\$ -	\$ 219,000
2015 Road Plan.....	3,605,000	1,690,000	475,000	34,000	-	1,406,000
Emergency Services Building Roof.....	255,000	215,000	-	-	-	40,000
Pumper Fire Truck Acq. ....	450,000	366,550	-	-	-	83,450
Street Sweeper Acq. ....	190,000	165,300	-	-	-	24,700
Town Hall Rehabilitation.....	850,000	427,500	-	-	-	422,500
<b>Total</b> .....	\$ 7,415,000	\$ 4,159,350	\$ 1,000,000	\$ 60,000	\$ -	\$ 2,195,650

Source: Town of Woodbury, Finance Department.

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

**Regional School District No. 14**

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds .....	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	7,000,000	-	-	-	-
<b>Totals .....</b>	<b>\$ 7,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: Regional School District #14 Business Office.

**Town of Bethlehem**

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds .....	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	-	-	-
<b>Totals .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: Town of Bethlehem, Finance Department.

**Town of Woodbury**

<b>Long-Term Debt</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Bonds .....	\$ 7,895,000	\$ 3,895,000	\$ 4,285,000	\$ 4,675,000	\$ 5,145,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	2,835,000	-	-	-
<b>Totals .....</b>	<b>\$ 7,895,000</b>	<b>\$ 6,730,000</b>	<b>\$ 4,285,000</b>	<b>\$ 4,675,000</b>	<b>\$ 5,145,000</b>

Source: Town of Woodbury, Finance Department.

**Ratios Of Annual Long-Term General Fund Debt Service Expenditures  
To Total General Fund Expenditures (including transfers out)**

**Regional School District No. 14**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018 <sup>2</sup>	\$ 212,000	\$ 35,815,300	0.59%
2017	-	38,880,341	0.00%
2016	-	35,828,161	0.00%
2015	-	35,314,364	0.00%
2014	-	36,557,461	0.00%
2013	-	33,535,918	0.00%

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2012-2017. 2018 from Finance Department

**Town of Bethlehem**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018 <sup>2</sup>	\$ 10	\$ 10,597,755	0.00%
2017	-	10,711,860	0.00%
2016	-	10,664,298	0.00%
2015	-	10,357,460	0.00%
2014	-	10,314,786	0.00%
2013	-	10,021,203	0.00%

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2012-2017. 2018 from Finance Department

**Town of Woodbury**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018 <sup>2</sup>	\$ 808,875	\$ 33,571,020	2.41%
2017	514,988	32,110,603	1.60%
2016	514,250	31,820,096	1.62%
2015	528,750	30,928,191	1.71%
2014	643,960	31,261,515	2.06%
2013	389,053	30,038,576	1.30%

<sup>1</sup> GAAP basis of accounting. Includes Transfers out.

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2012-2017. 2018 from Finance Department

## **VI. Financial Administration**

### **Fiscal Year**

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

### **Basis of Accounting**

See Note #1, Appendix A, "Summary of Significant Accounting Policies", to the General Purpose Financial Statements.

### **Annual Audit**

Regional School District Number 14, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act 77-611 and contain the financial statements of the District and the auditor's opinion thereon, in addition to specific comments and recommendations. For the fiscal year ended June 30, 2017, the financial statements of the various funds of Regional School District No. 14 were audited by Charles Heaven & Co., of Waterbury, Connecticut.

### **Annual Town Assessments**

On the date or dates fixed by the District's Board of Education, each Town in the District shall pay a share of the cost of capital outlay and current expenditures necessary for the operation of the District. The Board shall determine the amount to be paid by each member Town. Such amounts shall bear the same ratio to the net expenses of the District as the number of pupils resident in such Town in average daily membership in the Regional School District during the preceding school year bears to the total number of such pupils in all member Towns, provided that the Board may recalculate such amount based on the number of pupils in the Regional School District for the current school year and may adjust each member Town's payment to the Regional School District for the following fiscal year by the difference between the last such payment and the recalculated amount.

### **Budget Adoption Procedure**

The Regional School District Number 14 Board of Education is the budget-making authority for the District. The following calendar outlines the sequence of events required to adopt a budget:

By mid-December of each year, the cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the General Fund budget can be prepared.

By mid-February, the proposed budget is presented to the finance committee for review. By mid-March the proposed budget is reviewed and adopted by the Regional Board of Education to be presented at the annual public budget hearing.

Not less than two weeks before the annual meeting held pursuant to Section 10-47, the Board holds a public District Meeting to present a proposed budget for the fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the Board prepares an annual budget for the fiscal year. At the annual meeting on the first Monday in May, the Board presents a budget which includes a statement of (1) estimated receipts and expenditures for the fiscal year, (2) estimated receipts and expenditures for the prior fiscal year, (3) estimated surplus or deficit in operating funds at the end of the prior fiscal year, (4) bonded or other debt, (5) estimated per-pupil expenditure for the prior and for the next fiscal year, and (6) such other information as is necessary in the opinion of the Board. Persons present and eligible to vote under Section 7-6 accept the proposed budget. The Regional Board of Education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the District Meeting held on the budget or by a "yes" or "no" vote on the voting machines in each of the member Towns on the day following the District Meeting. After budget approval, the Board shall estimate the net expenses to be paid by each member Town.

Upon the approval of a majority of members on the Board, the Regional Board of Education may create a reserve fund to finance a specific capital improvement or the acquisition of any specific piece of equipment not exceeding one percent of the annual District budget.

The budget for the General Fund is prepared substantially on the modified accrual basis. Encumbrances, commitments related to unperformed contracts for goods or services, are recognized as a valid and



proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year-end are reflected in the budgetary reports as expenditures in the current year.

## **Pension Plans**

### **Regional School District Number 14**

All teachers and certified administrators employed by Regional School District Number 14 participate in a contributory defined benefit plan (the "Benefit Plan") established under Chapter 167a of the Connecticut General Statutes which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the Benefit Plan and are required to contribute 7% of their annual earnings to the Benefit Plan. The retirement system is funded by the State based on the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The District does not and is not legally responsible to contribute to the Benefit Plan.

All full-time non-certified District employees are covered under a contributory single-employer defined benefit plan. Benefits and contributions are established by the District and may be amended only by the Board of Education. The District's funding policy is to fund its pension contributions at actuarially determined rates sufficient to accumulate assets needed to pay benefits when due. The actuarially determined contribution for the year ended June 30, 2017 was computed to be \$332,247, and the District's actual contribution was \$315,000. Based on a valuation as of July 1, 2016, the actuarial value of assets available for benefits was \$4,287,304, and the actuarial accrued liability was \$1,111,908. The funded ratio was 79.41%.

See Appendix A – "Audited Financial Statements, Notes to Financial Statements" herein.

### **Town of Bethlehem**

The Town has a fully insured and funded defined benefit pension plan covering all full-time eligible employees, excluding elected officials and persons serving in non-compensated appointed positions. Employees must have attained age 21 but not have attained age 56 and have completed two years of service. As of June 30, 2009, seven employees were participating in the plan.

Funding is provided through individual whole life insurance and a variable annuity for each participant. The contribution requirement for the year ended June 30, 2017 was \$40,177 and was funded by the General Fund.

### **Town of Woodbury**

The Town administers the Town of Woodbury Employees' Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time employees of the Town, including elected and appointed officials who receive a salary from the Town and work more than twenty weeks for the Town, and police officers. Employees are required to contribute 2% of their annual base compensation (excluding overtime and any other extra compensation). Costs of administering the plan are paid by the earnings of the Pension Trust Fund. Based on a valuation as of July 1, 2016, the actuarial value of assets available for benefits was \$6,547,246, and the actuarial accrued liability was \$10,469,052. The funded ratio was 62.54%.

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>Percentage Funded</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2017	\$ 538,868	\$ 575,000	\$ 36,132	106.7%	\$ 2,785,050	20.6%
2016	469,632	469,632	-	100.0%	2,705,248	17.4%
2015	397,969	397,969	-	100.0%	2,506,767	15.9%
2014	397,969	400,000	2,031	100.5%	2,365,952	16.9%
2013	351,584	400,000	48,416	113.8%	2,204,601	18.1%

Source: Town of Woodbury, Finance Department.

The July 1, 2016 actuarial valuations were prepared using the following actuarial assumptions, among others:

Inflation	1.625%
Salary Increase	3.25%, including inflation
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar

### GASB 67 Disclosure

Governmental Accounting Standards Board Statement No. 67 (“GASB 67”) requires a determination of the Total Pension Liability (“TPL”) for a plan using the Entry Age Normal actuarial funding method. The Net Pension Liability (“NPL”) is then set equal to the TPL minus the plan’s Fiduciary Net Position (“FNP”) which, generally, is the market value of assets in the plan as of the measurement date. Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (“SEIR”). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable to the membership and beneficiaries of the system on the measurement date. If the FNP of the plan is not expected to be depleted at any point in the future, the plan may use its long-term expected rate of return as the SEIR. If, on the other hand, the FNP of the plan is expected to be depleted, then the SEIR is the single rate of interest that will generate a present value of benefits equal to the sum of (i) the present value of all benefits through the date of depletion at a discount rate equal to the long-term expected rate of return, plus (ii) the present value of benefits after the date of depletion discounted at a rate based on 20-year, tax-exempt, general obligation municipal bonds, with an average credit rating of AA/Aa or higher.

The Town of Woodbury has received from its actuary a report containing information to assist the Town in meeting the requirements of GASB 67. This report indicated the following results as of June 30, 2017 in accordance with GASB 67:

Total Pension Liability	\$11,781,210
Fiduciary Net Position	\$6,285,143
Net Pension Liability	\$5,496,067
Ratio of Fiduciary Net Position to Total Pension Liability	53.35%

The report as of June 30, 2017 used the retirement plans long term investment rate of 7.25% as the SEIR since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR 1% in excess and 1% less than the SEIR used, which would decrease the NPL to \$4,328,764, or increase the NPL to \$6,885,160.

### **Compensated Absences**

Employees are paid by various prescribed formulas for absence due to vacation. The District’s policy is to recognize vacation costs at the time payment is made. The amount of accumulated unpaid vacation as of June 30, 2017 is not significant; therefore, it is not reflected in the District’s financial statements.

### **Other Post-Employment Benefits**

The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation was performed July 1, 2016. The actuarial accrued liability as of July 1, 2016 is \$4,409,285. The District’s contributions represent payments made for premiums for insured individuals.

For the fiscal year ending June 30, 2009, the annual OPEB cost was \$382,581, to which the District contributed \$126,963.

**General Fund Revenues and Expenditures**  
**Three Year Summary of Audited Revenues and Expenditures, (GAAP Basis)**  
**Estimated Actual and Proposed Budget (Budgetary Basis)**

**Regional School District No. 14**

	<i>Proposed Budget</i> <sup>1,2</sup> 6/30/2019	<i>Estimated Actual</i> <sup>1,2</sup> 6/30/2018	<i>Actual</i> 6/30/2017	<i>Actual</i> 6/30/2016	<i>Actual</i> 6/30/2015
<b>Revenues:</b>					
Participating Towns .....	\$ 30,260,637	\$ 30,407,851	\$ 30,022,622	\$ 29,666,900	\$ 28,967,564
Federal & State Grants .....	4,267,643	4,054,949	6,956,383	4,923,281	4,706,639
Investment Income .....	6,000	6,590	14,217	5,479	3,202
Tuition .....	1,943,405	1,963,540	1,993,022	1,816,998	1,708,938
Other Fees and Contributions .....	538,783	1,499	56,720	1,250	2,004
<b>Total.....</b>	<b>37,016,468</b>	<b>36,434,429</b>	<b>39,042,964</b>	<b>36,413,908</b>	<b>35,388,347</b>
<b>Expenditures:</b>					
Salaries - Certified .....	16,344,148	15,848,920	15,457,182	15,474,460	15,336,260
Salaries - Classified .....	3,705,031	3,602,778	3,650,868	3,818,769	3,429,573
Employee Benefits .....	7,575,169	7,335,773	10,448,962	8,525,731	7,834,283
Purchased Services .....	5,981,858	5,885,022	5,658,200	4,697,842	5,604,630
Supplies and Materials .....	1,002,671	996,115	1,229,381	890,530	1,101,306
Liability and Property Insurance .....	166,950	173,088	157,879	150,616	141,761
Dues and Fees .....	66,520	91,627	86,134	71,238	56,569
Debt Service .....	212,000	-	-	-	-
Capital Outlay .....	934,282	1,264,677	1,203,991	1,543,154	705,545
<b>Total.....</b>	<b>35,988,629</b>	<b>35,198,000</b>	<b>37,892,597</b>	<b>35,172,340</b>	<b>34,209,927</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>1,027,839</b>	<b>1,236,429</b>	<b>1,150,367</b>	<b>1,241,568</b>	<b>1,178,420</b>
<b>Other Financing Sources (Uses):</b>					
Capital Lease Proceeds .....	-	-	449,120	144,900	250,000
Operating Transfers In .....	-	-	-	-	-
Operating Transfers Out .....	(513,722)	(617,300)	(987,744)	(655,821)	(1,104,437)
<b>Total Other Financing Sources (Uses) .....</b>	<b>(513,722)</b>	<b>(617,300)</b>	<b>(538,624)</b>	<b>(510,921)</b>	<b>(854,437)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>	<b>514,117</b>	<b>619,129</b>	<b>611,743</b>	<b>730,647</b>	<b>323,983</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>2,693,646</b>	<b>2,074,517</b>	<b>1,462,774</b>	<b>732,127<sup>3</sup></b>	<b>180,483</b>
<b>Fund Equity, End of Year.....</b>	<b>\$ 3,207,763</b>	<b>\$ 2,693,646</b>	<b>\$ 2,074,517</b>	<b>\$ 1,462,774</b>	<b>\$ 504,466</b>

<sup>1</sup> Budgetary basis.

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

<sup>3</sup> As Restated.

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**General Fund Revenues and Expenditures**  
**Three Year Summary of Audited Revenues and Expenditures, (GAAP Basis)**  
**Estimated Actual and Adopted Budget (Budgetary Basis)**

<b>Town of Bethlehem</b>					
	<b>Adopted Budget <sup>1</sup></b>	<b>Estimated Actual <sup>1</sup></b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
<b>Revenues:</b>					
Property Taxes .....	\$ 9,114,227	\$ 9,724,184	\$ 8,718,495	\$ 8,440,271	\$ 8,158,609
Interest and Lien Fees .....	100,000	92,200	131,585	115,414	87,837
Intergovernmental Revenues .....	1,461,297	443,540	1,634,796	1,609,445	1,721,757
Investment Income .....	57,340	24,381	52,982	15,092	9,024
Departmental .....	190,000	189,500	217,428	164,798	164,258
Other Revenue .....	57,222	52,040	77,457	53,116	62,097
<b>Total.....</b>	<b>\$ 10,980,086</b>	<b>\$ 10,525,845</b>	<b>\$ 10,832,743</b>	<b>\$ 10,398,136</b>	<b>\$ 10,203,582</b>
<b>Expenditures:</b>					
General Government .....	\$ 864,386	\$ 874,857	\$ 817,577	\$ 724,090	\$ 861,912
Public Safety .....	488,659	464,458	385,969	442,127	387,956
Public Works .....	1,027,647	1,010,046	955,787	988,846	981,765
Health and Welfare .....	75,441	75,003	63,434	62,306	70,563
Culture and Recreation .....	139,165	131,890	127,247	126,790	107,868
Education .....	7,331,604	6,868,829	7,155,551	7,187,029	6,946,134
Other .....	140,624	140,741	69,100	69,978	83,917
Debt Service .....	10	10	-	-	-
Capital Outlay .....	912,550	824,164	-	-	-
<b>Total.....</b>	<b>\$ 10,980,086</b>	<b>\$ 10,389,998</b>	<b>\$ 9,574,665</b>	<b>\$ 9,601,166</b>	<b>\$ 9,440,115</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	-	135,847	1,258,078	796,970	763,467
<b>Other financing sources (uses):</b>					
Operating transfers in .....	-	-	4,000	405,000	-
Operating transfers out .....	(260,141)	(207,757)	(1,137,195)	(1,063,132)	(917,345)
<b>Total Other financing sources (uses).....</b>	<b>(260,141)</b>	<b>(207,757)</b>	<b>(1,133,195)</b>	<b>(658,132)</b>	<b>(917,345)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>					
	(260,141)	(71,910)	124,883	138,838	(153,878)
<b>Fund Equity, Beginning of Year.....</b>	<b>1,818,869</b>	<b>1,890,779</b>	<b>1,765,896</b>	<b>1,627,058</b>	<b>1,780,936</b>
<b>Fund Equity, End of Year.....</b>	<b>\$ 1,558,728</b>	<b>\$ 1,818,869</b>	<b>\$ 1,890,779</b>	<b>\$ 1,765,896</b>	<b>\$ 1,627,058</b>

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

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

**Town of Woodbury**

	<b>Adopted Budget <sup>1</sup> 6/30/2019</b>	<b>Estimated Actual <sup>1</sup> 6/30/2018</b>	<b>Actual 6/30/2017</b>	<b>Actual 6/30/2016</b>	<b>Actual 6/30/2015</b>
<b>Revenues:</b>					
Property taxes .....	\$ 30,797,364	\$ 31,285,549	\$ 30,374,812	\$ 29,858,650	\$ 29,274,806
Intergovernmental revenues .....	1,722,035	1,543,788	1,920,535	1,681,290	1,400,020
Charges for services.....	586,050	907,075	631,164	632,512	605,711
Investment income .....	97,000	97,000	48,614	25,246	20,581
Other revenue .....	841,900	657,200	44,950	49,290	51,750
<b>Total.....</b>	<b>\$ 34,044,349</b>	<b>\$ 34,490,612</b>	<b>\$ 33,020,075</b>	<b>\$ 32,246,988</b>	<b>\$ 31,352,868</b>
<b>Expenditures:</b>					
General Government .....	1,908,267	1,760,916	1,670,156	1,640,666	\$ 1,563,575
Public Safety .....	1,836,182	1,773,184	1,691,176	1,663,714	1,639,089
Public Works .....	2,001,955	1,959,212	1,978,529	1,883,553	1,750,677
Health and Welfare .....	125,360	122,899	108,664	116,292	114,942
Parks and Recreation .....	420,941	412,564	396,234	371,466	354,777
Library.....	642,852	635,615	669,347	629,233	605,679
Education .....	22,929,033	23,539,023	22,867,071	22,479,871	22,021,433
Fringe Benefits .....	2,425,699	2,393,132	1,886,171	1,886,906	1,911,762
Other .....	-	-	174,340	162,771	143,636
Debt Service .....	1,625,000	808,875	514,988	514,250	528,750
Capital Outlay .....	129,060	165,600	97,927	150,715	281,051
<b>Total.....</b>	<b>\$ 34,044,349</b>	<b>\$ 33,571,020</b>	<b>\$ 32,054,603</b>	<b>\$ 31,499,437</b>	<b>\$ 30,915,371</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	-	919,592	965,472	747,551	437,497
<b>Other financing sources (uses):</b>					
Sale of Town Property .....	-	-	-	1,300	4,000
Bond Premium .....	-	-	18,059	-	-
Operating transfers in .....	-	-	300,000	22,000	65,123
Operating transfers out .....	-	-	(56,000)	(320,659)	(12,820)
<b>Total Other financing sources (uses).....</b>	<b>-</b>	<b>-</b>	<b>262,059</b>	<b>(297,359)</b>	<b>56,303</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>					
	-	919,592	1,227,531	450,192	493,800
<b>Fund Equity, Beginning of Year.....</b>	<b>N/A</b>	<b>5,616,363</b>	<b>4,388,832</b>	<b>3,938,640</b>	<b>3,444,840</b>
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 5,616,363</b>	<b>\$ 4,388,832</b>	<b>\$ 3,938,640</b>

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

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## Comparative Balance Sheet

### Regional School District #14

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
<b>Assets</b>					
Cash and cash equivalents. ....	\$ 9,552,728	\$ 2,497,125	\$ 1,192,365	\$ 796,531	\$ 441,853
Due From Other Funds .....	106,512	564,826	608,607	194,449	231,220
Due from St. of CT .....	242,314	242,314	147,699	-	-
Accounts Receivables .....	5,148	94,643	49,792	11,387	10,012
<b>Total Assets</b> .....	<b>9,906,702</b>	<b>3,398,908</b>	<b>1,998,463</b>	<b>1,002,367</b>	<b>683,085</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable .....	251,657	332,941	507,981	271,510	201,357
Employment Termination Benefits .....	169,396	94,501	-	-	-
Accrued payroll.....	46,947	182,414	-	-	-
Due to other funds.....	7,364,185	1,071,278	986,016	550,374	170,586
Due to Pension Trust.....	-	255,000	-	-	-
Deferred revenue .....	-	-	-	-	43,115
<b>Total Liabilities</b> .....	<b>7,832,185</b>	<b>1,936,134</b>	<b>1,493,997</b>	<b>821,884</b>	<b>415,058</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	149,960	95,620	70,159	84,694	84,694
Committed.....	1,484,913	807,206	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	439,644	559,948	434,307	95,789	183,333
<b>Total Fund Balance</b> .....	<b>2,074,517</b>	<b>1,462,774</b>	<b>504,466</b>	<b>180,483</b>	<b>268,027</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 9,906,702</b>	<b>\$ 3,398,908</b>	<b>\$ 1,998,463</b>	<b>\$ 1,002,367</b>	<b>\$ 683,085</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 39,042,964	\$ 36,413,908	\$ 35,388,347	\$ 36,017,889	\$ 33,784,983
Fund Balance as a percent of					
Operating Revenues .....	5.31%	4.02%	1.43%	0.50%	0.79%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	1.13%	1.54%	1.23%	0.27%	0.54%

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## Comparative Balance Sheet

### Town of Bethlehem

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Assets</b>					
Cash and cash equivalents .....	\$ 2,269,735	\$ 2,387,192	\$ 2,267,860	\$ 2,781,866	\$ 1,828,961
Investments .....	1,926,160	1,091,962	1,341,188	566,292	1,333,467
Due From Other Funds .....	1,092	1,096	1,231	950	275,000
Receivables:					
Property Taxes .....	735,295	822,308	914,353	456,436	444,090
Interest and Lien Fees on Taxes .....	-	-	-	163,734	162,989
State of Connecticut .....	-	25,844	-	34,116	75,081
Other .....	9,620	1,639	6,834	34,116	75,081
<b>Total Assets</b> .....	<b>4,941,902</b>	<b>4,330,041</b>	<b>4,531,466</b>	<b>4,037,510</b>	<b>4,194,669</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	109,353	239,236	270,599	129,595	123,319
Accrued Pension Contribution .....	-	-	112,188	-	-
Due to Other Funds .....	1,505,571	1,532,569	1,698,373	1,485,604	1,710,900
Deposits .....	-	-	-	22,287	25,787
Performance Bonds.....	18,787	18,287	19,287	-	-
Deferred Grant Revenue .....	-	-	-	-	553,239
<b>Total Liabilities</b> .....	<b>1,633,711</b>	<b>1,790,092</b>	<b>2,100,447</b>	<b>1,637,486</b>	<b>2,413,245</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	687,256	774,053	803,961	584,972	-
<b>Total Deferred Inflows of Resources</b> ...	<b>687,256</b>	<b>774,053</b>	<b>803,961</b>	<b>584,972</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	823,607	-	-	-	-
Committed.....	400,000	300,000	-	-	-
Assigned.....	-	-	250,000	250,000	300,000
Unassigned.....	1,397,328	1,465,896	1,377,058	1,530,936	1,406,343
<b>Total Fund Balance</b> .....	<b>2,620,935</b>	<b>1,765,896</b>	<b>1,627,058</b>	<b>1,780,936</b>	<b>1,706,343</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 4,941,902</b>	<b>\$ 4,330,041</b>	<b>\$ 4,531,466</b>	<b>\$ 4,003,394</b>	<b>\$ 4,119,588</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 10,832,743	\$ 10,398,136	\$ 10,203,582	\$ 10,283,754	\$ 10,319,687
Fund Balance as a percent of					
Operating Revenues .....	24.19%	16.98%	15.95%	17.32%	16.53%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	12.90%	14.10%	13.50%	14.89%	13.63%

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## Comparative Balance Sheet

### Town of Woodbury

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Assets</b>					
Cash and cash equivalents.....	\$ 7,671,103	\$ 7,394,635	\$ 4,102,613	\$ 4,383,033	\$ 4,327,200
Investments .....	36,255	22,418	703,849	11,637	689,343
Restricted Investments .....	-	-	270,681	-	-
Due From Other Funds .....	-	-	53,691	-	-
Receivables:					
Property Taxes .....	1,475,540	1,599,227	1,523,356	1,504,840	1,260,768
Intergovernmental .....	92,808	118,000	369,787	178,379	36,596
Other .....	-	129,401	90,771	46,498	30,098
<b>Total Assets .....</b>	<b>9,275,706</b>	<b>9,263,681</b>	<b>7,114,748</b>	<b>6,124,387</b>	<b>6,344,005</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	695,547	291,879	350,317	155,098	295,370
Accrued Payroll.....	84,853	83,269	56,739	36,000	36,000
Due to Other Funds .....	1,276,472	2,833,931	732,147	856,511	1,294,355
Unearned revenue.....	-	-	338,963	162,535	-
Performance Bonds.....	181,790	166,265	270,680	85,935	104,060
Deferred revenue .....	-	-	1,427,262	1,383,468	1,177,982
<b>Total Liabilities .....</b>	<b>2,238,662</b>	<b>3,375,344</b>	<b>3,176,108</b>	<b>2,679,547</b>	<b>2,907,767</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	1,420,681	1,499,505	-	-	-
<b>Total Deferred Inflows of Resources ...</b>	<b>1,420,681</b>	<b>1,499,505</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	100,000	-	-	-	-
Assigned.....	1,190,000	504,224	559,943	356,733	396,737
Unassigned.....	4,326,363	3,884,608	3,378,697	3,088,107	3,039,501
<b>Total Fund Balance .....</b>	<b>5,616,363</b>	<b>4,388,832</b>	<b>3,938,640</b>	<b>3,444,840</b>	<b>3,436,238</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ 7,855,025</b>	<b>\$ 9,263,681</b>	<b>\$ 7,114,748</b>	<b>\$ 6,124,387</b>	<b>\$ 6,344,005</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 33,020,075	\$ 32,246,988	\$ 31,352,868	\$ 31,067,032	\$ 30,446,285
Fund Balance as a percent of					
Operating Revenues .....	17.01%	13.61%	12.56%	11.09%	11.29%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	13.10%	12.05%	10.78%	9.94%	9.98%

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## **VII. Legal and Other Information**

### **Litigation**

#### **The District**

The District, its officers, employees, and board are named defendants in a number of lawsuits. It is the opinion of the District's Attorney that such pending litigation with respect to the District, its officers, employees and board will not be finally determined so as to result individually or in the aggregate in final judgments against the District which would materially adversely affect its financial position.

#### **The Member Towns**

The Towns of Bethlehem and Woodbury, their respective officers, employees, boards and commissions are named defendants in a number of lawsuits. It is the opinion of Town officials of Bethlehem and Woodbury that such pending litigation with respect to their respective Town, its officers, employees, boards and commissions will not be finally determined so as to result individually or in the aggregate in final judgments against their respective Town which would materially adversely affect the financial position of their Town.

### **Documents Accompanying Delivery of the Bonds**

The winning bidder will be furnished the following documents when the Bonds and the Notes are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the District, signed by the Chairman of the Board of Education, the Treasurer and the Director of Finance and Operations of the District, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the District 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 District from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds and the Notes.
4. The approving opinions of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendices B-1 and B-2 to the Official Statement.
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
6. The District has prepared an Official Statement for the Bonds and the Notes which is dated July \_\_, 2018. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The District will make available to the winning bidder twenty-five (25) copies of the final Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the District's financial advisor no later than seven business days of the bid opening. If the District's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The winning bidder shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser.

A record of the proceedings taken by the District in authorizing the Bonds and the Notes will be kept on file at the office of U.S. Bank National Association, 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 District from official and other sources and is believed by the District to be reliable, but such information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

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

**REGIONAL SCHOOL DISTRICT NO. 14**

By: /s/ \_\_\_\_\_  
Janet Morgan, *Chairman of the Board of Education*

By: /s/ \_\_\_\_\_  
George Bauer, *Treasurer*

By: /s/ \_\_\_\_\_  
Ed Arum, *Interim Director of Finance and Operations*

Dated: July \_\_, 2018

## ***Appendix A***

The following includes the General Purpose Financial Statements of Regional School District No. 14, Connecticut for the fiscal year ended June 30, 2017. 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 Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, CT 06460 Telephone (203) 283-1110.



**Charles Heaven & Co.**  
Certified Public Accountants  
Waterbury, Connecticut

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Nonnewaug Regional School District #14  
Bethlehem and Woodbury, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nonnewaug Regional School District #14, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Nonnewaug Regional School District #14's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nonnewaug Regional School District #14, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 4 through 9 the budgetary comparison schedule on page 44, and supplementary pension information on Pages 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nonnewaug Regional School District #14's basic financial statements. The combining and individual nonmajor fund financial statements, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2018, on our consideration of Nonnewaug Regional School District #14's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nonnewaug Regional School District #14's internal control over financial reporting and compliance.

February 14, 2018

**Nonnewaug Regional School District #14  
Management's Discussion and Analysis (MD&A)  
June 30, 2017**

Introduction

Our discussion and analysis of Nonnewaug Regional School District #14 (District) financial performance provides the reader an overall narrative review of the School District's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the district performance as a whole; however, readers should also review the notes to the financial statements to enhance their understanding of the district's performance. Information contained in this section is explained by the more detailed information contained elsewhere in the financial statements, notes to the financial statements and accompanying material.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999; the GASB Statement No. 37, Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001. Certain comparative information between the current and the prior year is required to be presented.

Financial Highlights

The following are some of the financial highlights for the June 30, 2017 fiscal year.

- Total net position is \$12,774,872. This is an increase of \$697,130 over the prior year net position \$12,077,742.
- Overall revenues were \$40,523,070, which were more than expenditures of \$39,825,940 by \$697,130.
- Long-term debt obligations as of June 30, 2017 were \$9,803,022, which compares to the June 30, 2016 debt obligations of \$2,522,116; an increase of \$7,280,406 primarily due to a 7,000,000 Bond Anticipation Note directly related to the Nonnewaug High School Renovation Project.
- Pension Plan fiduciary net position as a percentage of the total pension liability improved to 79.41% as of June 30, 2017. That is an 6.2% improvement from the 73.17% net position as of June 30, 2014.
- Capital Assets increased \$1,446,989 due in large part to the high school building renovation in progress.

Overview of Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
  - o **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
  - o **Fiduciary fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

**Nonnewaug Regional School District #14  
Management's Discussion and Analysis (MD&A)  
June 30, 2017**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local revenue funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Education establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the General Fund balance left at year-end that are available for distribution to the member towns to offset future property tax increases. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.



**Nonnewaug Regional School District #14  
Management's Discussion and Analysis (MD&A)  
June 30, 2017**

- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others; for the District, the student body activities fund is an agency fund. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

Financial Analysis of the Entity as a Whole

Net Assets

The District's combined net position were \$12,774,872 at June 30, 2017.

	<u>Total Governmental Activities</u>	
	<u>Balance June 30, 2017</u>	<u>Balance June 30, 2016</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 9,619,877	\$ 2,979,366
Receivable - miscellaneous fees	92,375	143,913
Inventory	4,464	14,227
Due from State of Connecticut	425,278	415,926
Capital Assets, Net of Accumulated Depreciation	<u>17,162,910</u>	<u>15,715,921</u>
<u>Total Assets</u>	<u>\$ 27,304,904</u>	<u>\$ 19,269,353</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Expenses	\$ 806,398	\$ 864,856
Accrued interest	34,654	---
Net Pension Obligation	1,111,908	1,214,286
Other Post Retirement Benefit Obligation	2,572,340	2,316,722
Unearned Revenue	99,580	215,697
Long-Term Debt	<u>9,803,022</u>	<u>2,522,116</u>
<u>Total Liabilities</u>	<u>\$ 14,427,902</u>	<u>\$ 7,133,677</u>
<u>Deferred Inflows of Resources</u>		
Difference between projected and actual earnings on pension plan investments	\$ <u>102,130</u>	\$ <u>57,934</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	\$ 16,459,768	\$ 15,112,771
Restricted	1,796,372	2,027,016
Unrestricted	<u>( 5,481,268)</u>	<u>(5,062,045)</u>
<u>Total Net Assets</u>	<u>\$ 12,774,872</u>	<u>\$ 12,077,742</u>

Changes in Net Position

The District's total revenues were \$40,523,070. A summary of the changes in net assets follows. Other General Fund Revenues were more or less than expected as follows:

**Nonnewaug Regional School District #14  
Management's Discussion and Analysis (MD&A)  
June 30, 2017**

The total cost of all programs and services was \$39,825,940. The District's expenses are predominately related to educating and caring for students and were \$23,393,362 or 59% of the total. Operations and maintenance of the facilities (plant services), general administrative, debt service, ancillary services and unallocated items accounted for the remaining expenses.

The following is a summary of the net increase/(decrease) in the assets of the District.

	<u>Changes in Net Assets</u> <u>For the Year Ended</u> <u>Governmental Activities</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 2,600,929	\$ 2,459,867
Operating Grants & Contributions	7,757,705	5,492,598
Capital Grants & Contributions	42,265	98,115
General Revenues		
Participating towns	30,022,622	29,666,900
Local Revenues	<u>99,549</u>	<u>42,272</u>
<u>Total Revenues</u>	<u>\$ 40,523,070</u>	<u>\$ 37,759,752</u>
<u>Program Expenses</u>		
Instruction	\$ 18,640,381	\$ 16,480,199
Instruction – Supporting Services	2,191,940	2,717,025
General Administration	2,548,044	2,857,472
Plant Services	1,927,277	2,104,555
Transportation	1,821,430	1,711,481
School Lunch Services	739,611	698,500
Debt Service	47,417	12,725
Depreciation - unallocated	856,296	743,373
Capital Outlay - unallocated	397,202	1,350,512
Employee benefits - unallocated	<u>10,656,342</u>	<u>8,652,890</u>
<u>Total Expenses</u>	<u>\$ 39,825,940</u>	<u>\$ 37,328,732</u>
Increase/(Decrease) in Net Assets	\$ 697,130	\$ 431,020
Net Assets – Beginning of Year	<u>\$ 12,077,742</u>	<u>\$ 11,646,722</u>
Net Assets – End of Year	<u>\$ 12,774,872</u>	<u>\$ 12,077,742</u>

**Nonnewaug Regional School District #14  
Management's Discussion and Analysis (MD&A)  
June 30, 2017**

Governmental Activities

The net cost of all governmental activities this year was \$29,425,041.

The following is a summary of the net cost of governmental activities.

	<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>
Instruction	\$ 14,462,008	\$ 12,494,969
Instruction – supporting services	2,191,940	2,717,025
General Administration	2,548,044	2,857,472
Plant Services	1,927,277	2,104,555
Transportation	1,821,430	1,630,471
School Lunch Services	10,589	( 18,493)
Debt Service	47,417	12,725
Depreciation	856,296	743,373
Capital outlay	397,202	1,252,397
Employee benefits	<u>5,162,838</u>	<u>5,483,658</u>
<u>Total</u>	<u>\$ 29,425,041</u>	<u>\$ 29,278,152</u>

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,236,016 which compares to last year's ending fund balance of \$2,472,879. This was an increase in the fund balance of \$6,763,137.

General Fund Budgetary Expenditure Highlights

A schedule of the District's original and final budget amounts compared with actual revenues and expenses are provided in the supplemental section of the audited financial report. General fund expenditures for the fiscal year ended June 30, 2017 totaled \$33,028,116 and was equal to the approved budgeted expenditures.

Variance include the following key items:

Salaries – certified – Favorable to budget by \$93,160

Salaries – classified – Favorable to budget by \$76,850

Employee Benefits - Favorable to budget by \$698,328.

Purchased Services – Favorable to the budget by \$281,286.

Capital Outlay – Unfavorable to the budget by \$176,512.

**Transfers to other funds** – The state legislature established the ability to transfer to a capital reserve fund up to 1% of its approved appropriation. The Board of education again voted to transfer to this fund \$314,244 for future capital or non-recurring expenditures. This fund can be carried forward each year and is subject to Board of Education approval for expenditures made from it and the balance at the end of the year is \$1,255,538.

**Nonnewaug Regional School District #14  
 Management's Discussion and Analysis (MD&A)  
 June 30, 2017**

A summary of interfund transfers follows:

<u>Major Funds:</u>	<u>Transfers Received From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ ---	\$ 987,744
Capital Reserve Fund	314,244	---
High School Renovation Fund	<u>673,500</u>	<u>---</u>
	<u>\$ 987,744</u>	<u>\$ 987,744</u>

Economic Factors and Next Year's Budgets and Rates

At the time these financial statements were prepared and audited, the District contemplated the following factors that could affect its financial planning process in the future.

- The Towns of Woodbury and Bethlehem continue to be concerned with the effect the current economic climate may have on their ability to generate revenue while holding taxes steady. The First Selectman from each town has raised concerns about increases in town budgets and the likely decreases in state funding and possible exposure to fund a significant portion of the annual contribution to the CT Teachers Retirement System formerly funded by CT State Government.
- The uncertainty of state funding may well have an impact on the financial operations of the District. The State of Connecticut is again reviewing changes to their biennial budget that which may impact funding to local schools and towns.
- The Region 14 Board of Education is concerned for the long term education and financial viability of the District. To that end, they have created a District Advisory Committee to review and advise on long term planning. The Mission of the District Advisory Committee is as follows: "The DAC" shall review and study Region 14s demographics and facilities and shall make a recommendation to the BOE on the same as to possible actions needed to ensure proper use and adequacy of our facilities now and for the future generations of students".

Contacting the District's Financial Management

This financial report is designated to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the business office of Nonnewaug Regional School District #14.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Governmental Activities</b>
<b>Assets:</b>	\$
Cash and cash equivalents	9,619,877
Receivable - miscellaneous fees	92,375
Inventory	4,464
Due from State of Connecticut	425,278
Non Current Assets:	
Capital assets - net	17,162,910
<b>Total Assets</b>	<u><b>27,304,904</b></u>
 <b>Liabilities:</b>	
Accounts payable	590,055
Accrued expenses	216,343
Accrued interest	34,654
Net Pension Liability	1,111,908
Other Post Retirement Benefit Obligation	2,572,340
Unearned revenue	99,580
Non Current Liabilities:	
Due within one year	7,351,003
Due in more than one year	2,452,019
<b>Total Liabilities</b>	<u><b>14,427,902</b></u>
 <b>Deferred Inflows of Resources:</b>	
Difference between projected and actual earnings on pension plan investments	<u><b>102,130</b></u>
 <b>Net Position:</b>	
Investment in capital assets, net of related debt	16,459,768
Restricted for:	
Member towns	149,960
Special accounts	33,203
Food service	7,904
Nonnewaug H.S. renovation	(1,173,289)
Debt service	38,143
Other post-employment benefits	1,484,913
Reserve for Specific Capital Improvements	1,255,538
Unrestricted	(5,481,268)
<b>Total Net Position</b>	<u><u><b>\$ 12,774,872</b></u></u>

The accompanying notes are an integral part of these financial statements.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Statement of Activities  
Year Ended June 30, 2017**

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instructional services	\$ 18,640,381	\$ 2,035,733	\$ 2,100,375	\$ 42,265	\$ (14,462,008)
Supporting services:					
Instructional staff	2,191,940	-	-	-	(2,191,940)
Administrative	2,548,044	-	-	-	(2,548,044)
Operation and maintenance of facilities	1,927,277	-	-	-	(1,927,277)
Transportation	1,821,430	-	-	-	(1,821,430)
School lunch services	739,611	565,196	163,826	-	(10,589)
Interest expense - unallocated	47,417	-	-	-	(47,417)
Depreciation - unallocated	856,296	-	-	-	(856,296)
Capital outlay - unallocated	397,202	-	-	-	(397,202)
Employee benefits - unallocated	10,656,342	-	5,493,504	-	(5,162,838)
<b>Total school district</b>	<b>\$ 39,825,940</b>	<b>\$ 2,600,929</b>	<b>\$ 7,757,705</b>	<b>\$ 42,265</b>	<b>(29,425,041)</b>
<b>General revenues:</b>					
Participating towns:					
Town of Woodbury					22,867,071
Town of Bethlehem					7,155,551
Unrestricted earnings on investments					14,280
Miscellaneous					85,269
Total general revenues					<u>30,122,171</u>
Change in net position					697,130
<b>Net position - beginning</b>					<u>12,077,742</u>
<b>Net position - ending</b>					<u>\$ 12,774,872</u>

The accompanying notes are an integral part of these financial statements.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury**

Governmental Funds June 30, 2017	Major Funds						Total Governmental Funds
	General	Capital Project		Reserve for Specific Capital Improvements	Debt Service	Other Governmental Funds	
		High School Renovation					
<b>Assets:</b>	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	9,552,728	---	---	31,944	---	35,205	9,619,877
Inventory	---	---	---	---	---	4,464	4,464
Due from other funds	106,512	6,084,556	1,255,538	6,199	---	17,892	7,470,697
Due from St. of Connecticut	242,314	---	---	---	---	182,964	425,278
Accounts receivable	5,148	---	---	---	---	87,227	92,375
<b>Total Assets</b>	<b>\$ 9,906,702</b>	<b>\$ 6,084,556</b>	<b>\$ 1,255,538</b>	<b>\$ 38,143</b>	<b>\$ 327,752</b>	<b>\$ 17,612,691</b>	
<b>Liabilities:</b>	\$	\$	\$	\$	\$	\$	\$
Accounts payable	251,657	257,845	---	---	---	80,553	590,055
Employment termination benefits	169,396	---	---	---	---	---	169,396
Due to other funds	7,364,185	---	---	---	106,512	---	7,470,697
Accrued payroll	46,947	---	---	---	---	---	46,947
Unearned revenue	---	---	---	---	99,580	---	99,580
<b>Total Liabilities</b>	<b>7,832,185</b>	<b>257,845</b>	<b>---</b>	<b>---</b>	<b>286,645</b>	<b>---</b>	<b>8,376,675</b>
<b>Fund Balances:</b>							
Nonspendable:							
Inventories	---	---	---	---	4,464	---	4,464
Restricted for:							
Capital and nonrecurring	---	---	1,255,538	---	---	---	1,255,538
Member towns	149,960	---	---	---	---	---	149,960
Committed for:							
Other post-retirement benefits	1,484,913	---	---	---	---	---	1,484,913
Debt service	---	---	---	38,143	---	---	38,143
Special activities	---	---	---	---	33,203	---	33,203
Nonnewaug HS Renovation	---	5,826,711	---	---	---	---	5,826,711
Unassigned	439,644	---	---	---	3,440	---	443,084
<b>Total Fund Balances</b>	<b>2,074,517</b>	<b>5,826,711</b>	<b>1,255,538</b>	<b>38,143</b>	<b>41,107</b>	<b>---</b>	<b>9,236,016</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,906,702</b>	<b>\$ 6,084,556</b>	<b>\$ 1,255,538</b>	<b>\$ 38,143</b>	<b>\$ 327,752</b>	<b>\$ 17,612,691</b>	

The accompanying notes are an integral part of these financial statements.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2017**

<b>Total fund balances for governmental funds</b>	\$	9,236,016
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		
Capital assets, net of \$15,904,038 accumulated depreciation		17,162,910
Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures, and therefore, are unavailable in the funds:		
Deferred inflows related to pensions		(102,130)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Net pension liability	\$	(1,111,908)
Bond Anticipation Note payable		(7,000,000)
Accrued interest payable		(34,654)
Other post retirement benefit obligation		(2,572,340)
Leases payable		(703,142)
Termination benefits payable		(187,495)
Early retirement payable and other compensated absences		(1,912,385)
		<u>(13,521,924)</u>
<b>Total net position of governmental activities</b>	<b>\$</b>	<b><u>12,774,872</u></b>

The accompanying notes are an integral part of these financial statements.



Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury

Statement of Revenue, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2017

	Major Funds						Total Governmental Funds
	General	Capital Project High School Renovation	Reserve for Specific Capital Improvements	Debt Service	Other Governmental Funds		
<b>Revenue:</b>							
Participating towns.	\$ 30,022,622	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 30,022,622
Federal & state grants	6,956,383	---	---	---	843,587	---	7,799,970
Investment income	14,217	---	---	---	63	---	14,280
Sales of lunches, milk, and other	---	---	---	---	565,196	---	565,196
Tuition	1,993,022	---	---	---	42,711	---	2,035,733
Other fees and contributions	56,720	---	---	---	28,549	---	85,269
<b>Total Revenues</b>	<b>39,042,964</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1,480,106</b>	<b>---</b>	<b>40,523,070</b>
<b>Expenditures:</b>							
Salaries - certified	15,457,182	---	---	---	466,199	---	15,923,381
Salaries - classified	3,650,868	---	---	---	439,816	---	4,090,684
Employee benefits	10,448,962	---	---	---	9,944	---	10,458,906
Purchased services	5,658,200	---	---	---	49,318	---	5,707,518
Supplies and materials	1,229,381	---	---	---	178,254	---	1,407,635
Liability and property insurance	157,879	---	---	---	---	---	157,879
Dues and fees	86,134	---	---	---	---	---	86,134
Cost of food purchased	---	---	---	---	300,466	---	300,466
Capital outlay	1,203,991	1,732,704	83,418	---	56,337	---	3,076,450
Debt Service:							
Principal	---	---	---	---	---	---	---
Interest	---	---	---	---	---	---	---
<b>Total Expenditures</b>	<b>37,892,597</b>	<b>1,732,704</b>	<b>83,418</b>	<b>---</b>	<b>1,500,334</b>	<b>---</b>	<b>41,209,053</b>
<b>Other Financing Sources (Uses):</b>							
Capital lease proceeds	449,120	---	---	---	---	---	449,120
Proceeds from Bond Anticipation Note	---	7,000,000	---	---	---	---	7,000,000
Operating transfers in (out)	(987,744)	673,500	314,244	---	---	---	---
<b>Total Expenditures and Other Financing Sources (Uses)</b>	<b>38,431,221</b>	<b>(5,940,796)</b>	<b>(230,826)</b>	<b>---</b>	<b>1,500,334</b>	<b>---</b>	<b>33,759,933</b>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>611,743</b>	<b>5,940,796</b>	<b>230,826</b>	<b>---</b>	<b>(20,228)</b>	<b>---</b>	<b>6,763,137</b>
<b>Fund Balance - beginning of year</b>	<b>1,462,774</b>	<b>(114,085)</b>	<b>1,024,712</b>	<b>38,143</b>	<b>61,335</b>	<b>---</b>	<b>2,472,879</b>
<b>Fund Balance - end of year</b>	<b>\$ 2,074,517</b>	<b>\$ 5,826,711</b>	<b>\$ 1,255,538</b>	<b>\$ 38,143</b>	<b>\$ 41,107</b>	<b>\$ ---</b>	<b>\$ 9,236,016</b>

The accompanying notes are an integral part of these financial statements.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
**Year End June 30, 2017**

---

**Net change in fund balances-total governmental funds** \$ 6,763,137

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	2,303,285	
Depreciation expense	<u>(856,296)</u>	
		1,446,989

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond proceeds	(7,000,000)	
Repayment of capital leases	349,128	
Interest expense - Bond anticipation note, leases	(34,654)	
Capital lease proceeds	<u>(449,120)</u>	
		(7,134,646)

In the statement of activities, certain operating expenses - compensated absences (vested days) , special termination benefits (early retirement) and pension liability - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year the net difference is as follows:

Compensated absences and termination benefits		(180,914)
Post retirement benefit obligation		(255,618)
Net pension liability		102,378
Change in deferred inflows related to pensions		<u>(44,196)</u>

**Change in net position of governmental activities** \$ 697,130

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	Pension Trust Fund	Private Purpose Trust Fund	Agency Fund
<b>Assets</b>	\$	\$	\$
Cash and cash equivalents	---	434,428	230,387
Investments	4,287,304	---	---
<b>Total Assets</b>	<b>\$ 4,287,304</b>	<b>\$ 434,428</b>	<b>\$ 230,387</b>
 <b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Due to student groups	\$ ---	\$ ---	\$ 230,387
 <b>Net Position:</b>			
Held in trust for pension benefits and scholarships	<b>\$ 4,287,304</b>	<b>\$ 434,428</b>	<b>\$ ---</b>

---

The accompanying notes are an integral part of these financial statements.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2017**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Fund</b>
<b>Additions:</b>	<b>\$</b>	<b>\$</b>
Contributions	---	66,514
Investment income	98,173	2,220
Appreciation in market value	368,521	---
Employer contributions	315,000	---
<b>Total additions</b>	<b>781,694</b>	<b>68,734</b>
<b>Deductions:</b>		
Pension benefits	234,551	---
Administrative costs	24,804	---
Scholarships	---	71,400
<b>Total deductions</b>	<b>259,355</b>	<b>71,400</b>
<b>Net change</b>	<b>522,339</b>	<b>(2,666)</b>
<b>Net Position held in Trust for Pension Benefits and Scholarships:</b>		
<b>Beginning of Year</b>	<b>3,764,965</b>	<b>437,094</b>
<b>End of Year</b>	<b>\$ 4,287,304</b>	<b>\$ 434,428</b>

The accompanying notes are an integral part of these financial statements.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "1" - Summary of Significant Accounting Policies:

A. Basis of Presentation:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

*Management's Discussion & Analysis* – provides introductory information on basic financial statements and an analytical overview of the district's financial activities.

*Government-wide financial statements* – consist of a statement of net position and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets and long-term obligations (general obligation bonds, compensated absences, etc.) are included along with current assets and liabilities.

*Fund Financial statements* – provide information about the district's governmental, and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have budgetary orientation, and therefore use a modified accrual basis of accounting utilizing encumbrance accounting. Fiduciary funds focus on net position and changes in net position, and include assets held in a trustee (Pension Trust Fund and Private Purpose Trust Funds) or agency (Student Activity Funds) and utilize the accrual basis of accounting.

*Required supplementary information* – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund, which is the only fund with a legally adopted budget. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures (including encumbrances). The Pension Trust Fund presents additional schedules as required by GASB 67, 68 and 73.

B. Reporting Entity:

The school system constitutes an on-going entity established by an act of the state legislature that designated the school board of education as the governing authority. Members of the school board of education are elected by the public and have responsibilities over all activities related to public elementary and secondary school education. The board of education receives local, state, and federal funding, and must therefore comply with various requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Standards, since the board of education members are elected by the public and have governing authority. Governing authority includes the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note “1” - Summary of Significant Accounting Policies (continued):

For financial reporting purposes, the District's financial statements include all funds and account groups over which the District exercises oversight responsibility in accordance with the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. Oversight responsibility was determined on the basis of financial independence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public services. Based on the aforementioned criteria Nonnewaug Regional School District #14 has no component units.

C. Government-wide and Fund Financial Statements

*Government-wide Financial Statements* – The statement of net position and the statement of activities display information about the school district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the district. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All revenues not classified as program revenues are presented as general revenues of the district.

*Fund Financial Statements*

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type. A description of the various fund financial statements follows:

Governmental-Funds:

General Fund:

This fund is the general operating fund of the District and provides the accounting for budgeted revenue and expenditures applicable to the direct operation of the school system.

Special Revenue Funds:

These funds account for revenue that is restricted as to its use under specific provisions of law, or donor's intentions. State and Federal Grant Fund, a special revenue fund, accounts for state and federal grants programs which are governed by various rules and regulations of the grantor agencies.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "1" - Summary of Significant Accounting Policies: (continued)

Capital Projects Fund:

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by Proprietary and Trust Funds.

Debt Service Fund:

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Fiduciary Funds:

Trust and Agency Funds:

Accounts for assets held for the District in a trustee or custodial capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension Trust Funds:

Accounts for the activities of the District's single-employer public employee retirement system (PERS).

Private Purpose Trust Funds:

Accounts for scholarship funds held in trust for the benefit of individuals.

D. Measurement Focus and Basis of Accounting:

Measurement Focus:

*Government-wide Statements*

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

*Fund Financial Statements*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note “1” - Summary of Significant Accounting Policies: (continued)

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for fiduciary funds.

*Revenues, Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include contributions by member towns, grants, entitlements and donations. On an accrual basis, revenue from member towns is recognized in the fiscal year for which the amounts are due. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: contributions by member towns, investment earnings, tuition, grants and student fees.

*Expenditures/Expenses*

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

E. Fund Equity and Net Assets – Governmental Funds:

Beginning with fiscal year 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.



**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note “1” - Summary of Significant Accounting Policies: (continued)

- Non spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education.
- Assigned fund balance – amounts the government intends to use for a specific purpose, but are neither restricted nor committed, as authorized by the Board of Education.
- Unassigned fund balance – amounts that are available for any purpose.

F. Deposits and Investments:

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any “qualified public depository” as defined by statute, which has its main place of business in the State of Connecticut.

The District’s cash and cash equivalents are comprised of cash on hand, demand deposits, and all other highly liquid, short-term investments with original maturities of three months or less.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer’s Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds does not specify permitted investments. Therefore investments of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

District Investments are reported at fair value.

G. Inventories:

Inventories are valued at cost using the first-in/first-out (FIFO) method, except for USDA donated commodities, which are valued at market value. The cost of governmental fund type inventories, are recorded as expenditures when consumed rather than when purchased. Inventories are comprised of food products for the School Cafeteria Fund.

H. Prepayments:

Certain payments to vendors provide benefits in future accounting periods and therefore are recorded as prepayments on both government-wide and fund financial statements.

I. Capital Assets and Depreciation

General capital assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

**Nonnewaug Regional School District #14  
 Towns of Bethlehem and Woodbury  
 Notes to General-Purpose Financial Statements**

Note “1” - Summary of Significant Accounting Policies: (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$5,000 and a useful life of less than 1 year. The District does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	not depreciated
Land improvements	15 – 20
Buildings & Improvements	20 – 50
Furniture and Equipment	5 – 15

**J. Interfund Activity**

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund “due from/to other funds”. These amounts are eliminated in the statement of net assets.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note “1” - Summary of Significant Accounting Policies: (continued)

L. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

M. Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned balances.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period of periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resources related to projected and actual earnings of the pension plan.

P. Unearned Revenues

Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received before the District has legal claim to them, as when grant monies are received prior to the issuance of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has legal claim to the resource, the unearned revenues is removed from the balance sheet, and revenue is recognized.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "1" - Summary of Significant Accounting Policies: (continued)

Q. Net Pension Liability

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

Note "2" – Stewardship, Compliance, and Accountability:

On or before the last Wednesday in January of each year all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the general fund budget may be prepared.

Before March 31, the proposed budget is presented to the finance committee for review. By the end of April the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.

Not less than two weeks before the annual meeting held pursuant to C.G.S. Section 10-47, the board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year and (6) such other information as is necessary in the opinion of the board. Persons present and eligible to vote under section 7-6 may accept or reject the proposed budget. The regional board of education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the district meeting held on the budget or by a "yes" or "no" vote on the voting machines in each of the member towns on the day following the district meetings. After budget approval, the board shall estimate the net expenses to be paid by each member town.

The budget for the general fund has substantially been prepared on the modified accrual basis. Encumbrances, commitments related to unperformed contracts for goods or services, are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in the budgetary reports as expenditures in the current year. Actual expenditures in the budgetary statement include current encumbrances as described above. This method of accounting, for encumbrances, is different from that utilized in the balance sheet and statement of revenue and expenditures (GAAP basis). Encumbrances on a GAAP basis are not expenditures but are included in Unassigned Fund Balance. A reconciliation of general fund expenditures and fund balance between the accounting treatment for encumbrances as required by GAAP and legal requirements follows:

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "2" – Stewardship, Compliance, and Accountability (continued):

	<u>General Fund</u>		
		<u>Expenditures and Other</u>	
	<u>Revenue</u>	<u>Financing Uses</u>	<u>Fund Balance</u>
<u>Budgetary/GAAP Reporting Reconciliation:</u>			
Budgetary statement – June 30, 2017	\$ 33,107,917	\$ 33,028,116	\$ 149,960
Encumbrances – June 30, 2017	---	( 100,853)	100,853
Encumbrances – June 30, 2016	---	372,453	---
Payments made on the Districts' behalf described in Note "10"	5,493,504	5,493,504	---
Consolidation of the other post-employment benefit fund into the general fund	---	( 677,707)	1,484,913
Employment termination benefits payable not treated as liability and expense	---	( 151,296)	338,791
Revenue budgeted as an offset to expenditures: State of Connecticut special education grant	467,004	467,004	---
Prior year fund balance returned to Town's not considered revenue for GAAP purposes	( 25,461)	---	---
<u>Balance (GAAP) Balance Sheet and Statement of Revenue and Expenditures – June 30, 2017</u>	<u>\$ 39,042,964</u>	<u>\$ 38,431,221</u>	<u>\$ 2,074,517</u>

Note "3" - Budgetary Compliance - Special Revenue Fund:

No formal budget is adopted.

Note "4" – Cash and Cash Equivalents, Deposits and Investments:

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2017:

Governmental Funds	
Demand Accounts	\$ 9,619,452
Cash on hand	425
Fiduciary Fund - Demand Accounts	<u>664,815</u>
Total Cash and Cash Equivalents	<u>\$ 10,284,692</u>

\* Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash with a maturity of 60 days.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note "4" – Cash and Cash Equivalents, Deposits and Investments (continued):

B. Deposits

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$10,624,713 of the District's bank balance of \$10,991,063 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,537,284
Uninsured and collateralized held by pledging Bank's trust department not in the District's name	<u>1,087,429</u>
Total amount subject to custodial credit risk	<u>\$ 10,624,713</u>

C. Investments

At June 30, 2017, the District's investments consisted of the following:

<u>Types of Investments</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
<b>Fiduciary Fund</b>			
Money market funds **	\$ 112,474	AAA	N/A
Equity mutual funds **	3,031,293	unrated	N/A
Fixed income mutual funds **	<u>1,143,537</u>	unrated	N/A
Total Fiduciary Funds	<u>\$ 4,287,304</u>		

\*\* These securities are uninsured and unregistered held by counterparties, but not in the District's name.

- Ratings by Standard & Poor's are provided where applicable to indicate the associated credit risk. N/A indicates not applicable.
- Interest rate risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit risk - The District has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

D. Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair values of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "4" – Cash and Cash Equivalents, Deposits and Investments (continued):

The District's investments that are classified in Level 1 are measured on a recurring basis, using market quotations for investments that have quoted prices in active markets. Investments that are classified in Level 2 are measured using matrix pricing techniques using various pricing vendors. Matrix pricing is used to value securities based on their relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

As of June 30, 2017, the District's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The District does not hold any investments on June 30, 2017 whose fair value was determined using Level 2 or Level 3 inputs.

Note "5" – Receivables and Due from State of Connecticut:

Receivables and amounts due from State of Connecticut at June 30, 2017 consisted of various fees, interest and intergovernmental grants and entitlements. All receivables are considered collectible in full based on prior years experience and the stable condition of State programs.

Note "6" - Interfund Accounts:

At June 30, 2017 the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State and Federal Grants	\$ 94,234
Reserve for Specific Capital Improvement	General Fund	1,255,538
High School Renovation	General Fund	6,084,556
Debt Service	General Fund	6,199
Preschool Program	General Fund	17,892
General Fund	Food Service	5,438
General Fund	E-Rate Program	6,840
<u>Total</u>		<u>\$ 7,470,697</u>

Note "7" – Employment Termination Benefits:

For the year ended June 30, 2016, the District offered early retirement incentive plan to all teachers limited to the first five teachers choosing to accept the plan. The District will pay the teachers' health insurance and health insurance deductibles for four years. In addition, the teachers' will receive sick pay payouts over a three-year period. In addition, four additional non-teacher employees chose to retire at the end of June 2016 and are eligible for vacation and sick time payout under the district's current policy. Payments are scheduled to begin in the 2017/2018 budget year.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "8" - Long-Term Debt:

The following is a summary of activity for the year ended June 30, 2017.

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts Due</u> <u>in One Year</u>
<u>Bond Anticipation Notes</u>					
Issued January 31, 2017 and maturing on October 26, 2017, Interest due at maturity is \$51,722	\$ ---	7,000,000	---	7,000,000	7,000,000
<u>Compensated Absences &amp; Other Leave Benefits</u>					
Vested or accumulated severance and sick leave.	1,918,966	353,207	172,293	2,099,880	---
<u>Technology Leases</u>	<u>603,150</u>	<u>449,120</u>	<u>349,128</u>	<u>703,142</u>	<u>351,003</u>
<u>Totals</u>	<u>\$ 2,522,116</u>	<u>\$ 7,802,327</u>	<u>\$ 521,421</u>	<u>\$ 9,803,022</u>	<u>\$ 7,351,003</u>

The following is a summary of the District's future annual debt service requirements to maturity for:

Technology Leases:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 351,003	\$ 19,208	\$ 370,211
2019	299,989	17,074	317,063
2020	<u>52,150</u>	<u>1,121</u>	<u>53,271</u>
	<u>\$ 703,142</u>	<u>\$ 37,403</u>	<u>\$ 740,545</u>



**Nonnewaug Regional School District #14  
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Notes to General-Purpose Financial Statements**

Note "9" – Capital Assets:

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Deletions and</u> <u>Reclasses</u>	<u>Balance</u> <u>June 30, 2017</u>
	\$	\$	\$	\$
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	494,814	---	---	494,814
Building in Progress	---	1,846,789	---	1,846,789
Capital assets, being depreciated:				
Buildings and improvements	28,332,996	---	---	28,332,996
Furniture and equipment	<u>1,935,853</u>	<u>492,620</u>	<u>( 36,124)</u>	<u>2,392,349</u>
Total capital assets, being depreciated	30,268,849	492,620	( 36,124)	30,725,345
Accumulated depreciation for:				
Buildings and improvements	13,892,666	507,895	---	14,400,561
Furniture and equipment	<u>1,155,076</u>	<u>384,525</u>	<u>( 36,124)</u>	<u>1,503,477</u>
Total accumulated depreciation	<u>15,047,742</u>	<u>892,420</u>	<u>( 36,124)</u>	<u>15,904,038</u>
Total capital assets, being depreciated, net	<u>15,221,107</u>	<u>( 399,800)</u>	---	<u>14,821,307</u>
Governmental activities capital assets, net	<u>\$ 15,715,921</u>	<u>\$ 1,446,989</u>	\$ ---	<u>\$ 17,162,910</u>

Note "10" - Employees Retirement System, Non-certified Employee Plan

A: Plan Description and Benefits Provided

Nonnewaug Regional School District #14's is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Board of Education for its non-certified employees. The PERS is considered to be a part of the District's reporting entity and is included in the District's financial reports as a pension trust fund.

As of July 1, 2016, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits but not yet receiving them	5
Current plan members	<u>45</u>
Total	<u>71</u>

The plan is a contributory single employer, defined benefit plan and covers substantially all full-time non-certified employees. In order to be eligible for the plan, the employee must complete 1 year of service and attain a minimum age of 21. Under the plan, all 10 months salaried employees or full-time hourly employees at least 25 years of age and having completed one year of service are eligible. There were no major plan changes for the July 1, 2016 actuarial valuation.

**Nonnewaug Regional School District #14  
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Note "10" - Employees Retirement System, Non-certified Employee Plan (continued)

Normal Retirement Date is the first of the month coincident with or next following the later of age 65 and 10 years of plan participation. The monthly benefit at Normal Retirement is equal to 30% of Average Compensation, reduced proportionately for less than 15 Years of Service. The plan contains a provision for early retirement upon the attainment of age 55 and the completion of 10 Years of Participation. The amount

of the benefit is based on the employee's Vested Accrued Benefit as of his Early Retirement Date. The benefit is payable in full at Normal Retirement Date, or in an actuarially reduced amount if the benefits commence prior to Normal Retirement Date. The death benefit for the plan is the present value of accrued benefits.

Participants are entitled to a percentage of accrued pension payable at their normal retirement dated based upon the following schedule:

Full Years of Credited Services	Vested Percentage of Accrued Benefit
Less than 4	0%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits) are recognized when they are due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are valued at fair value based upon quoted market prices.

B: Contributions and Funding Policy:

Contribution requirements of the plan members and the District are established and may be amended by the Board of Education. Plan members are required to contribute 5% of their earnings to the plan. The District is required to contribute at an actuarially determined rate. The District's contribution for the year ended June 30, 2017 represented 11.83% of covered payroll. Administrative costs of the plan are financed through investment earnings of the plan's assets.

**Nonnewaug Regional School District #14  
 Towns of Bethlehem and Woodbury  
 Notes to General-Purpose Financial Statements**

Note "10" - Employees Retirement System, Non-certified Employee Plan (continued)

C: Investments

Investment Policy: The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	5.00%
US Govt/Credit Fixed Income	28.00%
High Yield Bonds	2.00%
US Large and Mid Cap	54.00%
US Small Cap	6.00%
Int'l Equity- Developed	5.00%
	<u>100.00%</u>

There were no investments that represented more than 5% of the plan’s fiduciary net position.

Rate of Return: For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D: Net Pension Liability of the District

The components of the net pension liability of the District at June 30, 2017, were as follows:

Total pension liability	\$ 5,399,212
Plan fiduciary net position	<u>4,287,304</u>
Net Pension Liability	<u>\$ 1,111,908</u>
 Plan fiduciary net position as a percentage of the total pension liability	 79.41%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.40%

Mortality rates were based on the RP-2000 Mortality Table with separate males and female rates, with Total Dataset adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

**Nonnewaug Regional School District #14  
 Towns of Bethlehem and Woodbury  
 Notes to General-Purpose Financial Statements**

Note "10" - Employees Retirement System, Non-certified Employee Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	2.00%
US Govt/Credit Fixed Income	28.00%	3.00%
High Yield Bonds	2.00%	6.00%
US Large and Mid Cap	54.00%	7.00%
US Small Cap	6.00%	7.25%
Int'l Equity- Developed	5.00%	8.00%

Discount Rate: The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the local pension liability.

E: Net Pension Liability of the District

	<b>Total Pension Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 4,979,251	\$ 3,764,965	\$ 1,214,286
Changes for the Year:			
Service cost	208,741	---	208,741
Interest on total pension liability	375,388	---	375,388
Changes of assumptions	56,455	---	56,455
Differences between expected and actual experience	13,928	---	13,928
Employer contributions	---	315,000	( 315,000)
Net investment income	---	466,694	( 466,694)
Administrative expense	---	( 24,804)	24,804
Benefit payments	( 234,551)	( 234,551)	---
Net changes	<u>419,961</u>	<u>522,339</u>	<u>( 102,378)</u>
Balances as of June 30, 2017	<u>\$ 5,399,212</u>	<u>\$ 4,287,304</u>	<u>\$ 1,111,908</u>

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "10" - Employees Retirement System, Non-certified Employee Plan (continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate of 7.40%, as well as what the District's pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate:

	1% Decrease <u>(6.40%)</u>	Current Discount Rate <u>(7.40%)</u>	1% Increase <u>(8.40%)</u>
Total Net Pension Liability	\$ 1,613,721	\$ 1,111,908	\$ 676,054

F: Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the District recognized pension expense of \$256,818. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 11,300	\$( 58,386)
Changes of assumptions	45,803	---
Net difference between projected and actual earnings of plan investments	---	<u>( 100,847)</u>
	<u>\$ 57,103</u>	<u>\$( 159,233)</u>

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

Year Ending June 30,	
2018	\$( 81,088)
2019	14,757
2020	( 4,201)
2021	( 35,581)
2022	<u>3,983</u>
	<u>\$( 102,130)</u>

Note "11" – State of Connecticut Teachers' Retirement System

A. General Information about the Pension Plan

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiemployer defined benefit pension plan administered by the Teachers' Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "11" - State of Connecticut Teachers' Retirement System (continued)

**B. Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Teachers Retirement System have been determined on the same basis as they are reported by the Connecticut Teachers Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**C. Benefit Provision**

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

*Normal Retirement:* Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 1% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement:* Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**D. Contributions**

*State of Connecticut:* Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during that year, with any additional amount to finance unfunded accrued liability.

*Employer (School District):* School district employers are not required to make contributions to the plan.

*Employees:* Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "11" - State of Connecticut Teachers' Retirement System (continued)

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reports no amounts for its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources, due to the statutory requirement that the State of Connecticut pay 100 percent of the required contribution.

The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ ---
State's proportionate share of the net pension liability associated with the District	<u>50,374,354</u>
Total	<u>\$ 50,374,354</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2016. At June 30, 2017, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the District recognized pension expense and revenue of \$5,493,504 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 white collar table with employees and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "11" - State of Connecticut Teachers' Retirement System (continued)

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

G. Discount Rate

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



**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note "11" - State of Connecticut Teachers' Retirement System (continued)

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The District's proportionate share of the net pension liability is \$0, and therefore, the change in the discount rate would only impact the amount recorded by the State.

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the District has no obligation to contribute to the plan.

Note "12" – Risk Management and Unpaid Claims Liabilities:

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

Note "13" - Commitments and Contingencies:

Litigation:

It is the opinion of the school district officials that there are no material or substantial claims against the district, which will be finally determined so as to result in a judgment or judgments against the district, which would materially effect its financial position.

Grant Programs:

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note "14" – Other Post-Employment Benefits (OPEB)

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the District recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demand on the District's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description

The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2016. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the district are established and may be amended by the District. The District determines the required contribution using the Projected Unit Credit Method. Membership in the plan consisted of the following at July 1, 2016, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	25
Active plan members	<u>189</u>
Total	<u>214</u>

B. Funding Policy

The District has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines.

C. Annual OPEB Cost and OPEB Obligations

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated on the basis of annual required contribution of the employer (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 past service cost) over a period not to exceed thirty years.

OPEB Obligation

Annual required contribution	\$ 504,546
Interest on net pension obligation	88,650
Adjustment to annual required contribution	( 210,615)
Annual OPEB cost	382,581
Contributions made	( 126,963)
Increase in net OPEB liability	255,618
Net OPEB obligation, beginning of year	<u>2,316,722</u>
Net OPEB obligation, end of year	<u>\$ 2,572,340</u>

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "14" – Post Retirement Benefits (continued)

The actuarial accrued liability as of July 1, 2016 is \$6,548,698. As of June 30, 2016 there are 32 retirees receiving benefits under this plan.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll (Total)</u>	<u>UAAL as a Percentage of Payroll</u>
7/1/16	\$ ---	\$ 4,409,285	\$ 4,409,285	0.0%	\$ N/A	N/A
7/1/14	\$ ---	\$ 4,820,545	\$ 4,820,545	0.0%	\$ N/A	N/A
7/1/12	\$ ---	\$ 4,946,701	\$ 4,946,701	0.0%	\$ N/A	N/A

The District's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan was as follows:

<u>Fiscal Year Ending</u>	<u>Schedule of Employer Contributions</u>			
	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/17	\$ 382,581	\$ 126,963	33.19%	\$2,572,340
6/30/16	\$ 557,534	\$ 146,413	26.26%	\$2,316,722
6/30/15	\$ 557,673	\$ 166,111	29.79%	\$1,905,601
6/30/14	\$ 525,517	\$ 187,514	35.68%	\$1,514,039

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts of assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**D. Actuarial Assumptions**

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2016
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	4.00%
Medical Inflation rate	3.5%

**Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Notes to General-Purpose Financial Statements**

Note "15" - Transfers:

Government interfund transfers during the year ended June 30, 2017 were as follows:

	<u>Transfers In (Out)</u>
General Fund	\$ (987,744)
Reserve for Specific Capital Improvement	314,244
High School Renovation Fund	<u>673,500</u>
	<u>\$ ---</u>

Eliminations

Interfund receivables, payables, and transfers are reported in the governmental fund financial statements. In the entity-wide statements, interfund receivables, payables and transfers are eliminated within the governmental activities column.

Purpose of Transfers

Transfers are used to move unrestricted revenues to finance various programs in accordance with budgetary authorizations and to service debt.

Note "16" - Operating Deficiencies and Fund Deficits:

At June 30, 2017 the following individual funds had deficiencies of revenue over expenditures and/or fund deficits for the year then ended:

	<u>Operating Deficiency</u>	<u>Fund Deficit</u>
Food Services	\$ <u>10,589</u>	\$ <u>---</u>
Special Accounts	\$ <u>1,042</u>	\$ <u>---</u>
Preschool Program	\$ <u>8,597</u>	\$ <u>---</u>

Note "17" – Subsequent Events:

In connection with the preparation of the financial statements of Nonnewaug Regional School District #14, subsequent events were evaluated through February 14, 2018, which is the date the financial statements were available to be issued.

Note "18" – Recently Issued Accounting Standards

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions, as amended*, and GASB Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the District's reporting period beginning July 1, 2017. The District has not yet determined the impact that this statement will have on its financial statements.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note "18" – Recently Issued Accounting Standards (continued):

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No.68, and No. 73*. This Statement addresses issued regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the District's does not expect this statement to have a material effect on its financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the District's reporting period beginning July 1, 2009. The District does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2019. The District has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the District's reporting period beginning July 1, 2017. The District does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 68, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defended in substance. The requirements of this statement are effective for the District's reporting period beginning July 1, 2017. The District does not expect this statement to have a material effect on its financial statements.

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Notes to General-Purpose Financial Statements**

Note "18" – Recently Issued Accounting Standards (continued):

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2020. The District has not yet determined the impact that this statement might have on its's financial statements.

Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Schedule of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual (NON-GAAP BUDGETARY BASIS) General Fund Year Ended June 30, 2017	Original and Final Budget	Actual	Variance Over (Under)
<b>Revenue:</b>			
Participating towns	\$	\$	\$
Town of Bethlehem	7,161,719	7,161,719	---
Town of Woodbury	22,886,364	22,886,364	---
State of Connecticut			
Adult education grant	6,546	5,919	(627)
Agri-Science/tech grant	1,113,600	989,956	(123,644)
Other			
Investment income	3,500	14,217	10,717
Tuition income	1,785,228	1,993,022	207,794
Other income	1,000	56,720	55,720
<b>Total Revenues</b>	<u>32,957,957</u>	<u>33,107,917</u>	<u>149,960</u>
<b>Expenditures:</b>			
Current			
Salaries - certified	15,183,265	15,090,105	93,160
Salaries - classified	3,779,087	3,702,237	76,850
Employee benefits	5,653,786	4,955,458	698,328
Purchased services	5,765,834	5,484,548	281,286
Supplies and materials	1,079,890	1,074,575	5,315
Liability and property insurance	165,463	157,879	7,584
Dues and fees	91,974	86,134	5,840
Capital outlay	635,217	811,729	(176,512)
<b>Total Expenditures</b>	<u>32,354,516</u>	<u>31,362,665</u>	<u>991,851</u>
<b>Operating Transfers out:</b>			
Reserve for Specific Capital Improvements	100	314,244	(314,144)
Capital Project - High School Renovation fund	673,500	673,500	---
OPEB fund	---	677,707	(677,707)
<b>Total Expenditures and     Operating Transfers Out</b>	<u>33,028,116</u>	<u>33,028,116</u>	<u>---</u>
<b>Excess of Revenue Over Expenditures and Transfers</b>			
	(70,159)	79,801	149,960
<b>Fund Balance - beginning of year</b>			
	70,159	95,620	25,461
<b>Prior year surplus returned as budgeted revenue</b>			
	---	(25,461)	(25,461)
<b>Fund Balance - end of year</b>			
	\$ ---	\$ 149,960	\$ 149,960

**Nonnewaug Regional School District #14**  
**Employee Retirement System, Non-certified Employee Plan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Four Fiscal Years**

	2017	2016	2015	2014
Total pension liability:				
Service Cost	\$ 208,741	\$ 235,893	\$ 223,630	\$ 216,068
Interest	375,388	363,266	340,255	313,875
Differences between expected and actual experience	13,928	(90,824)	27,648	-
Changes of assumptions	56,455	-	-	-
Benefit payments, including refunds of member contributions	(234,551)	(397,294)	(192,023)	(170,419)
Net change in total pension liability	419,961	111,041	399,510	359,524
Total pension liability - beginning	4,979,251	4,868,210	4,468,700	4,109,176
Total pension liability - ending	5,399,212	4,979,251	4,868,210	4,468,700
Plan fiduciary net position:				
Contributions - employer	315,000	597,600	311,452	318,806
Net investment income	466,694	68,222	150,722	479,234
Benefit payments, including refunds of member contributions	(234,551)	(397,294)	(192,023)	(170,419)
Administrative expenses	(24,804)	(22,030)	(21,386)	(18,968)
Net change in plan fiduciary net position	522,339	246,498	248,765	608,653
Plan fiduciary net position - beginning	3,764,965	3,518,467	3,269,702	2,661,049
Plan fiduciary net position - ending	4,287,304	3,764,965	3,518,467	3,269,702
Net Pension Liability - Ending	\$ <u>1,111,908</u>	\$ <u>1,214,286</u>	\$ <u>1,349,743</u>	\$ <u>1,198,998</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.41%</u>	<u>75.61%</u>	<u>72.27%</u>	<u>73.17%</u>
Covered employee payroll	\$ <u>2,662,340</u>	\$ <u>2,498,132</u>	\$ <u>2,504,616</u>	\$ <u>2,400,883</u>
Net pension liability as a percentage of covered employee payroll	<u>41.76%</u>	<u>48.61%</u>	<u>53.89%</u>	<u>49.94%</u>



**Nonnewaug Regional School District #14**  
**Employee Retirement System, Non-certified Employee Plan**  
**Schedule of Employer Contributions**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 332,247	315,120	\$ 307,332	\$ 311,452	\$ 318,806	\$ 308,833	\$ 333,574	\$ 349,679	\$ 281,975	\$ 236,653
Contributions in relation to the actuarially determined contribution	315,000	597,600	311,452	318,806	308,833	308,833	350,000	281,975	213,000	154,350
Contribution Deficiency (Excess)	\$ <u>17,247</u>	<u>(282,480)</u>	\$ <u>(4,120)</u>	\$ <u>(7,354)</u>	\$ <u>9,973</u>	\$ <u>-</u>	\$ <u>(16,426)</u>	\$ <u>67,704</u>	\$ <u>68,975</u>	\$ <u>82,303</u>
Covered employee payroll	\$ 2,662,340	2,498,132	\$ 2,504,616	\$ 2,400,883	\$ 2,229,091	\$ 2,404,920	\$ 2,414,691	\$ 2,278,949	\$ 1,943,588	\$ 1,525,677
Contributions as a percentage of covered employee payroll	11.83%	23.92%	12.44%	13.28%	13.85%	12.84%	14.49%	12.37%	10.96%	10.12%

**Notes to Schedule**

Valuation date: July 1, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level dollar: closed period
Remaining amortization period	15 years from July 1, 1998.
Asset valuation method	Assets are carried at fair value
Inflation	3.00%
Salary increases	3.50%
Investment rate of return	7.40%
Retirement age	65 years
Mortality	RP-2000 Mortality Table with separate male and female rates, with Total Dataset adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

**Other:**

Change of benefit terms	None
Changes of assumptions	None

**Nonnewaug Regional School District #14**  
**Employee Retirement System, Non-certified Employee Plan**  
**Schedule of Investment Return**  
**Last Four Fiscal Years**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	12.02%	1.95%	4.43%	16.55%

**Nonnewaug Regional School District #14**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**State of Connecticut Teachers' Retirement System**  
**Last Three Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	50,374,354	39,553,506	36,559,289
Total	<u>\$ 50,374,354</u>	<u>\$ 39,553,506</u>	<u>\$ 36,559,289</u>
District's covered-employee payroll	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

**Notes to Schedule**

Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization method	20.4 years
Asset valuation method	4-year smoothed market
Changes in benefit terms	None
Changes of assumptions	During 2016, the inflation, salary increase, and investment rate of return rates increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
District's covered-employee payroll	Not applicable since 0% proportionate share of the net pension liability

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	<u>Special Revenue Funds</u>					<b>Total Nonmajor Governmental Funds</b>
	<b>Food Service</b>	<b>Special Accounts</b>	<b>E-Rate Program</b>	<b>State, Federal and other Grants</b>	<b>Preschool Program</b>	
<b>Assets:</b>	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	2,002	33,203	---	---	---	35,205
Inventory	4,464	---	---	---	---	4,464
Due from other funds	---	---	---	---	17,892	17,892
Due from St. of Connecticut	24,032	---	---	158,932	---	182,964
Accounts receivable	---	---	87,227	---	---	87,227
<b>Total Assets</b>	<b>\$ 30,498</b>	<b>\$ 33,203</b>	<b>\$ 87,227</b>	<b>\$ 158,932</b>	<b>\$ 17,892</b>	<b>\$ 327,752</b>
<b>Liabilities:</b>	\$	\$	\$	\$	\$	\$
Accounts payable	---	---	69,860	---	---	69,860
Due to State of CT	---	---	---	10,693	---	10,693
Due to other funds	5,438	---	6,840	94,234	---	106,512
Unearned revenue	17,156	---	10,527	54,005	17,892	99,580
<b>Total Liabilities</b>	<b>22,594</b>	<b>---</b>	<b>87,227</b>	<b>158,932</b>	<b>17,892</b>	<b>286,645</b>
<b>Fund Balances:</b>						
Nonspendable:						
Inventories	4,464	---	---	---	---	4,464
Committed for:						
Special activities	---	33,203	---	---	---	33,203
Unassigned	3,440	---	---	---	---	3,440
<b>Total Fund Balances</b>	<b>7,904</b>	<b>33,203</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>41,107</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 30,498</b>	<b>\$ 33,203</b>	<b>\$ 87,227</b>	<b>\$ 158,932</b>	<b>\$ 17,892</b>	<b>\$ 327,752</b>

Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Combining Statement of Revenue, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2017

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Food Service	Special Accounts	E-Rate Program	State, Federal and other Grants	Preschool Program	
<b>Revenue:</b>						
Federal , state and other grants	\$ 163,826	\$ ---	\$ 88,791	\$ 590,970	\$ ---	\$ 843,587
Investment income	---	63	---	---	---	63
Sales of lunches, milk, and other	565,196	---	---	---	---	565,196
Tuition	---	---	---	---	42,711	42,711
Miscellaneous fees and contributions	---	28,549	---	---	---	28,549
<b>Total Revenues</b>	<b>729,022</b>	<b>28,612</b>	<b>88,791</b>	<b>590,970</b>	<b>42,711</b>	<b>1,480,106</b>
<b>Expenditures:</b>						
Salaries - certified	---	---	---	466,199	---	466,199
Salaries - classified	388,508	---	---	---	51,308	439,816
Employee benefits	---	---	---	9,944	---	9,944
Purchased services	---	---	5,000	44,318	---	49,318
Supplies and materials	36,565	29,654	83,791	28,244	---	178,254
Cost of food purchased	300,466	---	---	---	---	300,466
Capital outlay	14,072	---	---	42,265	---	56,337
<b>Total Expenditures</b>	<b>739,611</b>	<b>29,654</b>	<b>88,791</b>	<b>590,970</b>	<b>51,308</b>	<b>1,500,334</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in (out)	---	---	---	---	---	---
<b>Total Expenditures and Operating Transfers In</b>	<b>739,611</b>	<b>29,654</b>	<b>88,791</b>	<b>590,970</b>	<b>51,308</b>	<b>1,500,334</b>
<b>Excess of Revenues over Expenditures</b>	<b>(10,589)</b>	<b>(1,042)</b>	<b>---</b>	<b>---</b>	<b>(8,597)</b>	<b>(20,228)</b>
<b>Fund Balance - beginning of year</b>	<b>18,493</b>	<b>34,245</b>	<b>---</b>	<b>---</b>	<b>8,597</b>	<b>61,335</b>
<b>Fund Balance - end of year</b>	<b>\$ 7,904</b>	<b>\$ 33,203</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 41,107</b>

Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Detail Statement of Scholarship Net Position  
Private Purpose Trust Funds  
June 30, 2017

	<u>ASSETS</u>		<u>LIABILITIES</u>		<u>NET ASSETS</u>		Total Net Position
	Cash Invested Cash and Receivables		Accounts Payable	Reserved for Endowment	Designated for Scholarships	Unreserved and Undesignated	
	\$	\$	\$	\$	\$	\$	\$
<b>Non-Expendable Funds</b>							
Blechner	54,531		---	54,531	---	---	54,531
Sanford	44,480		---	44,480	---	---	44,480
<b>Expendable Funds</b>							
Albert	2,835		---	---	---	2,835	2,835
Bailey	1,084		---	---	---	1,084	1,084
Besancon	6,117		---	---	---	6,117	6,117
Blinstrubas	4,025		---	---	---	4,025	4,025
Bloss	267,635		---	---	129,250	138,385	267,635
Burger	97		---	---	---	97	97
Cummings	6,184		---	---	---	6,184	6,184
Gagne	1,643		---	---	---	1,643	1,643
Lovett	5,511		---	---	---	5,511	5,511
Meeke	1,158		---	---	---	1,158	1,158
Mirfield	10,414		---	---	---	10,414	10,414
Oxbury 4-H	5,191		---	---	---	5,191	5,191
Pierpoint	3,249		---	---	---	3,249	3,249
Pomperaug Grange	1,312		---	---	---	1,312	1,312
Ruggiero	3,405		---	---	---	3,405	3,405
Sprano	1,743		---	---	---	1,743	1,743
Tateo	3,777		---	---	---	3,777	3,777
Vaszauskas	4,514		---	---	---	4,514	4,514
Zane	5,523		---	---	---	5,523	5,523
	\$ 434,428	\$	---	\$ 99,011	\$ 129,250	\$ 206,167	\$ 434,428

Nonnewaug Regional School District #14  
Towns of Bethlehem and Woodbury  
Detail Statement of Changes in Scholarship Net Position  
Private Purpose Trust Funds  
Year Ended June 30, 2017

	<u>Additions</u>			<u>Deductions</u>			Net Increase (Decrease)	Net Position June 30, 2016	Net Position June 30, 2017
	Contributions	Interest	Total	Scholarship Payments					
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Non-Expendable Funds</b>									
Blechner	---	270	270	500	(230)	54,761	54,531		
Sanford	---	219	219	---	219	44,261	44,480		
<b>Total Non - Expendable</b>	<b>\$ ---</b>	<b>\$ 489</b>	<b>\$ 489</b>	<b>\$ 500</b>	<b>\$ (11)</b>	<b>\$ 99,022</b>	<b>\$ 99,011</b>		
<b>Expendable Funds</b>									
Albert	\$ ---	\$ 14	\$ 14	\$ ---	\$ 14	\$ 2,821	\$ 2,835		
Bailey	---	5	5	---	5	1,079	1,084		
Besanson	---	30	30	---	30	6,087	6,117		
Blinstrubas	2,500	21	2,521	500	2,021	2,004	4,025		
Bloss	56,689	1,401	58,090	66,600	(8,510)	276,145	267,635		
Burger	---	1	1	---	1	96	97		
Cummings	75	32	107	500	(393)	6,577	6,184		
Gagne	---	8	8	---	8	1,635	1,643		
Lovett	---	27	27	---	27	5,484	5,511		
Meeker	---	6	6	---	6	1,152	1,158		
Mirfield	---	51	51	---	51	10,363	10,414		
Oxbury 4-H	---	26	26	---	26	5,165	5,191		
Pierpoint	---	16	16	---	16	3,233	3,249		
Pomperaug Grange	---	6	6	---	6	1,306	1,312		
Ruggiero	---	17	17	---	17	3,388	3,405		
Sprano	---	10	10	300	(290)	2,033	1,743		
Tateo	250	19	269	500	(231)	4,008	3,777		
Vaszauskas	5,000	14	5,014	500	4,514	---	4,514		
Miscellaneous	2,000	---	2,000	2,000	---	---	---		
Zane	---	27	27	---	27	5,496	5,523		
<b>Total Expendable</b>	<b>\$ 66,514</b>	<b>\$ 1,731</b>	<b>\$ 68,245</b>	<b>\$ 70,900</b>	<b>\$ (2,655)</b>	<b>\$ 338,072</b>	<b>\$ 335,417</b>		

**Nonnewaug Regional School District #14**  
**Towns of Bethlehem and Woodbury**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>School Activity Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 243,137	\$ 521,573	\$ 534,323	\$ 230,387
<b>Liabilities:</b>				
Due to student groups	\$ 243,137	\$ 521,573	\$ 534,323	\$ 230,387



***Appendix B-1***

***Form of Legal Opinion for the Bonds***

July \_\_\_, 2018

Regional School District No. 14  
Serving Bethlehem & Woodbury, CT  
*Central Office*  
67 Washington Avenue  
PO Box 469  
Woodbury, CT 06798-0469

Re: \$12,000,000 General Obligation Bonds, Issue of 2018  
dated July \_\_\_, 2018

We have acted as Bond Counsel in connection with the issuance by the Regional School District No. 14 (the "District"), in the State of Connecticut, of its \$12,000,000 General Obligation Bonds, Issue of 2018 (the "Bonds") dated July \_\_\_, 2018. In such capacity, we have examined a record of proceedings of the District authorizing the Bonds, a Tax Regulatory Agreement of the District dated July \_\_\_, 2018 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the District and its member towns of Bethlehem and Woodbury payable as to both principal and interest from ad valorem taxes which may be levied by each member town on all the taxable property subject to taxation by the member town in the District within such 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 District and was duly authorized by the District.

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds is excludable from gross income. In the Agreement, the District has made covenants and representations designed to assure compliance with such requirements of the Code. The District 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 District with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for taxable years that began before January 1, 2018 for certain corporations (as defined for federal income tax purposes) such interest may be taken into account in computing the corporation's federal alternative minimum tax liability. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and 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 express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated July \_\_, 2018 and other offering material relating to the Bonds.

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

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

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix B-2***

***Form of Legal Opinion for the Notes***

July \_\_\_, 2018

Regional School District No. 14  
Serving Bethlehem & Woodbury, CT  
*Central Office*  
67 Washington Avenue  
PO Box 469  
Woodbury, CT 06798-0469

Re: \$18,000,000 General Obligation Bond Anticipation Notes  
dated July \_\_\_, 2018

We have acted as Bond Counsel in connection with the issuance by the Regional School District No. 14 (the "District"), in the State of Connecticut, of its \$18,000,000 General Obligation Bond Anticipation Notes (the "Notes") dated July \_\_\_, 2018 and maturing July \_\_\_, 2019. In such capacity, we have examined a record of proceedings of the District authorizing the Notes, a Tax Regulatory Agreement of the District dated July \_\_\_, 2018 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the District and its member towns of Bethlehem and Woodbury payable as to both principal and interest from ad valorem taxes which may be levied by each member town on all the taxable property subject to taxation by the member town in the District within such 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 District and was duly authorized by the District.

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

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

issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the District 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 Notes is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for taxable years that began before January 1, 2018 for certain corporations (as defined for federal income tax purposes) such interest may be taken into account in computing the corporation's federal alternative minimum tax liability. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes 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 Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated July \_\_, 2018 and other offering material relating to the Notes.

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

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

Respectfully,

PULLMAN & COMLEY, LLC

***Appendix C-1***

***Form of Continuing Disclosure Agreement for the Bonds***

## CONTINUING DISCLOSURE AGREEMENT

### In Connection With The Issuance and Sale of \$12,000,000 General Obligation Bonds, Issue of 2018, dated July \_\_, 2018

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of July \_\_, 2018, by the Regional School District No. 14 of the State of Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$12,000,000 General Obligation Bonds dated July \_\_, 2018 (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 \_\_, 2018, 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 (commencing with the information and data for the fiscal year ending June 30, 2018):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End 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. As of the



date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

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

(A) the amounts of the gross and net taxable grand list;

(B) the percentage and amount of the annual property tax levy collected and uncollected;

(C) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness;

(E) a calculation of the total 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 for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal

Year End, it shall submit unaudited information by such time and will submit audited information when available.

**Section 4. Event Notices.**

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

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;
- (v)** adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the security;
- (vi)** tender offers;
- (vii)** bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)** Bond defeasances; and
- (ix)** rating changes.

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

- (i)** non-payment related defaults;
- (ii)** modifications to rights of Bond holders;
- (iii)** Bond calls;
- (iv)** release, substitution, or sale of property securing repayment of the Bonds;
- (v)** consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

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

**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 into 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. 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 Regional School District No. 14, 67 Washington Avenue, PO Box 469, Woodbury, Connecticut 06798-0469, ATTN: Janet Morgan, Chairman. 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 11. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. 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.

**REGIONAL SCHOOL DISTRICT  
NO. 14**

\_\_\_\_\_  
Janet Morgan, Chairman of the Board of Education

\_\_\_\_\_  
George Bauer, Treasurer

***Appendix C-2***

***Form of Continuing Disclosure Agreement for the Notes***

## CONTINUING DISCLOSURE AGREEMENT

### In Connection With The Issuance and Sale of \$18,000,000 General Obligation Bond Anticipation Notes, dated July \_\_, 2018

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of July \_\_, 2018, by the Regional School District No. 14 of the State of Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$18,000,000 General Obligation Bond Anticipation Notes dated July \_\_, 2018 (the “Notes”).

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

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated July \_\_, 2018, prepared in connection with the issuance of the Notes.

“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 2 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. Event Notices.**

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

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

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

(vi) tender offers;

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

(viii) Bond defeasances; and

(ix) rating changes.

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

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

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

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

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

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

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

**Section 5. 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 Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any

amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

**Section 6. Additional Information.** Nothing in this 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 7. 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 Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Regional School District No. 14, 67 Washington Avenue, PO Box 469, Woodbury, Connecticut 06798-0469, ATTN: Janet Morgan, Chairman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

**Section 8. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 12. 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.

**REGIONAL SCHOOL DISTRICT  
NO. 14**

\_\_\_\_\_  
Janet Morgan, Chairman of the Board of Education

\_\_\_\_\_  
George Bauer, Treasurer



***Appendix D-1***

***Notice of Sale for the Bonds***

**NOTICE OF SALE  
REGIONAL SCHOOL DISTRICT NO. 14 OF THE STATE OF CONNECTICUT**

**\$12,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2018  
BOOK ENTRY ONLY  
(the “Bonds”)**

ELECTRONIC BIDS via *PARITY*<sup>®</sup> will be received by the **REGIONAL SCHOOL DISTRICT NO. 14 OF THE STATE OF CONNECTICUT** (the “District”), at the District’s Business Office located at 67 Washington Avenue, Woodbury, Connecticut until **11:30 A.M. (Eastern Time), WEDNESDAY**

**July 11, 2018**

(the “Bid Date”) for the purchase of all (but not less than all) of \$12,000,000 General Obligation Bonds, Issue of 2018, of the District (the “Bonds”), when issued, at not less than par, which mature on August 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$480,000	2032	\$480,000
2020	\$480,000	2033	\$480,000
2021	\$480,000	2034	\$480,000
2022	\$480,000	2035	\$480,000
2023	\$480,000	2036	\$480,000
2024	\$480,000	2037	\$480,000
2025	\$480,000	2038	\$480,000
2026	\$480,000	2039	\$480,000
2027	\$480,000	2040	\$480,000
2028	\$480,000	2041	\$480,000
2029	\$480,000	2042	\$480,000
2030	\$480,000	2043	\$480,000
2031	\$480,000		

**The Issue**

The Bonds will be general obligations of the District and its member towns, Bethlehem and Woodbury (the “Member Towns”). The District and its Member Towns will pledge their full faith and credit to pay the principal of and the interest on the Bonds. Unless paid from other sources, the Bonds are payable from general property tax revenues of the Member Towns. The Member Towns have the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in said Member Towns without limit as to rate or amount, except as to 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 pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on August 1, 2019 and semiannually thereafter on each February 1 and August 1 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated June 27, 2018.

## **Optional Redemption**

The Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after August 1, 2025, 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 District 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>
August 1, 2025 and thereafter	100%

The District, 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 Bonds have been rated “Aa3” by Moody’s Investor Service (“Moody’s”). The District’s Member Town of Woodbury, Connecticut has an outstanding bond rating from Moody’s of “Aa2.” The District’s other Member Town of Bethlehem, Connecticut does not have any outstanding debt.

## **Official Statement and Continuing Disclosure Agreement**

The District has prepared a Preliminary Official Statement for the Bonds which is dated June 27, 2018, 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 District will provide the winning purchaser 25 copies of the Official Statement at the District’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 (7<sup>th</sup>) business day after the day bids on the Bonds are received. If the District’s municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. 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 District will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the District 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 Bidding Procedures**

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**<sup>®</sup>, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Wednesday, July 11, 2018, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**<sup>®</sup>, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The District neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**<sup>®</sup> is communicated to the District, 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 District. By submitting a bid for the Bonds via **PARITY**<sup>®</sup>, the bidder represents and warrants to the District 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 District 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 District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY<sup>®</sup>, the use of PARITY<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

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

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

## **Bid Requirements**

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than par will be considered.

## **Establishment of Issue Price**

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

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

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

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

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

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

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

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

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

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

this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

### **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 District. 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 25, 2018, 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 District 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 District the reoffering prices of all the Bonds of each maturity.

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

### **Closing Documents and Legal Opinion**

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 Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B-1 to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the District to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of District Officials relating to the accuracy and completeness of the Official Statement.

The Bonds **SHALL NOT** be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986.

The District 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 District’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 District shall have no responsibility for such clearance, exemption or preparation.

## **Settlement of the Bonds**

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 25, 2018 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 municipal advisor to obtain CUSIP numbers for the Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the municipal advisor to obtain such numbers and to supply them to the District in a timely manner. The municipal advisor will provide CUSIP Global Services with the final details of the sale, including the identity of the winning purchaser. The District 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 District reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

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

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the District 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 District 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 District fails to identify another qualified securities depository to replace DTC, or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the District will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day.)



**Additional Information**

More information concerning the issue and the District may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, CT 06460 (203) 283-1110.

Janet Morgan  
Chairman of the Board of Education

George Bauer  
Treasurer

June 27, 2018

***Appendix D-2***

***Notice of Sale for the Notes***

**NOTICE OF SALE**  
**REGIONAL SCHOOL DISTRICT NO. 14 OF THE STATE OF CONNECTICUT**

**\$18,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

**Dated July 25, 2018: Due July 24, 2019**

TELEPHONE BIDS and ELECTRONIC BIDS via **PARITY**<sup>®</sup> (as described herein) will be received by the **REGIONAL SCHOOL DISTRICT NO. 14 OF THE STATE OF CONNECTICUT** (the “District”) at the District’s Business Office located at 67 Washington Avenue, Woodbury, Connecticut 06798 until **11:00 A.M. (Eastern Time), WEDNESDAY,**

**July 11, 2018**

for the purchase of \$18,000,000 Regional School District No. 14, General Obligation Bond Anticipation Notes (the “Notes”). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the District’s municipal advisor (See “Telephone Bidding Procedures”). Electronic bids must be submitted via **PARITY**<sup>®</sup> (See “Electronic Bidding Procedures”).

**The Issue**

The Notes will be general obligations of the District and its member towns, Bethlehem and Woodbury (the “Member Towns”). The District and its Member Towns will pledge their full faith and credit to pay the principal of and the interest on the Notes. Unless paid from other sources, the Notes are payable from general property tax revenues of the Member Towns. The Member Towns have the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in said Member Towns without limit as to rate or amount, except as to 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. The Notes are expected to be dated July 25, 2018 and will mature and be payable to the registered owner on July 24, 2019 as further described in the Preliminary Official Statement for the Notes dated June 27, 2018 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes are NOT subject to redemption prior to maturity.

**Ratings**

The Notes have been rated “MIG-1” by Moody’s Investor Service.

**Official Statement and Continuing Disclosure Agreement**

The District has prepared a Preliminary Official Statement for the Notes which is dated June 27, 2018, 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 District will provide the winning underwriter 25 copies of the Official Statement at the District’s expense. The copies of the Official Statement will be made available to the winning underwriter at delivery of the Notes or by the 7<sup>th</sup> business day after the day bids on the Notes are received. If the District’s municipal advisor is provided with the necessary information from the winning underwriter by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing

underwriter. Additional copies of the Official Statement may be obtained by the underwriter at its own expense by arrangement with the printer.

The underwriter 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 Notes to the ultimate underwriters.

The District will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 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), notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

### **Electronic Bidding Procedures**

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

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

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

For purposes of the telephone bidding process and the electronic bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the District, as described under “Bid Specifications/Basis of Award” below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Notes.

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and

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

### **Telephone Bidding Procedures**

Telephone bids will be received until 11:00 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the District's municipal advisor. All telephone bids must be made to (203) 283-1110 and be completed by 11:00 A.M. (Eastern Time) on Wednesday, July 11, 2018.

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

### **Bid Specifications/Basis of Award**

A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the District, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the District reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the District with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the District the reoffering prices of the Notes.

Bids will be finally accepted or rejected promptly after opening and not later than 1:00 P.M. (Eastern Time) on the Bid Date in accordance with the provisions herein.

## Establishment of Issue Price

In order to provide the District with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the District at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. However, such certificate may indicate that the winning bidder has purchased the Notes (or a portion thereof) for its own account in a capacity other than as an Underwriter, and currently has no intent to reoffer the Notes for sale to the Public (as defined below). For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the District.

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

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

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

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

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

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

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

- (1) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) winning bidder, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

### **Settlement of the Notes**

It is expected that the Notes will be delivered to DTC in New York City on or about July 25, 2018 against payment in immediately available Federal Funds. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning underwriter to obtain CUSIP numbers for the Notes prior to delivery and the District will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning underwriter to obtain such numbers and to supply them to the District in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect

thereto, shall constitute a cause for a failure or refusal by the underwriter thereof to accept delivery of and pay for the Notes.

The Notes will be certified by U. S. Bank National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Pullman & Comley LLC, Bond Counsel of Bridgeport and Hartford, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B-2 to the Official Statement. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement and an executed Continuing Disclosure Agreement.

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

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

The underwriter will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The District shall have no responsibility for such clearance, exemption or preparation.

The Notes **SHALL NOT** be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code.

### **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 District reserves the right to alter any terms of the Notes 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**

Except as set forth below under Direct Placement Bidders, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$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 winning bidder, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on



the Notes will be payable by the District or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District 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 Notes and the District fails to identify another qualified securities depository to replace DTC, or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the District will authenticate and deliver replacement Notes in the form of fully registered Note certificates directly to the beneficial owners of the Notes or their nominees.

### **Direct Placement Bidders**

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment (“Direct Placement Bidders”) may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder, if awarded the Notes, must execute a letter addressed to the District acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

### **Additional Information**

More information concerning the issue and the District may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, CT 06460 (203) 283-1110.

Janet Morgan  
Chairman of the Board of Education

George Bauer  
Treasurer

June 27, 2018

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