

## Preliminary Official Statement Dated March 15, 2019

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

**Ratings: Moody's Investors Service: " " / " "**

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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds and Notes are not "private activity bonds" and interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum taxes; 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 interest on the Bonds and 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 "Opinion of Bond Counsel and Tax Status" herein.)



**\$8,250,000**

### **Regional School District Number 12 of the State of Connecticut**

**(Towns of Bridgewater, Roxbury, and Washington, Connecticut)**

**General Obligation Bonds, Issue of 2019**

**Dated: Date of Delivery**

**Due: Serially, April 1, 2020-2040  
as detailed inside the front cover:**

Interest on the General Obligation Bonds, Issue of 2019 (the "Bonds") will be payable semiannually on April 1 and October 1 in each year until maturity, commencing on October 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 act 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-Only 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 Tuesday, March 26, 2019 at the Offices of Day Pitney, LLP, Crandall Conference Room, 242 Trumbull Street, Hartford, Connecticut 06103.**

**\$4,000,000**

### **General Obligation Bond Anticipation Notes**

**Dated: April 10, 2019**

**Due: April 9, 2020**

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 March 15, 2019. 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 Tuesday, March 26, 2019 at the Offices of Day Pitney, LLP, Crandall Conference Room, 242 Trumbull Street, Hartford, Connecticut 06103. 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 Number 12 of the State of Connecticut (the "District") and its member towns of Bridgewater, Roxbury and Washington (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 Day Pitney, LLP 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 April 10, 2019.



**\$8,250,000**  
**Regional School District Number 12**  
**of the State of Connecticut**  
**(Towns of Bridgewater, Roxbury, and Washington, Connecticut)**  
**General Obligation Bonds, Issue of 2019**

**Dated:**     **Date of Delivery**

**Due: Serially on April 1, 2020-2040,**  
**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>
2020	\$ 325,000	__%	__%	759134__	2031	\$ 400,000	__%	__%	759134__
2021	350,000	__%	__%	759134__	2032	400,000	__%	__%	759134__
2022	400,000	__%	__%	759134__	2033	400,000	__%	__%	759134__
2023	400,000	__%	__%	759134__	2034	400,000	__%	__%	759134__
2024	400,000	__%	__%	759134__	2035	400,000	__%	__%	759134__
2025	400,000	__%	__%	759134__	2036	395,000	__%	__%	759134__
2026	400,000	__%	__%	759134__	2037	395,000	__%	__%	759134__
2027	400,000	__%	__%	759134__	2038	395,000	__%	__%	759134__
2028	400,000	__%	__%	759134__	2039	395,000	__%	__%	759134__
2029	400,000	__%	__%	759134__	2040	395,000	__%	__%	759134__
2030	400,000	__%	__%	759134__					

**\$4,000,000**  
**General Obligation Bond Anticipation Notes**

**Dated:**     **April 10, 2019**

**Rate:**     \_\_%

**Due:**       **April 9, 2020**

**Yield:**    \_\_%

**CUSIP:**<sup>1</sup>   **759134\_\_**

<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 District and are included solely for the convenience of the holders of the Bonds and the Notes. The District 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 and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes 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 and the Notes. It shall be the responsibility of the municipal advisor to obtain CUSIP numbers for the Bonds and the Notes 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 or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes 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 or the Notes 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 Bridgewater, Roxbury, and Washington 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 Appendix A “2018 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 “Opinion of Bond Counsel and Tax Status” 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>	Tuesday, March 26, 2019 at 11:30 A.M. (Eastern Time)
<b>Location of Sale</b>	Offices of Day Pitney, LLP, Crandall Conference Room, 242 Trumbull Street, Hartford, Connecticut 06103.
<b>Issuer:</b>	Regional School District Number 12 of the State of Connecticut (Towns of Bridgewater, Roxbury, and Washington) (the "District").
<b>Issue:</b>	\$8,250,000 General Obligation Bonds, Issue of 2019 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	Principal due serially, April 1, 2020 through April 1, 2040 as detailed in this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year until maturity, commencing on October 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 Shepaug 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 Bridgewater, Roxbury, and Washington (the "Member Towns"), and the District will pledge its 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 " " 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 "Opinion of Bond Counsel" and "Tax Status" 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>	Day Pitney LLP 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 April 10, 2019. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the District should be addressed to: Nicole Grant, Director of Finance, 11A School Street, Washington Depot, Connecticut 06794. Phone (860) 868-6107.

## **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>	Tuesday, March 26, 2019 at 11:00 A.M. (Eastern Time)
<b>Location of Sale</b>	Regional School District Number 12, Business Office, 11A School Street, Washington Depot, Connecticut 06794
<b>Issuer:</b>	Regional School District Number 12 of the State of Connecticut (Towns of Bridgewater, Roxbury, and Washington) (the “District”).
<b>Issue:</b>	\$4,000,000 General Obligation Bond Anticipation Notes (the “Notes”).
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	At maturity on April 9, 2020.
<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 Shepaug High School and to finance additional renovations to Shepaug 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 Bridgewater, Roxbury, and Washington (the “Member Towns”), and the District will pledge its 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 “ ” 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 “Opinion of Bond Counsel” and “Tax Status” 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>	Day Pitney LLP 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 April 10, 2019. Delivery of the Notes will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the District should be addressed to: Nicole Grant, Director of Finance, 11A School Street, Washington Depot, Connecticut 06794. Phone (860) 868-6107.

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

### ***Introduction***

This Official Statement is provided for the purpose of presenting certain information relating to Regional School District Number 12 of the State of Connecticut (the "District") comprised of the Towns of Bridgewater, Roxbury, and Washington (the "Member Towns"), in connection with the original issuance and sale of \$8,250,000 General Obligation Bonds, Issue of 2019 (the "Bonds") and \$4,000,000 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 March 15, 2019 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 serves 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 April 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 October 1, 2019, and semiannually thereafter on April 1 and October 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 March and September 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 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 April 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing April 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after April 1, 2025 at any time, either 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>
April 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 April 10, 2019 and will be due and payable as to both principal and interest at maturity on April 9, 2020. 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 Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B.

**Authorization and Purpose**

An appropriation and bond authorization in the aggregate amount of \$39,491,387 for the construction of a new agriscience STEM academy and renovations to the science wing of and other facilities improvements to Shepaug Valley School was adopted by the District Board of Education on October 15, 2015, and approved at referenda of the Member Towns held on November 10, 2015.



## Use of Bond Proceeds:

Project	Aggregate Amount Authorized	Maturing Notes Due: 4/10/19	New Money	This Issue:		Authorized but Unissued
				Bonds	Notes Due: 4/9/20	
Agriscience STEM Academy / Shepaug						
Valley School Renovation Project .....	\$ 39,491,387	\$ 9,000,000	\$ 3,250,000	\$ 8,250,000	\$ 4,000,000	\$ 27,241,387
<b>Total .....</b>	<b>\$ 39,491,387</b>	<b>\$ 9,000,000</b>	<b>\$ 3,250,000</b>	<b>\$ 8,250,000</b>	<b>\$ 4,000,000</b>	<b>\$ 27,241,387</b>

Source: Regional School District Number 12 Business Office.

## 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 payments 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 Bridgewater, Roxbury, and Washington. 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. Each Member Town has the power under Connecticut General Statutes to levy ad valorem taxes on

all taxable property in such Member Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay each Member Town the amount of tax revenues which such Member Town 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. **The District does not have the direct power to levy taxes.**

### ***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 Continuing Disclosure Agreements with respect to the Bonds and the Notes (each a "Continuing Disclosure Agreement"), substantially in the forms set out in Appendix C-1 and Appendix C-2 to this Official Statement, respectively, to provide or cause to be provided, in accordance with the requirements of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (i) certain annual financial information and operating data of the District and its Member Towns, (ii) timely notice of the occurrence of certain events with respect to the Bonds and the Notes, 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 for the Bonds. The winning bidder's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, an executed copy of the respective Continuing Disclosure Agreement.

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. 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.

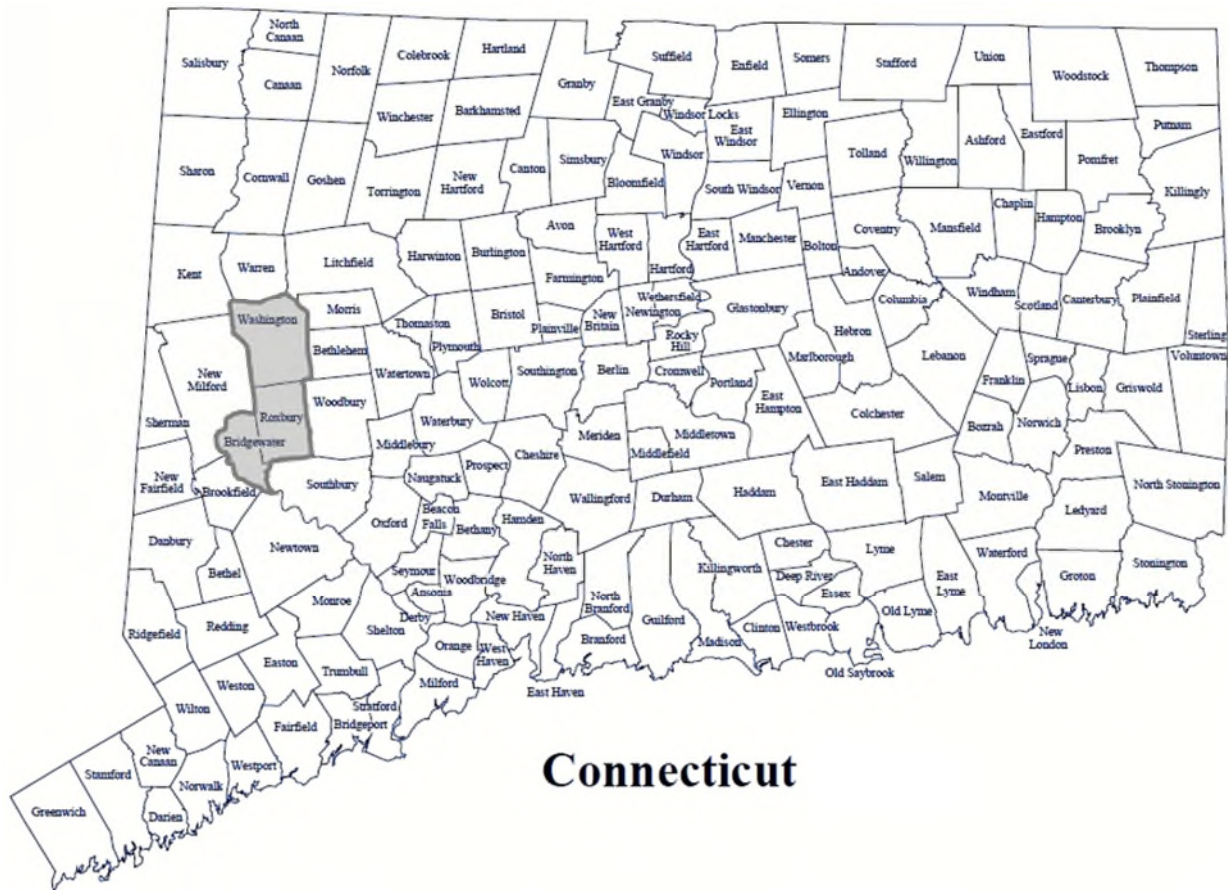
### ***Ratings***

The Bonds and the Notes have been rated “ ” and “ ”, 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



### **Description of Regional School District Number 12**

Regional School District Number 12 (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 Bridgegewater, Roxbury and Washington in 1967.

The affairs of the District are administered by a Regional Board of Education (the "Board") made up of twelve members. Board members are elected by the public and have responsibility for all activities related to public elementary and secondary school education. The Board receives local, State and Federal funding, and must therefore comply with various requirements of these funding source entities. The Board's governing authority includes the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The District's annual meeting is the District meeting at which the annual budget is presented for adoption and is held on the first Monday in May. After adoption of the annual budget of the District, the Board determines 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 as reported to the State of Connecticut through the public school information system on October 1 of the preceding school year. For 2018-19, the Town of Bridgegewater pays approximately 17.94%, Roxbury 36.22% and Washington 45.84% of the District's budget. Payments are made to the District on a monthly basis in accordance with cash flow requirements of the District.

The District serves the Member Towns and operates three elementary schools: the Burnham School located in Bridgegewater, Booth Free School located in Roxbury and Washington Primary School located in Washington Depot. The Shepaug Valley School, for grades sixth through twelve, is located in Washington. The Early Childhood Education Center, a pre-school program, is located within the Washington Primary School. The student population served is stratified as follows: Elementary Schools (grades PK-5) 264 students, Middle School (grades 6-8) 158 students, High School (grades 9-12) 260 for a total of 682 students enrolled this year.

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.

The withdrawal of a town from the district or the dissolution of the district would not affect 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***

The Regional School District Number 12 member Towns of Bridgewater, Roxbury and Washington are located in Litchfield County in the northwest corner of Connecticut. Northwestern Connecticut is noted for its rural attractiveness. Numerous lakes, mountains and forests have led to the development of State parks, land preservation trusts, and outdoor recreational facilities. While agriculture continues to be important to the region's economy, tourism, served by inns, restaurants and small retail facilities located throughout the area, is also significant. A number of private educational institutions are located in the region.

Income and wealth measures of the District's member Towns, as indicated by census data, exceed national and State levels. The region's amenities and accessibility, particularly to New York City, have made it the site of primary and secondary residences of a number of high-wealth individuals. A brief description of each member Town follows.

#### ***Town of Bridgewater***

The Town of Bridgewater was settled in 1722, as part of New Milford, and incorporated in May 1856. Bridgewater is a residential and agricultural community with a land area of 16.3 square miles. It is located in western Connecticut and east of Lake Lillinonah and the Housatonic River. The Town is approximately eighteen miles west of Waterbury and eight miles north of Danbury and has a current population estimated at 1,681.

#### ***Town of Roxbury***

The Town of Roxbury was settled about 1713, as part of Woodbury, and incorporated in 1796. In early days, a silver mine was opened on Mine Hill. When iron was found in the mine, a smelting furnace was built. Today, the Town is a residential and agricultural community with a land area of 26.4 square miles. Roxbury is located in western Connecticut in the watershed of the lower Shepaug River and it is approximately twelve miles west of Waterbury and fourteen miles northeast of Danbury with a current population estimated at 2,231.

#### ***Town of Washington***

The Town of Washington was incorporated in January 1779. Washington is a residential and agricultural community and is the location of a number of private schools, including The Gunnery, Rumsey Hall, Glenholme, and Washington Montessori. Washington's land area totals 38.7 square miles, making it the largest of the three Towns. Washington is approximately eighteen miles northwest of Waterbury and fourteen miles northeast of Danbury and has a current population estimated at 3,489.

## Form of Government

The Towns of Bridgewater, Roxbury and Washington operate under the Town Meeting form of government with three-member Boards of Selectmen elected to four-year staggered terms of office biennially and six-member Boards of Finance elected to six-year staggered terms. The Town Meeting is the legislative body of each Town and must approve the annual budget, supplemental appropriations over \$20,000, and all bond and note authorizations. 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.

### Principal District Officials

Office	Name	Manner of Selection	Term Expires
Board of Education:			
Chairman .....	Anthony Amato	Elected	6/30/2019
Vice Chairman .....	Michelle Gorra	Elected	6/30/2019
Secretary .....	Lisa Roush	Elected	6/30/2019
Treasurer .....	Stephanie Kolnick	Elected	6/30/2019
Member .....	Alan Brown	Elected	6/30/2019
Member .....	John Buonaio	Elected	6/30/2021
Member .....	Gregory J. Cava	Elected	6/30/2021
Member .....	James Hirschfield	Elected	6/30/2021
Member .....	Jennifer Pote	Elected	6/30/2021
Member .....	Michael Sinatra	Elected	6/30/2021
Member .....	Julie Stuart	Elected	6/30/2019
Member .....	Peter Tagley	Elected	6/30/2021
Superintendent of Schools .....	Megan Bennett	Appointed	N/A
Director of Finance .....	Nicole Grant	Appointed	N/A

Source: Director of Finance, Regional School District Number 12

### Summary of Municipal Services

**Public safety:** Police protection and investigative services are provided to the Town of Bridgewater by the Connecticut State Police through the Resident State Trooper Program and constables. Fire protection and emergency medical services are provided by the Bridgewater Fire Department. The Department is the last self-supporting fire department left in Connecticut.

The Resident State Trooper, State Police Troopers assigned from Troop A in Southbury, and Roxbury constables provide the Town of Roxbury with police protection. The Town's emergency medical services and fire protection are provided by the volunteer Roxbury Ambulance Association and Roxbury Volunteer Fire Department.

The Town of Washington has a Resident State Trooper and a staff of full-time and part-time officers providing police protection. The Washington Volunteer Fire Department and Volunteer Washington Ambulance Association provide emergency medical and fire protection services.

**Solid waste disposal and recycling:** The Town of Bridgewater has a 26-year contract with the Housatonic Resources Recovery Authority ("HRRRA") signed July 1993 for disposal of its solid waste. Waste is currently handled by Wheelabrator Environmental Systems at its Bridgeport facility. The Fiscal Year 2018-19 fee is \$78.00 per ton which includes transport, disposal and administration fees. Bridgewater also has contracted with HRRRA for the handling of its recyclables. It is currently handled by Recycling Technologies, Inc. in Danbury, after private subscription collection.

Roxbury has a ten-year contract with the Materials Innovation and Recycling Authority, formerly known as Connecticut Resources Recovery Authority commencing in February of 1993 for disposal of its solid waste. The solid waste is delivered to the Watertown Transfer Station and taken to the Mid-Connecticut facility in Hartford. The fee is \$49.00 per ton.

Washington has contracted with Ogden Martin Systems of Bristol, Inc. for the disposal of its solid waste. The Fiscal Year 2018-19 fee is \$59.00 per ton. Washington is a member of the Tunxis Recycling Operating Committee which implemented a curbside recycling program in 1991. Recyclables are transported from the Town's landfill to an intermediate processing center in Berlin. The Town of Washington does not pay a fee for recycling.

**Sewer/water:** Developed properties are served by on-site septic systems in all three Towns. Private wells are the primary source of water in all three Towns. Washington is served by two small private utilities that provide water to approximately 150 services in the Washington Depot, New Preston and Washington Green sections of Town.

Public libraries: Bridgewater's Burnham Library offers approximately 25,000 volumes. It serves as a focal point in the community and is staffed by professional personnel and a regular core of volunteers. The Bridgewater Library Association, through its Board of Trustees, oversees the library operation and manages the Library Endowment Fund of approximately \$200,000.

Roxbury's Hodge Memorial Library & Museum reopened in 1999. The construction of the \$1.2 million building for the Minor Memorial Library was completed in 1994. The building was completely funded with grants, endowments and contributions. In 2018, the two libraries had over 28,000 patron visits and circulated over 43,000 volumes.

Washington's Gunn Memorial Library offers a wide variety of reading and research materials, as well as activities and programs for patrons of all ages. In 2018, its circulation reached an all-time high of over 44,000 volumes. The construction of a \$2.3 million addition to the library was completed in 1994.

**District's Educational System**

Regional School District Number 12 has three elementary schools serving grades kindergarten through five and Shepaug Valley Middle/High School serving grades six through twelve. Enrollment in the District as of October 1, 2018 was 682 students with a design capacity of 1,425.

**Regional School District Number 12 School Facilities**

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>10/1/2018 Enrollment</b>	<b>Operating Capacity</b>
Booth Free School .....	K-5	1909 (1989)	6	71	175
Burnham School .....	K-5	1929 (1989)	6	53	175
Washington Primary .....	PK-5	1909 (1989)	12	140	325
Shepaug Valley Middle / High School .....	6-12	1972 (1994)	33	418	750
<b>Total .....</b>			<b>57</b>	<b>682</b>	<b>1,425</b>

Source: Director of Finance, Regional School District Number 12.

**District Employees**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
193	191	188	189	183

Source: Director of Finance, Regional School District Number 12

**Current Employee Breakdown**

Administration .....	8.00
Teachers .....	87.60
Clerical .....	17.50
Nurses .....	4.00
Custodians / Maintenance .....	16.76
Cafeteria .....	4.00
Para-Professionals .....	26.24
Technology Staff .....	4.50
Instructional Support .....	15.00
School Resource Office .....	1.00
<b>Total .....</b>	<b>184.60</b>



## Employee Bargaining Groups

<b>Bargaining Unit</b>	<b>Organization</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
Teachers .....	Shepaug Valley Education Association	91.0	6/30/2020
Custodial/Cafeteria .....	Shepaug Valley Custodial and Cafeteria Employees, Local 1303, Council #4, AFSCME, AFL-CIO	17.0	6/30/2021
Clerical .....	Shepaug Valley Clerical Employees, Local 1303, Council #4, AFSCME, AFL-CIO	45.0	6/30/2018 <sup>1</sup>
Administrators .....	Shepaug Valley Administrators Association	6.0	6/30/2022
Nurses.....	Connecticut Health Care Associates, National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO	4.0	6/30/2020
<b>Total .....</b>		<b>163.0</b>	

Source: Director of Finance, Regional School District Number 12

<sup>1</sup> In negotiations.

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.

### Average Membership by Town

	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
Bridgewater.....	117	110	124	133	148
Roxbury.....	204	222	227	219	241
Washington.....	279	281	308	332	329
<b>Total .....</b>	<b>600</b>	<b>613</b>	<b>659</b>	<b>684</b>	<b>718</b>

### School Enrollment

<b>School Year</b>	<b>Pre-K-5</b>	<b>6-8</b>	<b>9-12</b>	<b>Total</b> <sup>1</sup>
<b>Historical</b>				
2009-10	397	248	323	968
2010-11	378	227	326	931
2011-12	367	213	306	886
2012-13	322	199	320	841
2013-14	304	200	292	796
2014-15	286	194	267	747
2015-16	289	177	262	728
2016-17	298	157	252	707
2017-18	266	160	262	688
2018-19	264	158	260	682
<b>Projected</b>				
2019-20	260	157	269	686
2020-21	256	142	285	683
2021-22	263	129	301	693
2022-23	266	123	320	709
2023-24	257	119	316	692

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

Source: Director of Finance, Regional School District Number 12.

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### III. Economic and Demographic Information

#### Population and Density

<b>Town of Bridgewater</b>				<b>Town of Roxbury</b>			
<b>Actual</b>				<b>Actual</b>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>	<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2017 <sup>3</sup>	1,681	-2.6%	103.1	2017 <sup>3</sup>	2,231	-1.2%	57.6
2010	1,725	-5.7%	105.8	2010	2,257	4.7%	58.3
2000	1,830	10.6%	112.3	2000	2,156	18.1%	55.7
1990	1,654	5.8%	101.5	1990	1,825	24.3%	47.2
1980	1,563	22.4%	95.9	1980	1,468	18.6%	37.9
1970	1,277	42.2%	78.3	1970	1,238	35.7%	32.0
1960	898	--	55.1	1960	912	--	23.6

<b>Town of Washington</b>			
<b>Actual</b>			
<b>Year</b>	<b>Population<sup>1</sup></b>	<b>% Increase</b>	<b>Density<sup>2</sup></b>
2017 <sup>3</sup>	3,489	-2.5%	90.2
2010	3,577	-2.2%	92.4
2000	3,657	-6.4%	94.5
1990	3,905	6.8%	100.9
1980	3,657	17.2%	94.5
1970	3,121	19.9%	80.6
1960	2,603	--	67.3

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

<sup>2</sup> Per square mile: 16.3 square miles for Bridgewater, 26.4 square miles for Roxbury, and 38.7 square miles for Washington.

<sup>3</sup> American Community Survey 2013-2017

#### Age Distribution of the Population

<b>Age</b>	<b>Town of Bridgewater</b>		<b>Town of Roxbury</b>		<b>Town of Washington</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Under 5 years .....	31	1.8%	30	1.3%	126	3.6%	186,188	5.2%
5 to 9 years .....	50	3.0	73	3.3	122	3.5	206,536	5.7
10 to 14 years .....	75	4.5	205	9.2	142	4.1	225,831	6.3
15 to 19 years .....	123	7.3	158	7.1	249	7.1	249,777	6.9
20 to 24 years .....	61	3.6	128	5.7	205	5.9	245,849	6.8
25 to 34 years .....	77	4.6	90	4.0	240	6.9	439,239	12.2
35 to 44 years .....	109	6.5	139	6.2	252	7.2	433,401	12.1
45 to 54 years .....	322	19.2	501	22.5	374	10.7	535,611	14.9
55 to 59 years .....	184	10.9	168	7.5	467	13.4	266,501	7.4
60 to 64 years .....	161	9.6	191	8.6	336	9.6	229,788	6.4
65 to 74 years .....	313	18.6	372	16.7	657	18.8	318,515	8.9
75 to 84 years .....	137	8.1	120	5.4	231	6.6	167,133	4.6
85 years and over .....	38	2.3	56	2.5	88	2.5	90,109	2.5
<b>Total.....</b>	<b>1,681</b>	<b>100.0%</b>	<b>2,231</b>	<b>100.0%</b>	<b>3,489</b>	<b>100.0%</b>	<b>3,594,478</b>	<b>100.0%</b>
Median Age (Years) 2017	54.6		50.7		55.5		40.8	

Source: American Community Survey 2013-2017

## Income Distribution

Income	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	15	2.0%	20	2.2%	26	1.8%	27,787	3.1%
10,000 - 14,999.....	-	0.0	20	2.2	9	0.6	16,143	1.8%
15,000 - 24,999.....	26	3.5	20	2.2	112	7.8	41,072	4.6%
25,000 - 34,999.....	39	5.3	42	4.6	99	6.9	52,218	5.8%
35,000 - 49,999.....	42	5.7	53	5.8	137	9.5	82,371	9.2%
50,000 - 74,999.....	117	15.9	124	13.5	190	13.2	134,356	15.0%
75,000 - 99,999.....	111	15.1	125	13.6	220	15.2	122,244	13.6%
100,000 - 149,999.....	165	22.4	151	16.4	301	20.8	186,352	20.8%
150,000 - 199,999.....	85	11.5	107	11.6	70	4.8	100,359	11.2%
200,000 and over.....	136	18.5	258	28.0	280	19.4	132,765	14.8%
<b>Total.....</b>	<b>736</b>	<b>100.0%</b>	<b>920</b>	<b>100.0%</b>	<b>1,444</b>	<b>100.0%</b>	<b>895,667</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

## Income Levels

	Town of Bridgewater	Town of Roxbury	Town of Washington	State of Connecticut
Per Capita Income, 2017.....	\$64,829	\$84,768	\$71,672	\$41,365
Median Family Income, 2017.....	\$112,375	\$139,500	\$103,713	\$93,800
Median Household Income, 2017.....	\$102,250	\$119,167	\$93,975	\$73,781

Source: American Community Survey 2013-2017

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

	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	13	1.0%	5	0.3%	9	0.3%	104,623	4.2%
9th to 12th grade.....	38	2.8	27	1.6	84	3.2	137,877	5.6
High School graduate.....	236	17.6	264	16.1	355	13.4	673,582	27.2
Some college, no degree.....	227	16.9	214	13.1	498	18.8	422,535	17.0
Associate's degree.....	64	4.8	110	6.7	182	6.9	188,481	7.6
Bachelor's degree.....	393	29.3	621	37.9	910	34.4	532,055	21.5
Graduate or professional degree.....	370	27.6	396	24.2	607	22.9	421,144	17.0
<b>Total.....</b>	<b>1,341</b>	<b>100.0%</b>	<b>1,637</b>	<b>100.0%</b>	<b>2,645</b>	<b>100.0%</b>	<b>2,480,297</b>	<b>100.0%</b>
Total high school graduate or higher (%).....	96.2%		98.0%		96.5%		90.2%	
Total bachelor's degree or higher (%).....	56.9%		62.1%		57.4%		38.4%	

Source: American Community Survey 2013-2017

## Employment by Industry

Sector	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	2	0.2%	27	2.2%	18	1.1%	7,166	0.4%
Construction.....	65	7.3	131	10.8	111	6.7	104,122	5.8
Manufacturing.....	114	12.9	148	12.2	152	9.1	191,519	10.6
Wholesale trade.....	49	5.5	20	1.6	49	2.9	44,741	2.5
Retail trade.....	77	8.7	88	7.2	161	9.7	193,016	10.7
Transportation warehousing, and utilities....	12	1.4	62	5.1	49	2.9	68,926	3.8
Information.....	17	1.9	54	4.4	108	6.5	42,200	2.3
Finance, insurance, real estate, and leasing..	92	10.4	102	8.4	129	7.8	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	113	12.8	182	15.0	278	16.7	208,130	11.5
Education, health and social services.....	207	23.4	226	18.6	426	25.6	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	74	8.4	66	5.4	67	4.0	153,679	8.5
Other services (except public admin.).....	20	2.3	80	6.6	93	5.6	82,538	4.6
Public Administration.....	44	5.0	28	2.3	21	1.3	67,156	3.7
<b>Total Labor Force, Employed.....</b>	<b>886</b>	<b>100.0%</b>	<b>1,214</b>	<b>100.0%</b>	<b>1,662</b>	<b>100.0%</b>	<b>1,805,086</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

**Employment Data  
By Place of Residence**

<i>Period</i>	<i>Employed</i>	<i>Unemployed</i>	<i>Percentage Unemployed</i>		
			<i>Town</i>	<i>Waterbury Labor Market</i>	<i>State of Connecticut</i>
<b><i>Town of Bridgewater</i></b>					
December 2018.....	841	25	2.9%	4.1%	3.2%
2018.....	823	28	3.3%	5.3%	4.4%
2017.....	832	32	3.7%	5.9%	4.7%
2016.....	830	31	3.6%	6.5%	5.3%
2015.....	836	39	4.4%	7.1%	5.6%
2014.....	885	52	5.6%	8.9%	6.7%
<b><i>Town of Roxbury</i></b>					
December 2018.....	1,331	27	2.0%	4.1%	3.2%
2018.....	1,302	42	3.2%	5.3%	4.4%
2017.....	1,294	46	3.4%	5.9%	4.7%
2016.....	1,295	45	3.3%	6.5%	5.3%
2015.....	1,298	44	3.3%	7.1%	5.6%
2014.....	1,264	52	4.0%	8.9%	6.7%
<b><i>Town of Washington</i></b>					
December 2018.....	2,055	40	1.9%	4.1%	3.2%
2018.....	2,012	51	2.5%	5.3%	4.4%
2017.....	1,995	66	3.2%	5.9%	4.7%
2016.....	1,997	67	3.2%	6.5%	5.3%
2015.....	1,996	79	3.8%	7.1%	5.6%
2014.....	17,747	93	5.0%	8.9%	6.7%

Source: State of Connecticut, Department of Labor.

**Age Distribution of Housing**

<i>Year Built</i>	<i>Town of Bridgewater</i>		<i>Town of Roxbury</i>		<i>Town of Washington</i>		<i>State of Connecticut</i>	
	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>
1939 or earlier.....	248	28.6%	251	21.2%	772	35.0%	338,011	22.4%
1940 to 1969.....	277	31.9	181	15.3	474	21.5	535,477	35.5
1970 to 1979.....	96	11.1	201	17.0	335	15.2	200,217	13.3
1980 to 1989.....	96	11.1	179	15.1	269	12.2	191,939	12.7
1990 to 1999.....	77	8.9	124	10.5	177	8.0	114,261	7.6
2000 or 2009.....	74	8.5	199	16.8	144	6.5	105,131	7.0
2010 or later.....	-	-	50	4.2	36	1.6	22,675	1.5
<b>Total Housing Units .....</b>	<b>868</b>	<b>100.0%</b>	<b>1,185</b>	<b>100.0%</b>	<b>2,207</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

## Housing Inventory

Housing Units	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
1-unit, detached.....	833	96.0%	1,120	94.5%	1,965	89.0%	892,621	59.2%
1-unit, attached.....	-	-	5	0.4	42	1.9	81,393	5.4
2 units.....	16	1.8	7	0.6	95	4.3	123,040	8.2
3 or 4 units.....	-	-	24	2.0	56	2.5	130,914	8.7
5 to 9 units.....	7	0.8	-	-	15	0.7	82,787	5.5
10 to 19 units.....	12	1.4	23	1.9	-	-	56,540	3.8
20 or more units.....	-	-	6	0.5	34	1.5	128,477	8.5
Mobile home.....	-	-	-	-	-	-	11,564	0.8
Boat, RV, van, etc.....	-	-	-	-	-	-	375	0.0
<b>Total Inventory.....</b>	<b>868</b>	<b>100.0%</b>	<b>1,185</b>	<b>100.0%</b>	<b>2,207</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

## Building Permits

Fiscal Year Ending 6/30	Town of Bridgewater		Town of Roxbury		Town of Washington	
	Number	Value	Number	Value	Number	Value
2018	222	\$ 12,309,464	279	\$ 96,724	661	\$ 39,289,613
2017	225	12,960,515	266	80,811	651	25,586,781
2016	239	5,990,233	296	73,915	671	41,499,371
2015	238	7,057,711	298	94,013	994	43,179,881
2014	187	3,635,064	305	85,395	691	25,916,270
2013	191	3,899,689	279	73,991	685	35,619,619
2012	260	5,070,769	350	55,070	833	37,246,939
2011	169	2,528,561	238	68,104	642	34,321,811
2010	184	3,364,262	211	75,988	606	33,127,535
2009	171	6,045,800	266	35,591	555	32,965,505

Source: Town of Bridgewater, Building Department; Town of Roxbury, Building Department; and Town of Washington, Building Department.

## Owner-Occupied Housing Values

Owner-Occupied Units	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	3	0.5%	16	2.1%	6	0.5%	24,038	2.7%
\$50,000 to \$99,000.....	7	1.1	-	-	7	0.6	29,789	3.3
\$100,000 to \$149,999.....	3	0.5	-	-	18	1.6	83,320	9.2
\$150,000 to \$199,000.....	11	1.7	6	0.8	45	3.9	141,024	15.6
\$200,000 to \$299,999.....	88	13.4	26	3.5	135	11.8	244,356	26.9
\$300,000 to \$499,999.....	222	33.8	247	33.2	430	37.6	236,671	26.1
\$500,000 to \$999,999.....	261	39.7	269	36.1	269	23.5	106,192	11.7
\$1,000,000 or more.....	62	9.4	181	24.3	233	20.4	41,408	4.6
<b>Total.....</b>	<b>657</b>	<b>100.0%</b>	<b>745</b>	<b>100.0%</b>	<b>1,143</b>	<b>100.0%</b>	<b>906,798</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$495,000</b>		<b>\$595,900</b>		<b>\$465,900</b>		<b>\$270,100</b>	

Source: American Community Survey 2013-2017

## **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 Bridgewater Grand List as of 10/1/16; the Roxbury Grand List as of 10/1/16; the Washington Grand List as of 10/1/17. The next revaluations for the Towns of Bridgewater and Roxbury are 10/1/18, and the next revaluation for the Town of Washington is 10/1/23.

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.

**Motor Vehicle Property Tax Cap:** Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps.

For the fiscal year ending June 30, 2018, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013 (the fiscal year ending June 30, 2015), and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 39 mills. For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of

property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

### **Levy**

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed in the following July and are payable in two installments on July 1 and January 1, except motor vehicle taxes and real and personal property taxes under \$100, which are payable in full on July 1. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years, at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

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**Comparative Assessed Valuations  
(in thousands)**

**Town of Bridgewater**

<b>Grand List of 10/1</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemption</b>	<b>Net Taxable Grand List</b>	<b>Percent Change</b>
2018	93.4	1.5	5.1	\$ 381,967	\$ 1,786	\$ 380,181	2.67
2017	93.9	1.5	4.8	371,510	1,201	370,309	0.61
2016 <sup>1</sup>	94.0	1.5	4.9	369,317	1,263	368,054	(5.95)
2015	94.6	1.1	4.6	392,557	1,219	391,338	0.18
2014	94.3	1.0	4.7	391,931	1,297	390,634	0.30
2013	94.4	1.0	4.6	390,736	1,286	389,450	0.61
2012	94.6	1.0	4.4	388,278	1,191	387,087	0.39
2011 <sup>1</sup>	94.6	0.9	4.5	386,751	1,179	385,572	(7.43)
2010	95.1	0.9	4.0	417,659	1,137	416,522	0.35
2009	95.2	0.9	3.9	416,136	1,051	415,085	0.44

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Bridgewater.

**Town of Roxbury**

<b>Grand List of 10/1</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemption</b>	<b>Net Taxable Grand List</b>	<b>Percent Change</b>
2018	94.3	1.7	4.0	\$ 702,206	\$ 36,174	\$ 666,032	0.63
2017	94.2	1.7	4.1	662,720	858	661,862	(6.39)
2016 <sup>1</sup>	94.9	1.2	3.9	707,873	858	707,015	0.95
2015	95.1	1.0	3.9	701,241	877	700,364	0.22
2014	95.1	0.9	4.0	699,663	833	698,830	0.62
2013	95.1	1.0	3.9	695,392	847	694,545	0.07
2012	95.3	0.9	3.8	695,023	979	694,044	(8.24)
2011 <sup>1</sup>	95.7	0.8	3.5	757,324	964	756,360	1.14
2010	95.8	0.8	3.4	748,661	837	747,824	0.56
2009	95.9	0.8	3.3	744,523	842	743,681	0.93

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Roxbury.

**Town of Washington**

<b>Grand List of 10/1</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle (%)</b>	<b>Gross Taxable Grand List</b>	<b>Less Exemption</b>	<b>Net Taxable Grand List</b>	<b>Percent Change</b>
2018	94.4	2.3	3.3	\$ 1,219,170	\$ 2,550	\$ 1,216,620	6.69
2017 <sup>1</sup>	94.1	2.3	3.6	1,142,802	2,450	1,140,352	1.38
2016	94.3	2.0	3.7	1,127,335	2,525	1,124,810	1.10
2015	94.3	2.1	3.6	1,114,923	2,321	1,112,602	1.43
2014	94.9	1.5	3.6	1,099,143	2,209	1,096,934	0.19
2013	94.7	1.8	3.5	1,096,988	2,179	1,094,809	(12.64)
2012 <sup>1</sup>	95.5	1.6	2.9	1,254,795	1,650	1,253,145	(0.14)
2011	95.5	1.5	3.0	1,256,595	1,727	1,254,868	0.22
2010	95.5	1.6	2.9	1,253,874	1,772	1,252,102	0.68
2009	95.8	1.4	2.8	1,245,580	1,878	1,243,702	(0.54)

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Washington.

## Property Tax Levies and Collections

### Town of Bridgewater

<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 6/30/2018</b>
2017 <sup>2</sup>	2019	\$ 370,309,435	17.20	\$ 6,325,017	IN COLLECTION		
2016 <sup>1</sup>	2018	368,053,801	17.20	6,318,755	99.7%	0.3%	0.3%
2015	2017	391,337,712	16.45	6,424,915	99.8%	0.2%	0.0%
2014	2016	390,634,084	17.25	6,727,869	99.7%	0.3%	0.0%
2013	2015	389,449,386	17.25	6,692,876	99.7%	0.3%	0.0%
2012	2014	387,087,000	17.50	6,759,555	99.8%	0.2%	0.0%
2011 <sup>1</sup>	2013	385,572,000	17.50	6,744,343	99.5%	0.5%	0.0%
2010	2012	416,522,000	16.25	6,759,286	99.5%	0.5%	0.0%
2009	2011	415,085,000	15.50	6,422,588	99.5%	0.5%	0.0%
2008	2010	413,263,000	15.20	6,275,770	99.6%	0.4%	0.0%

<sup>1</sup> Revaluation.

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

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

### Town of Roxbury

<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 6/30/2018</b>
2017 <sup>2</sup>	2019	\$ 661,861,950	15.85	\$ 10,490,512	IN COLLECTION		
2016 <sup>1</sup>	2018	707,014,810	14.20	10,039,610	98.9%	1.1%	1.1%
2015	2017	700,363,360	13.70	9,594,978	99.1%	0.9%	0.1%
2014	2016	698,830,280	13.70	9,573,975	99.4%	0.6%	0.0%
2013	2015	694,544,900	13.40	9,306,902	99.5%	0.5%	0.0%
2012	2014	694,044,000	13.30	9,230,785	99.2%	0.8%	0.0%
2011 <sup>1</sup>	2013	756,360,000	12.10	9,129,764	99.2%	0.8%	0.0%
2010	2012	747,824,000	11.90	8,866,630	99.5%	0.5%	0.0%
2009	2011	743,681,000	11.40	8,458,503	99.5%	0.5%	0.0%
2008	2010	736,836,000	10.90	8,008,794	99.5%	0.5%	0.0%

<sup>1</sup> Revaluation.

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

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

**Town of Washington**

<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 6/30/2018</b>
2017 <sup>1,2</sup>	2019	\$1,140,352,000	14.25	\$ 16,185,334	IN COLLECTION		
2016	2018	1,124,810,000	14.25	16,049,565	99.7%	0.3%	0.26%
2015	2017	1,112,602,000	14.25	15,864,091	99.3%	0.7%	0.12%
2014	2016	1,096,934,000	13.75	15,153,139	99.2%	0.8%	0.09%
2013	2015	1,094,809,783	13.50	14,779,932	99.0%	1.0%	0.06%
2012 <sup>1</sup>	2014	1,253,145,000	11.75	14,724,454	98.8%	1.2%	0.05%
2011	2013	1,254,868,000	11.50	14,415,527	99.2%	0.8%	0.02%
2010	2012	1,252,102,000	11.00	13,734,945	99.5%	0.5%	0.03%
2009	2011	1,243,702,000	11.00	13,611,532	99.5%	0.5%	0.02%
2008	2010	1,250,410,000	10.75	13,407,936	99.5%	0.5%	0.02%

<sup>1</sup> Revaluation.

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

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

**Property Taxes Receivable**

**Town of Bridgewater**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2018	\$16,341	\$32,259
2017	13,435	26,294
2016	19,040	33,082
2015	21,617	30,173
2014	35,620	47,706

Source: Annual Audit Reports, Town of Bridgewater.

**Town of Roxbury**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2018	\$110,854	\$125,031
2017	86,191	103,777
2016	52,831	78,213
2015	45,912	67,078
2014	76,820	95,203

Source: Annual Audit Reports, Town of Roxbury.

**Town of Washington**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2018	\$84,581	\$123,657
2017	114,114	155,093
2016	125,039	263,787
2015	143,624	287,100
2014	178,607	293,839

Source: Annual Audit Reports, Town of Washington.

## Ten Largest Taxpayers

### Town of Bridgewater

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
May, Peter .....	Residential Property	\$ 6,521,950	1.72%
Mnuchin, Robert .....	Residential Property	4,169,700	1.10%
Iron Ore Hill Rd. ....	Residential Property	3,743,500	0.98%
Connecticut Light & Power .....	Utility	3,001,720	0.79%
Courtney, Joseph & Laura .....	Residential Property	2,936,700	0.77%
Bertram, Kathleen .....	Residential Property	2,739,940	0.72%
Delaney, Charles J. & Theresa .....	Residential Property	2,727,240	0.72%
Young, Roy & Virginia .....	Residential Property	2,715,090	0.71%
Ramarax Holdings .....	Residential Property	2,564,350	0.67%
Young, Shannon & Danielle .....	Residential Property	2,543,230	0.67%
<b>Total</b> .....		\$ 33,663,420	8.85%

<sup>1</sup>Based on October 1, 2018 Net Taxable Grand List of \$380,181,241.

Source: Assessor's Office, Town of Bridgewater.

### Town of Roxbury

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Connecticut Light & Power.....	Utility	\$ 8,024,360	1.20%
Davis Farm Holdings.....	Residential Property	6,317,070	0.95%
Booth, Mark Trustee.....	Residential Property	5,780,710	0.87%
Arnhold, John and Jody as Trustee.....	Residential Property	5,108,270	0.77%
Wiener, Zena and Steingart, Jennifer.....	Residential Property	5,036,370	0.76%
Adams, Stephen and Denise Trustee.....	Residential Property	3,503,610	0.53%
Sweeny Patrick A & Michele.....	Residential Property	3,238,550	0.49%
Morgado, Mary Lou and Robert J.....	Residential Property	2,961,870	0.44%
Puffenberger, Craig A.....	Residential Property	2,941,280	0.44%
Grepin, Leo and Karen.....	Residential Property	2,841,080	0.43%
<b>Total</b> .....		\$ 45,753,170	6.87%

<sup>1</sup>Based on October 1, 2018 Net Taxable Grand List of \$666,032,000.

Source: Assessor's Office, Town of Roxbury.

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**Town of Washington**

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Mackesy, D Scott & Jennifer.....	Real Estate	\$ 14,592,520	1.20%
Eversource.....	Electric Company	13,717,960	1.13%
MFINN2013 LLC.....	Inn	9,586,500	0.79%
Jackson Farms Inc. ....	Real Estate	9,358,260	0.77%
Spring Hill Farms LLC.....	Vineyard	8,145,270	0.67%
MFSPA2013 LLC.....	Health Spa	7,724,790	0.63%
24 ONR LLC.....	Private Real Estate	6,878,970	0.57%
Geurts, Dale.....	Real Estate	6,831,690	0.56%
Cantor, Richard A. & Pamela.....	Real Estate	5,993,920	0.49%
Riano, Brian & Eileen.....	Real Estate	5,837,500	0.48%
<b>Total.....</b>		<b>\$ 88,667,380</b>	<b>7.29%</b>

<sup>1</sup>Based on October 1, 2018 Net Taxable Grand List of \$1,216,620,000.

Source: Assessor's Office, Town of Washington.

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## V. Debt Summary

### Principal Amount of Bonded Indebtedness (the District) As of April 10, 2019 (Pro Forma)

<b>Long-Term Debt</b>			<b>Amount of</b>	<b>Outstanding</b>	<b>Fiscal</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original</b>	<b>After</b>	<b>Year of</b>
			<b>Issue</b>	<b>This Issue</b>	<b>Maturity</b>
<u>This Issue</u>					
04/10/19	Schools.....	<i>tbd</i>	\$ 8,250,000	\$ 8,250,000	2040
<b>Grand Total.....</b>			<b>\$ 8,250,000</b>	<b>\$ 8,250,000</b>	

Source: Regional School District Number 12 Business Office

### Short-Term Debt As of April 10, 2019 (Pro Forma)

<b>Project</b>	<b>Aggregate</b>	<b>Maturing</b>	<b>This Issue:</b>
	<b>Amount</b>	<b>Notes</b>	<b>Notes</b>
	<b>Authorized</b>	<b>Due: 4/10/19</b>	<b>Due: 4/9/20</b>
<u>Agriscience STEM Academy / Shepaug</u>			
Valley School Renovation Project .....	\$ 39,491,387	\$ 9,000,000	\$ 4,000,000
<b>Total .....</b>	<b>\$ 39,491,387</b>	<b>\$ 9,000,000</b>	<b>\$ 4,000,000</b>

Source: Regional School District Number 12 Business Office.

### Overlapping/Underlying Debt As of April 10, 2019 (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 Number 12 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 Number 12.

<b>Issuer</b>	<b>Debt Outstanding</b>
Town of Bridgewater .....	\$0
Town of Roxbury .....	0
Town of Washington .....	0
<b>Total .....</b>	<b>\$0</b>

**Principal Amount of Bonded Indebtedness**

**As of April 10, 2019**

**(Pro Forma)**

**Town of Bridgewater**

The Town of Bridgewater does not have outstanding long-term debt as of April 10, 2019.

**Short-Term Debt**

**As of April 10, 2019**

**(Pro Forma)**

The Town of Bridgewater does not have outstanding short-term debt as of April 10, 2019.

**Overlapping/Underlying Debt**

**As of April 10, 2019**

**(Pro Forma)**

**Overlapping**

The Town of Bridgewater is a Member Town along with the Town of Roxbury and Town of Washington 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, 2018, Bridgewater's share is 17.94%. 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>
Bridgewater (17.94%) .....	\$ 2,197,650
Roxbury (36.22%) .....	4,436,950
Washington (45.84%) .....	5,615,400
<b>Total District Debt.....</b>	<b>\$ 12,250,000</b>

<sup>1</sup> Includes \$4,000,000 G.O. Bond Anticipation Notes maturing April 9, 2020.

Source: Regional School District Number 12 Business Office.

**Underlying**

The Town of Bridgewater has no underlying debt.

**Principal Amount of Bonded Indebtedness**

**As of April 10, 2019**

**(Pro Forma)**

**Town of Roxbury**

The Town of Roxbury does not have outstanding long-term debt as of April 10, 2019.

**Short-Term Debt**

**As of April 10, 2019**

**(Pro Forma)**

The Town of Roxbury does not have outstanding short-term debt as of April 10, 2019.

**Overlapping/Underlying Debt**

**As of April 10, 2019**

**(Pro Forma)**

**Overlapping**

The Town of Roxbury is a Member Town along with the Town of Bridgewater and Town of Washington 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, 2018, Roxbury’s share is 36.22%. Each Member Town's gross share of the District's debt is as follows:

<u>Entity</u>	<u>Debt Amount</u>
Bridgewater (17.94%) .....	\$ 2,197,650
Roxbury (36.22%) .....	4,436,950
Washington (45.84%) .....	5,615,400
<b>Total District Debt.....</b>	<b>\$ 12,250,000</b>

<sup>1</sup> Includes \$4,000,000 G.O. Bond Anticipation Notes maturing April 9, 2020.

Source: Regional School District Number 12 Business Office.

**Underlying**

The Town of Roxbury has no underlying debt.



**Principal Amount of Bonded Indebtedness**  
**As of April 10, 2019**  
**(Pro Forma)**

**Town of Washington**

The Town of Washington does not have outstanding long-term debt as of April 10, 2019.

**Short-Term Debt**  
**As of April 10, 2019**  
**(Pro Forma)**

The Town of Washington does not have outstanding short-term debt as of April 10, 2019.

**Overlapping/Underlying Debt**  
**As of April 10, 2019**  
**(Pro Forma)**

**Overlapping**

The Town of Washington is a Member Town along with the Town of Bridgewater and Town of Roxbury 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, 2018, Washington's share is 45.84%. 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>
Bridgewater (17.94%) .....	\$ 2,197,650
Roxbury (36.22%) .....	4,436,950
Washington (45.84%) .....	5,615,400
<b>Total District Debt.....</b>	<b>\$ 12,250,000</b>

<sup>1</sup> Includes \$4,000,000 G.O. Bond Anticipation Notes maturing April 9, 2020.

Source: Regional School District Number 12 Business Office.

**Underlying**

The Town of Washington has no underlying debt.

**Annual Long-Term Bonded Debt Service,  
As of April 10, 2019  
(Pro Forma)**

**Regional School District Number 12**

<b>Fiscal 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>Cumulative Principal Retired %</b>
2019 <sup>1</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2020	-	-	-	325,000	325,000	3.94%
2021	-	-	-	350,000	350,000	8.18%
2022	-	-	-	400,000	400,000	13.03%
2023	-	-	-	400,000	400,000	17.88%
2024	-	-	-	400,000	400,000	22.73%
2025	-	-	-	400,000	400,000	27.58%
2026	-	-	-	400,000	400,000	32.42%
2027	-	-	-	400,000	400,000	37.27%
2028	-	-	-	400,000	400,000	42.12%
2029	-	-	-	400,000	400,000	46.97%
2030	-	-	-	400,000	400,000	51.82%
2031	-	-	-	400,000	400,000	56.67%
2032	-	-	-	400,000	400,000	61.52%
2033	-	-	-	400,000	400,000	66.36%
2034	-	-	-	400,000	400,000	71.21%
2035	-	-	-	400,000	400,000	76.06%
2036	-	-	-	395,000	395,000	80.85%
2037	-	-	-	395,000	395,000	85.64%
2038	-	-	-	395,000	395,000	90.42%
2039	-	-	-	395,000	395,000	95.21%
2040	-	-	-	395,000	395,000	100.00%
<b>Total.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,250,000</b>	<b>\$ 8,250,000</b>	

Source: Regional School District Number 12 Business Office.

<sup>1</sup> Excludes \$450,000 in principal payments and \$4,864 in interest payments from July 1, 2018 through April 10, 2019.

**Annual Long-Term Bonded Debt Service  
As of April 10, 2019  
(Pro Forma)**

**Town of Bridgewater**

The Town of Bridgewater does not have outstanding long-term debt as of April 10, 2019.

**Town of Roxbury**

The Town of Roxbury does not have outstanding long-term debt as of April 10, 2019.

**Town of Washington**

The Town of Washington does not have outstanding long-term debt as of April 10, 2019.

**Debt Statement**  
**As of April 10, 2019**  
**(Pro Forma)**

**Regional School District Number 12**

**Long-Term Debt:**

Schools (Includes this issue).....	\$ 8,250,000
<b>Total Long-Term Debt</b> .....	<u>8,250,000</u>
<b>Short-Term Debt</b> (Includes this issue - due 4/9/20) .....	4,000,000
<b>Total Direct Debt</b> .....	<u>12,250,000</u>
Less: School Construction Grants Receivable (6/30/18) <sup>1</sup> .....	-
<b>Total Net Direct Debt</b> .....	<u>12,250,000</u>

**Underlying Debt:**

Town of Bridgewater .....	-
Town of Roxbury .....	-
Town of Washington .....	-
<b>Total Overall Net Debt</b> .....	<u>\$ 12,250,000</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 Number 12 Business Office.

**Current Debt Ratios**  
**As of April 10, 2019**  
**(Pro-Forma)**

Population <sup>1</sup> .....	7,401
Net Taxable Grand List at 70% of Full Value (10/1/18) ....	\$ 2,262,833,000
Estimated Full Value .....	\$ 3,232,618,571
Equalized Net Taxable Grand List (10/1/16) <sup>2</sup> .....	\$ 3,120,603,953
Money Income per Capita (2017) <sup>1</sup> .....	\$221,269

	<b>Total Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$12,250,000</b>	<b>\$12,250,000</b>
Debt per Capita.....	\$1,655.18	\$1,655.18
Ratio to Net Taxable Grand List.....	0.54%	0.54%
Ratio to Estimated Full Value.....	0.38%	0.38%
Ratio to Equalized Grand List.....	0.39%	0.39%
Debt per Capita to Money Income per Capita.....	0.75%	0.75%

<sup>1</sup> American Community Survey 2013-2017.

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

**Debt Statement  
As of April 10, 2019  
(Pro Forma)**

**Member Towns**

	<u>Town of Bridgewater</u>	<u>Town of Roxbury</u>	<u>Town of Washington</u>
<b>Long-Term Debt Outstanding</b> .....	\$ -	\$ -	\$ -
<b>Short-Term Debt</b> .....	-	-	-
<b>Total Direct Debt</b> .....	-	-	-
Less: School Construction Grants Receivable (As of June 30, 2018) <sup>1</sup> .....	-	-	-
<b>Total Direct Net Debt</b> .....	-	-	-
<b>Overlapping/Underlying Debt:</b>			
Regional School District Number 12:			
Bridgewater (17.94%) <sup>2</sup> .....	2,197,650	-	-
Roxbury (36.22%) <sup>2</sup> .....	-	4,436,950	-
Washington (45.84%) <sup>2</sup> .....	-	-	5,615,400
Less: Amount due from State of Connecticut <sup>1</sup> .....	-	-	-
<b>Total Overall Net Debt</b> .....	<u>\$ 2,197,650</u>	<u>\$ 4,436,950</u>	<u>\$ 5,615,400</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 Number 12 Business Office.

**Current Debt Ratios  
As of April 10, 2019  
(Pro Forma)**

	<u>Town of Bridgewater</u>	<u>Town of Roxbury</u>	<u>Town of Washington</u>
Population <sup>1</sup> .....	1,681	2,231	3,489
Net Taxable Grand List (10/1/18).....	\$ 380,181,000	\$ 666,032,000	\$ 1,216,620,000
Estimated Full Value.....	\$ 543,115,714	\$ 951,474,286	\$ 1,738,028,571
Equalized Net Taxable Grand List (10/1/16) <sup>2</sup> .....	\$ 526,098,187	\$ 955,603,327	\$ 1,638,902,439
Money Income per Capita (2017) <sup>1</sup> .....	\$ 64,829	\$ 84,768	\$ 71,672

	<u>Town of Bridgewater</u>		<u>Town of Roxbury</u>		<u>Town of Washington</u>	
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
	<u>Direct Debt /</u>	<u>Total Overall</u>	<u>Direct Debt /</u>	<u>Total Overall</u>	<u>Direct Debt /</u>	<u>Total Overall</u>
	<u>Net Direct Debt</u>	<u>Net Debt</u>	<u>Net Direct Debt</u>	<u>Net Debt</u>	<u>Net Direct Debt</u>	<u>Net Debt</u>
	<u>\$0</u>	<u>\$2,197,650</u>	<u>\$0</u>	<u>\$4,436,950</u>	<u>\$0</u>	<u>\$5,615,400</u>
Debt per Capita.....	\$0.00	\$1,307.35	\$0.00	\$1,988.77	\$0.00	\$1,609.46
Ratio to Net Taxable Grand List.....	0.00%	0.58%	0.00%	0.67%	0.00%	0.46%
Ratio to Estimated Full Value.....	0.00%	0.40%	0.00%	0.47%	0.00%	0.32%
Ratio to Equalized Grand List.....	0.00%	0.42%	0.00%	0.46%	0.00%	0.34%
Debt per Capita to Money Income per Capita...	0.00%	2.02%	0.00%	2.35%	0.00%	2.25%

<sup>1</sup> American Community Survey 2013-2017.

<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 April 10, 2019  
(Pro Forma)**

**Regional School District Number 12**

<b>Total Tax Collections for the Member Towns</b> (including interest and lien fees)	
For the year ended June 30, 2018 .....	\$ 46,770,207
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly .....	79
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 46,770,286</u>
<b>Debt Limitation:</b>	
	<b>Schools</b>
4 1/4 times base <sup>1</sup> .....	<u>\$ 198,773,716</u>
<b>Indebtedness:</b>	
Bonds Outstanding.....	-
Bonds – This Issue.....	8,250,000
Notes – This Issue.....	4,000,000
Debt Authorized But Unissued .....	27,241,387
<b>Total Indebtedness</b> .....	<u>39,491,387</u>
Less:	
State School Grants Receivable <sup>2</sup> .....	-
<b>Total Net Indebtedness</b> .....	<u>39,491,387</u>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> .....	
	<u>\$ 159,282,329</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 members 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 Number 12 Business Office.

**REGIONAL SCHOOL DISTRICT NUMBER 12 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 April 10, 2019  
(Pro Forma)**

**Town of Bridgewater**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2018 .....	\$ 6,328,748
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	79
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 6,328,827</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$14,239,861	-	-	-	-
4 1/2 times base.....	-	\$ 28,479,722	-	-	-
3 3/4 times base.....	-	-	\$ 23,733,101	-	-
3 1/4 times base.....	-	-	-	\$ 20,568,688	-
3 times base.....	-	-	-	-	\$ 18,986,481
<b>Total Debt Limitation</b> .....	<u>\$14,239,861</u>	<u>\$ 28,479,722</u>	<u>\$ 23,733,101</u>	<u>\$ 20,568,688</u>	<u>\$ 18,986,481</u>

<b>Indebtedness:</b>					
Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #12 Debt)...	-	2,197,650 <sup>1</sup>	-	-	-
Debt Authorized But Unissued .....	-	-	-	-	-
<b>Total Indebtedness</b> .....	-	<u>2,197,650</u>	-	-	-
Less:					
State School Grants Receivable <sup>2</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness</b> .....	-	<u>2,197,650</u>	-	-	-

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> .....	<u>\$14,239,861</u>	<u>\$ 26,282,072</u>	<u>\$ 23,733,101</u>	<u>\$ 20,568,688</u>	<u>\$ 18,986,481</u>
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<sup>1</sup> Represents Bridgewater's share of the District's Net Direct Indebtedness. The percentage of participation is 17.94%.

<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 \$44,301,789.

Source: Town of Bridgewater, Finance Department.

**THE TOWN OF BRIDGEWATER 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 April 10, 2019  
(Pro Forma)**

**Town of Roxbury**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2018 .....	\$ 10,058,108
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	-
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 10,058,108</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$22,630,743	-	-	-	-
4 1/2 times base.....	-	\$ 45,261,486	-	-	-
3 3/4 times base.....	-	-	\$ 37,717,905	-	-
3 1/4 times base.....	-	-	-	\$ 32,688,851	-
3 times base.....	-	-	-	-	\$ 30,174,324
<b>Total Debt Limitation</b> .....	<u>\$22,630,743</u>	<u>\$ 45,261,486</u>	<u>\$ 37,717,905</u>	<u>\$ 32,688,851</u>	<u>\$ 30,174,324</u>

<b>Indebtedness:</b>					
Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #12 Debt)...	-	4,436,950 <sup>1</sup>	-	-	-
Debt Authorized But Unissued .....	-	-	-	-	-
<b>Total Indebtedness</b> .....	-	<u>4,436,950</u>	-	-	-
Less:					
State School Grants Receivable <sup>2</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness</b> .....	-	<u>4,436,950</u>	-	-	-

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS</b> .....	<u>\$22,630,743</u>	<u>\$ 40,824,536</u>	<u>\$ 37,717,905</u>	<u>\$ 32,688,851</u>	<u>\$ 30,174,324</u>
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<sup>1</sup> Represents Roxbury's share of the District's Net Direct Indebtedness. The percentage of participation is 36.22%.

<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 \$70,406,756.

Source: Town of Roxbury, Finance Department.

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

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**Statement of Statutory Debt Limitation  
As of April 10, 2019  
(Pro Forma)**

**Town of Washington**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2018 .....	\$ 16,165,234
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 16,165,234</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.....	\$ 36,371,777	-	-	-	-
4 1/2 times base.....	-	\$ 72,743,553	-	-	-
3 3/4 times base.....	-	-	\$ 60,619,628	-	-
3 1/4 times base.....	-	-	-	\$ 52,537,011	-
3 times base.....	-	-	-	-	\$ 48,495,702
<b>Total Debt Limitation.....</b>	<b>\$ 36,371,777</b>	<b>\$ 72,743,553</b>	<b>\$ 60,619,628</b>	<b>\$ 52,537,011</b>	<b>\$ 48,495,702</b>

<b>Indebtedness:</b>					
Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #12 Debt)..	-	5,615,400 <sup>1</sup>	-	-	-
Debt Authorized But Unissued .....	-	-	-	-	-
<b>Total Indebtedness.....</b>	<b>-</b>	<b>5,615,400</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable <sup>2</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness.....</b>	<b>-</b>	<b>5,615,400</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS.....</b>	<b>\$ 36,371,777</b>	<b>\$ 67,128,153</b>	<b>\$ 60,619,628</b>	<b>\$ 52,537,011</b>	<b>\$ 48,495,702</b>
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<sup>1</sup> Represents Washington's share of the District's Net Direct Indebtedness. The percentage of participation is 45.84%.

<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 \$113,156,638.

Source: Town of Washington, Finance Department.

**THE TOWN OF WASHINGTON 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 April 10, 2019  
(Pro Forma)**

**Regional School District Number 12**

<u>Project</u>	<u>Aggregate Amount Authorized</u>	<u>Maturing Notes Due: 4/10/19</u>	<u>New Money</u>	<u>This Issue:</u>		<u>Authorized but Unissued</u>
				<u>Bonds</u>	<u>Notes Due: 4/9/20</u>	
Agriscience STEM Academy / Shepaug Valley School Renovation Project .....	\$ 39,491,387	\$ 9,000,000	\$ 3,250,000	\$ 8,250,000	\$ 4,000,000	\$ 27,241,387
<b>Total .....</b>	<b>\$ 39,491,387</b>	<b>\$ 9,000,000</b>	<b>\$ 3,250,000</b>	<b>\$ 8,250,000</b>	<b>\$ 4,000,000</b>	<b>\$ 27,241,387</b>

Source: Regional School District Number 12 Business Office.

**Town of Bridgewater**

The Town of Bridgewater does not have any authorized but unissued debt as of April 10, 2019.

**Town of Roxbury**

The Town of Roxbury does not have any authorized but unissued debt as of April 10, 2019.

**Town of Washington**

The Town of Washington does not have any authorized but unissued debt as of April 10, 2019.

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

**Regional School District Number 12**

<u>Long-Term Debt</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bonds .....	\$ 450,000	\$ 900,000	\$ 1,350,000	\$ 1,800,000	\$ 2,250,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	-	-	-
<b>Totals .....</b>	<b>\$ 450,000</b>	<b>\$ 900,000</b>	<b>\$ 1,350,000</b>	<b>\$ 1,800,000</b>	<b>\$ 2,250,000</b>

Source: Regional School District Number 12 Business Office.

**Town of Bridgewater**

<u>Long-Term Debt</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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 Bridgewater, Finance Department.

**Town of Roxbury**

<u>Long-Term Debt</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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 Roxbury, Finance Department.

**Town of Washington**

<b>Long-Term Debt</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</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 Washington, Finance Department.

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

**Regional School District Number 12**

<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>
2019 <sup>2</sup>	\$ 450,000	\$ 25,740,838	1.75%
2018	450,000	25,270,026	1.78%
2017	450,000	25,192,874	1.79%
2016	425,000	23,550,612	1.80%
2015	425,000	22,839,434	1.86%
2014	300,000	23,266,044	1.29%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018.

**Town of Bridgewater**

<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>
2019 <sup>2</sup>	\$ -	\$ 6,962,733	0.00%
2018	-	6,985,830	0.00%
2017	-	7,326,090	0.00%
2016	-	7,121,877	0.00%
2015	-	7,328,991	0.00%
2014	-	7,278,726	0.00%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018.

**Town of Roxbury**

<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>
2019 <sup>2</sup>	\$ -	\$ 11,267,376	0.00%
2018	-	10,522,867	0.00%
2017	-	9,804,465	0.00%
2016	-	10,076,894	0.00%
2015	-	9,842,782	0.00%
2014	-	9,667,296	0.00%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018.

**Town of Washington**

<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>
2019 <sup>2</sup>	\$ -	\$ 17,356,120	0.00%
2018	-	16,700,197	0.00%
2017	-	16,514,724	0.00%
2016	-	15,967,387	0.00%
2015	-	16,653,018	0.00%
2014	56,348	16,251,584	0.35%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018.

## **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 12, 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, 2018, the financial statements of the various funds of Regional School District Number 12 were audited by Charles Heaven & Co., of Waterbury, Connecticut.

### **Budget Adoption Procedure**

The Regional School District Number 12 Board of Education is the budget-making authority for the District. The following calendar outlines the sequence of events required to adopt a budget:

On or before the last Friday in December of each year, all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the General Fund budget can be prepared.

Before March 1, the proposed budget is presented to the Board of Education for review. By the end of April 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 Connecticut General Statutes Section 1047, the Board holds 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 fiscal 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 Connecticut General Statutes 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 Meeting. After budget approval, the Board shall estimate the net expenditures 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 12

All teachers and certified administrators employed by Regional School District Number 12 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 and regular part-time non-certified District employees are covered under a noncontributory single-employer defined benefit plan. Benefits and contributions are established by the District and may be amended only by the Board of Education.

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>5.75%</b>	<b>6.75%</b>	<b>7.75%</b>
Total Pension Liability .....	\$ 7,753,395	\$ 7,008,523	\$ 6,372,301
Plan Fiduciary Net Position .....	\$ 6,642,184	\$ 6,642,184	\$ 6,642,184
Net Pension Liability (Asset) .....	\$ 1,111,211	\$ 366,339	\$ (269,883)

### Schedule of Employer Contributions

	<b>2019<sup>1</sup></b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contribution .....	\$ 205,511	\$ 266,934	\$ 177,349	\$ 176,819	\$ 183,176
Contributions in relation to the					
Actuarially Determined Contribution ....	205,511	237,889	416,934	176,819	225,505
Contribution (Deficiency) Excess .....	\$ -	\$ (29,045)	\$ 239,585	\$ -	\$ 42,329
Covered Employee Payroll .....	N/A	\$ 2,547,722	\$ 2,542,496	\$ 2,490,937	\$ 2,534,741
Contributions as a Percentage					
of Covered Employee Payroll .....	N/A	9.34%	16.40%	7.10%	8.90%

<sup>1</sup> Budgetary basis.

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.

See Appendix A - "Auditor's Section, Notes to General Purpose Financial Statements" herein.

### Town of Bridgewater

#### Defined Contribution Plan

The Town administers a multiple employer defined contribution plan (Money Purchase Plan) which covers substantially all employees and elected officials of the Town, employees of the Regional Animal Control Authority, and one employee of the Newtown Health District. The plan is included in the Town's financial statements as a Pension Trust Fund. At June 30, 2018, the net position, all vested, available for benefits was \$862,165.

At June 30, 2018, there were 20 participants including four employees of the Regional Animal Control Authority and one of the Newtown Health District covered under the plan. To be eligible, employees must be twenty-

one and have completed one year of service working at least 500 hours. Town and Regional Animal Control Authority contributions to the plan are six percent of compensation for participants with less than ten years of service and seven percent for participants with more than nine years of service. At age sixty-five, plan participants are entitled to a lump sum payment or a retirement benefit. Participants who have completed five years of service are entitled to a lump sum payment upon termination of employment.

The Town and Regional Animal Control Authority contributions totaled \$44,546 and \$11,816, respectively, for the year ended June 30, 2018. In addition, the Newtown Health District contributed \$1,074 for an employee participating in the Town of Bridgewater pension plan.

Deferred Compensation Plan

The Town has established a deferred compensation plan in accordance with Internal Revenue Service Code Section 457. The plan, available to substantially all employees and elected officials of the Town and employees of the Regional Animal Control Authority, permits them to defer a portion of their salary while employed by either agency until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is reported as a Pension Trust fund. At June 30, 2018, the plan had a net position of \$588,042 that was not available to the Town's general creditors.

**Town of Roxbury**

Municipal Employee Money Purchase Pension Plan

The Town provides retirement benefits through a single-employer non-contributory defined contribution pension plan, which covers substantially all full-time employees of the Town. The Board of Selectmen has oversight and fiduciary responsibility for the plan. Current participants total 7 employees.

This plan covers employees who have completed 1 year of service and work more than 35 hours per week. The Town Clerk, grandfathered under the predated June 3, 2006 Pension Ordinance, is eligible to participate even though the 35 hour work requirement might not be met. Employees will have nonforfeitable interests in the percentage of the employer contribution account determined pursuant to the following vesting schedule:

<u>Years of Continuous Service:</u>	<u>Percentage Vested:</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

The participants become 100% vested after six years of service. Normal retirement age is at 65. The Town contributes an amount equal to 7.5% of each eligible employee's base compensation. The plan provides for benefits upon death, disability, or retirement. Employer contributions for the year ending June 30, 2018 totaled \$29,483. The plan allows for amendment by the Town as employer.

Financial statements are prepared using the accrual basis of accounting. The employer contributions are recognized in the period that the contributions are due.

Plan investments are reported at fair value and reported in accordance with GASB fair value measurements.

Length of Service Award Plan (LOSAP)

The Town offers its eligible Roxbury Volunteer Fire Department ("RVFD") and Roxbury Ambulance Association ("RAA") personnel a deferred compensation plan developed in accordance with Internal Revenue Code Section 457. In order to be eligible for the plan, the volunteer must generally complete one full year of service and attain at least 25 volunteer percentage credit points for the RVFD and 20 for the RAA. The Town's volunteer contribution ranges from \$500 to \$1,000 per eligible volunteer as approved at Town Meeting. Participants become fully vested at the normal retirement age of 59. The Town is the current Administrator for the Deferred Compensation Plan and therefore the Board of Selectmen can amend the plan. The Town contributed \$15,000 to this plan for the year ended June 30, 2018. Benefit withdrawals for the year ended June 30, 2018 totaled \$7,753.



Length of Service Award Plan (LOSAP)

The Town offers its eligible Roxbury Volunteer Fire Department ("RVFD") and Roxbury Ambulance Association ("RAA") personnel a deferred compensation plan developed in accordance with Internal Revenue Code Section 457. In order to be eligible for the plan, the volunteer must generally complete one full year of service and attain at least 25 volunteer percentage credit points for the RVFD and 20 for the RAA. The Town's volunteer contribution ranges from \$500 to \$1,000 per eligible volunteer as approved at Town Meeting. Participants become fully vested at the normal retirement age of 59. The Town is the current Administrator for the Deferred Compensation Plan and therefore the Board of Selectmen can amend the plan. The Town contributed \$15,000 to this plan for the year ended June 30, 2018. Benefit withdrawals for the year ended June 30, 2018 totaled \$7,753.

The fund financial statements recognize benefit payments as expenditures within the General Fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted General Fund assets to the plans restricted investments.

The plan holds LOSAP assets in a grantor/rabbi trust, which are not legally protected from the Town's creditors. GASB 73 requires assets held in such trust arrangements to be reported as assets of the sponsoring municipality. As such, Town accounts for LOSAP assets as restricted investments in the General Fund. Authority to invest the Plan's assets is vested in the Town in accordance with a statutory prudent person rule. See the fair value measurement disclosures on the LOSAP's assets.

New England Teamsters and Trucking Industry Pension Fund

Pursuant to the Entry Agreement between the Town and Teamsters Union Local Number 677, effective July 1, 2014, the Town is required to contribute to the New England Teamsters and Trucking Industry Pension Fund (a multiple-employer defined contribution plan) on behalf of full-time employees in the Public Works Department. The Town has no authority to amend plan provisions or contribution requirements until the expiration date of the present collective bargaining agreement which is June 30, 2018. The Town's required contribution for the year ended June 30, 2018 was \$2.50 per hour worked up to a maximum of \$100.00 per week for any one employee. The total contribution for the year ended June 30, 2018 was \$26,000.

**Town of Washington**

The Town of Washington administers a single-employer noncontributory defined benefit pension plan for all eligible elected and appointed officials and regular full-time employees who meet certain age and length of service requirements. The Town's policy is to fund its pension contribution at actuarially determined rates sufficient to accumulate assets needed to pay benefits when due. The actuarially determined contribution for the year ended June 30, 2018, which included amortization of past service cost, was computed to be \$124,764, and the Town's actual contribution was \$140,000.

**Schedule of Employer Contributions**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution .....	\$ 124,764	\$ 149,687	\$ 128,579	\$ 135,255	\$ 151,353
Contributions in relation to the					
Actuarially Determined Contribution ...	140,000	140,000	140,000	159,275	172,775
Contribution (Deficiency) Excess .....	\$ 15,236	\$ (9,687)	\$ 11,421	\$ 24,020	\$ 21,422
Covered Employee Payroll .....	\$ 803,376	\$ 880,632	\$ 915,138	\$ 965,273	\$ 924,764
Contributions as a Percentage					
of Covered Employee Payroll .....	17.43%	15.90%	15.30%	16.50%	18.68%

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

The following presents the net pension liability of the Town, calculated using the discount rate of 5.50%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50%) of 1 percentage point higher (6.50%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>4.50%</b>	<b>5.50%</b>	<b>6.50%</b>
Net Pension Liability .....	\$ 585,868	\$ 193,385	\$ (144,634)

**Other Post-Employment Benefits**

**Regional School District Number 12**

General Information about the Post Retirement Plan

Shepaug Valley Regional School District Number 12 has a single-employer defined benefit plan that provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses. The post-retirement plan does not issue stand-alone financial statements.

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2018, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The membership of the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	<u>104</u>
Total	117

Authority and Funding Policy:

The Board of Education has established the benefit provisions and contribution to the plan. 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 Entry Age Normal Method. The Board is also authorized to make changes to the plan provisions through the budgetary process.

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. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, the District anticipates a commitment to fund normal costs as well as long-term approach for the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the annual OPEB cost of benefits and to segregate the needed resources.

The District’s trend information on its annual OPEB cost, employer contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Employer Contributions</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2018	\$ 66,762	\$ -	N/A	\$ 909,924
6/30/2017	92,064	-	N/A	843,162
6/30/2016	109,566	-	N/A	751,098
6/30/2015	102,805	-	N/A	641,532

Net Other Post Employment Benefit (OPEB) Liability of the District

The components of the net OPEB liability at June 30, 2018, were as follows:

Total OPEB Liability	\$1,341,943
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	\$1,341,943

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability 0%

**Town of Bridgewater**

The Town of Bridgewater does not offer other post-employment benefits.

**Town of Roxbury**

General Information about the Post Retirement Plan

The Town provides post-employment benefits for certain union employees' health insurance benefit after retirement through a single-employer defined benefit plan. Benefit provisions are established through negotiations between the Town and the union representing the employees.

The Town currently pays for post-employment health care benefits on a pay-as-you-go basis. As of June 30, 2018, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

The membership of the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>4</u>
Total	4

Authority and Funding Policy:

The Town has established the benefit provisions and contribution to the plan; there are no contribution requirements for active plan members. The contribution requirements of plan members and the Town are established and may be amended by the Board of Finance. The Town determines the required contribution using the Entry Age Normal Method. The Town is also authorized to make changes to the plan provisions through the budgetary process.

Net Other Post Employment Benefit (OPEB) Liability of the Town

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Total OPEB liability	\$278,832
Plan fiduciary net position	<u>0</u>
Net OPEB liability	\$278,832

Plan fiduciary net position as a percentage of the total OPEB liability 0 %

**Town of Washington**

The Town of Washington does not offer other post-employment benefits.

### **Compensated Absences**

District employees are paid by various prescribed formulas for absence due to vacation or sickness. The liability for unused accumulated vacation and sick pay not expected to be liquidated with available financial resources is reported in the general long-term debt group of accounts. As of June 30, 2018, accumulated unpaid vacation and sick time was \$123,098. Amounts expected to be liquidated with expendable available financial resources are reported as an expenditure in the General Fund.

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

**Regional School District Number 12**

	<i>Proposed Budget</i> <sup>1,2</sup>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	<i>6/30/2019</i>	<i>6/30/2018</i>	<i>6/30/2017</i>	<i>6/30/2016</i>	<i>6/30/2015</i>
<b>Revenues:</b>					
Participating Towns .....	\$ 21,811,407	\$ 21,098,144	\$ 20,835,113	\$ 21,204,396	\$ 21,346,558
Federal & State Grants .....	3,588,615	3,588,615	3,275,814	1,974,827	1,724,326
Investment Income .....	700	4,521	1,983	937	486
Tuition .....	340,116	509,885	304,004	258,167	181,525
Other Fees and Contributions .....	-	80,833	70,851	75,766	91,384
<b>Total.....</b>	<b>25,740,838</b>	<b>25,281,998</b>	<b>24,487,765</b>	<b>23,514,093</b>	<b>23,344,279</b>
<b>Expenditures:</b>					
Salaries - Certified .....	9,157,883	8,993,785	9,150,757	9,011,294	8,662,053
Salaries - Classified .....	3,555,600	3,418,983	3,212,004	3,057,276	2,854,442
Employee Benefits .....	7,040,482	6,500,604	6,247,074	4,581,796	4,876,074
Instructional Programs .....	1,035,625	999,118	1,031,705	958,167	888,975
Tuition - Other Schools .....	501,695	484,559	369,176	427,647	578,950
Administrative .....	1,673,400	1,571,947	1,214,024	1,153,525	605,710
Pupil Transportation .....	1,417,903	1,269,117	1,413,717	1,523,982	1,551,518
Plant Operation .....	948,650	910,403	1,095,663	1,263,486	1,049,823
Debt Service .....	-	-	-	-	-
Capital Outlay .....	409,600	213,973	541,115	657,999	839,117
<b>Total.....</b>	<b>25,740,838</b>	<b>24,362,489</b>	<b>24,275,235</b>	<b>22,635,172</b>	<b>21,906,662</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	-	919,509	212,530	878,921	1,437,617
<b>Other Financing Sources (Uses):</b>					
Capital Lease Proceeds .....	-	-	-	-	-
Operating Transfers In .....	-	-	-	-	-
Operating Transfers Out .....	-	(907,537)	(917,639)	(915,440)	(932,772)
<b>Total Other Financing Sources (Uses) .....</b>	<b>-</b>	<b>(907,537)</b>	<b>(917,639)</b>	<b>(915,440)</b>	<b>(932,772)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>					
	-	11,972	(705,109)	(36,519)	504,845
<b>Fund Equity, Beginning of Year.....</b>	<b>380,181</b>	<b>368,209</b>	<b>1,073,318</b>	<b>1,109,837</b>	<b>604,992</b>
<b>Fund Equity, End of Year.....</b>	<b>\$ 380,181</b>	<b>\$ 380,181</b>	<b>\$ 368,209</b>	<b>\$ 1,073,318</b>	<b>\$ 1,109,837</b>

<sup>1</sup> Budgetary basis.

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

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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)**

**Town of Bridgewater**

	<b>Adopted Budget <sup>1</sup> 6/30/2019</b>	<b>Actual 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 .....	\$ 6,337,475	\$ 6,321,857	\$ 6,428,244	\$ 6,748,935	\$ 6,688,750
Interest and Lien Fees .....	10,759	16,364	13,254	21,684	15,730
Intergovernmental Revenues .....	184,825	32,062	114,484	222,017	192,390
Investment Income .....	30,000	42,672	20,657	10,306	5,364
Licenses and Permits .....	50,000	125,839	187,876	135,416	140,677
Charges for Services .....	-	75,209	129,753	138,347	68,817
Other .....	44,674	5,626	3,508	-	7,963
<b>Total.....</b>	<b>\$ 6,657,733</b>	<b>\$ 6,619,629</b>	<b>\$ 6,897,776</b>	<b>\$ 7,276,705</b>	<b>\$ 7,119,691</b>
<b>Expenditures:</b>					
General Government .....	\$ 1,182,411	\$ 1,127,985	\$ 1,155,032	\$ 1,163,138	\$ 1,042,145
Boards and Commissions .....	246,283	261,048	219,481	188,352	178,677
Public Safety .....	368,744	397,110	394,359	433,319	391,499
Public Works .....	876,100	951,708	898,803	563,036	738,056
Health and Welfare .....	34,422	30,487	33,468	61,061	66,732
Education .....	3,881,473	3,973,409	4,048,381	4,368,358	4,686,690
Other .....	68,300	27,083	42,566	42,193	10,192
Debt Service .....	-	-	-	-	-
Capital Outlay .....	-	-	-	143,420	-
<b>Total.....</b>	<b>\$ 6,657,733</b>	<b>\$ 6,768,830</b>	<b>\$ 6,792,090</b>	<b>\$ 6,962,877</b>	<b>\$ 7,113,991</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	-	(149,201)	105,686	313,828	5,700
<b>Other financing sources (uses):</b>					
Operating transfers in .....	-	-	-	44,409	-
Operating transfers out .....	(305,000)	(217,000)	(534,000)	(159,000)	(215,000)
<b>Total Other financing sources (uses).....</b>	<b>(305,000)</b>	<b>(217,000)</b>	<b>(534,000)</b>	<b>(114,591)</b>	<b>(215,000)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>					
	(305,000)	(366,201)	(428,314)	199,237	(209,300)
<b>Fund Equity, Beginning of Year.....</b>	<b>2,533,134</b>	<b>2,899,335</b>	<b>3,327,649</b>	<b>3,128,412</b>	<b>3,337,712</b>
<b>Fund Equity, End of Year.....</b>	<b>\$ 2,228,134</b>	<b>\$ 2,533,134</b>	<b>\$ 2,899,335</b>	<b>\$ 3,327,649</b>	<b>\$ 3,128,412</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 Budget (Budgetary Basis)**

**Town of Roxbury**

	<b>Adopted Budget <sup>1</sup> 6/30/2019</b>	<b>Actual 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 .....	\$ 10,383,258	\$ 10,066,460	\$ 9,585,179	\$ 9,598,004	\$ 9,337,031
Telecommunication Easements .....	6,000	10,148	12,654	12,331	14,481
Building Department Fees and Permits .....	100,000	94,755	79,150	72,434	91,940
Grants .....	24,450	52,595	84,278	188,982	206,168
Investment Income .....	26,000	51,723	52,908	13,435	7,302
Contributions .....	10,000	14,000	-	20,500	12,540
Rental Income .....	86,200	85,183	81,595	76,629	76,940
Transfer Station Fees .....	80,000	49,150	47,488	46,597	50,359
Licenses, Permits & Other Fees .....	138,600	153,287	173,631	263,923	158,158
<b>Total.....</b>	<b>\$ 10,854,508</b>	<b>\$ 10,577,301</b>	<b>\$ 10,116,883</b>	<b>\$ 10,292,835</b>	<b>\$ 9,954,919</b>
<b>Expenditures:</b>					
General Government .....	\$ 671,336	\$ 717,498	\$ 649,325	\$ 660,944	\$ 609,096
Commissions .....	377,598	235,088	232,360	239,750	217,105
Highways and Public Works .....	839,030	769,021	745,925	635,455	764,231
Protection .....	452,549	394,729	386,362	417,651	360,148
Health and Welfare .....	310,285	259,665	272,697	274,942	247,833
Benefits .....	457,754	393,566	384,128	377,629	380,805
Other .....	69,200	24,364	20,368	17,489	15,299
Education .....	7,776,624	7,269,336	6,668,800	7,119,534	6,978,595
Debt Service .....	-	-	-	-	-
Capital Outlay .....	-	-	-	-	-
<b>Total.....</b>	<b>\$ 10,954,376</b>	<b>\$ 10,063,267</b>	<b>\$ 9,359,965</b>	<b>\$ 9,743,394</b>	<b>\$ 9,573,112</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>(99,868)</b>	<b>514,034</b>	<b>756,918</b>	<b>549,441</b>	<b>381,807</b>
<b>Other financing sources (uses):</b>					
Operating transfers in .....	412,768	-	-	-	-
Operating transfers out .....	(313,000)	(459,600)	(444,500)	(333,500)	(269,670)
<b>Total Other financing sources (uses).....</b>	<b>99,768</b>	<b>(459,600)</b>	<b>(444,500)</b>	<b>(333,500)</b>	<b>(269,670)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>	<b>(100)</b>	<b>54,434</b>	<b>312,418</b>	<b>215,941</b>	<b>112,137</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>2,799,242</b>	<b>2,744,808</b>	<b>2,432,390</b>	<b>2,216,449</b>	<b>2,104,312</b>
<b>Fund Equity, End of Year.....</b>	<b>\$ 2,799,142</b>	<b>\$ 2,799,242</b>	<b>\$ 2,744,808</b>	<b>\$ 2,432,390</b>	<b>\$ 2,216,449</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 Washington**

	<b>Adopted Budget<sup>1</sup> 6/30/2019</b>	<b>Actual 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 .....	\$ 15,919,319	\$ 16,083,701	\$ 15,912,273	\$ 15,316,259	\$ 14,785,505
Interest and Lien Fees .....	75,000	75,666	106,268	168,567	116,719
Intergovernmental Revenues .....	66,137	59,011	119,733	264,860	472,882
Contributions in Lieu of Taxes .....	88,000	93,505	104,202	91,792	62,158
Investment Income .....	60,000	106,216	67,702	19,676	15,074
Lease Income - Town Building & Firehouse ...	47,200	49,434	49,272	48,740	39,200
Licenses and Permits .....	270,550	962,336	770,742	757,392	712,900
Programs Fees & Other Receipts .....	38,250	12,170	35,165	14,268	46,977
<b>Total.....</b>	<b>\$ 16,564,456</b>	<b>\$ 17,442,039</b>	<b>\$ 17,165,357</b>	<b>\$ 16,681,554</b>	<b>\$ 16,251,415</b>
<b>Expenditures:</b>					
General Government .....	\$ 1,825,420	\$ 2,066,643	\$ 1,763,405	\$ 1,777,488	\$ 1,665,779
Public Safety .....	675,551	622,765	734,343	663,628	642,276
Highways .....	1,274,974	1,134,363	1,093,296	950,052	1,130,940
Sanitation .....	452,445	408,395	405,995	398,254	413,088
Health .....	106,627	81,930	83,925	84,007	78,680
Recreation .....	222,915	189,253	188,795	185,802	185,041
Social Services .....	15,840	11,836	10,430	12,034	9,764
Education .....	9,917,877	9,858,398	10,117,932	9,716,505	9,681,272
Other .....	492,953	468,692	420,696	414,216	573,015
Debt Service .....	-	-	-	-	-
Capital Outlay .....	-	-	-	18,770	489,413
<b>Total.....</b>	<b>\$ 14,984,602</b>	<b>\$ 14,842,275</b>	<b>\$ 14,818,817</b>	<b>\$ 14,220,756</b>	<b>\$ 14,869,268</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	1,579,854	2,599,764	2,346,540	2,460,798	1,382,147
<b>Other financing sources (uses):</b>					
Proceeds From Sale of Capital Assets .....	-	140,000	-	-	-
Insurance Recovery .....	-	-	-	-	336,686
Operating transfers in .....	-	-	-	-	-
Operating transfers out .....	(2,371,518)	(1,857,922)	(1,695,907)	(1,746,631)	(1,783,750)
<b>Total Other financing sources (uses).....</b>	<b>(2,371,518)</b>	<b>(1,717,922)</b>	<b>(1,695,907)</b>	<b>(1,746,631)</b>	<b>(1,447,064)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>					
	(791,664)	881,842	650,633	714,167	(64,917)
<b>Fund Equity, Beginning of Year.....</b>	<b>6,065,767</b>	<b>5,183,925</b>	<b>4,533,292<sup>2</sup></b>	<b>3,221,671</b>	<b>3,286,588</b>
<b>Fund Equity, End of Year.....</b>	<b>\$ 5,274,103</b>	<b>\$ 6,065,767</b>	<b>\$ 5,183,925</b>	<b>\$ 3,935,838</b>	<b>\$ 3,221,671</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.

**Municipal Budget Expenditures Cap:** Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation does not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 30, 2019, but provides that such funding will resume following July 1, 2019.



## Comparative Balance Sheet

### Regional School District Number 12

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Assets</b>					
Cash and Cash Equivalents .....	\$ 887,392	\$ 1,266,395	\$ 2,004,451	\$ 1,799,372	\$ 492,969
Accounts Receivables .....	-	453	3,590	959	27,103
Prepaid Expenses .....	115,590	-	-	-	-
Investments .....	-	-	-	322,914	322,429
Due From Other Funds .....	402,940	27,291	89,527	100,107	361,825
<b>Total Assets</b> .....	<b>1,405,922</b>	<b>1,294,139</b>	<b>2,097,568</b>	<b>2,223,352</b>	<b>1,204,326</b>
<b>Liabilities and Fund Balances</b>					
Accrued Payroll.....	607,359	525,431	483,608	525,093	568,570
Early Retirement & Vacation Payable ..	-	-	91,207	181,896	-
Due to Other Funds.....	42,107	48,484	81,255	12,263	23,889
Accounts Payable .....	376,275	349,786	365,213	384,572	-
Unearned Revenue .....	-	2,229	2,967	9,691	-
Deferred Revenue .....	-	-	-	-	6,875
<b>Total Liabilities</b> .....	<b>1,025,741</b>	<b>925,930</b>	<b>1,024,250</b>	<b>1,113,515</b>	<b>599,334</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	351,744	42,222	167,959	138,474	69,958
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	28,437	325,987	905,359	971,363	535,034
<b>Total Fund Balance</b> .....	<b>380,181</b>	<b>368,209</b>	<b>1,073,318</b>	<b>1,109,837</b>	<b>604,992</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 1,405,922</b>	<b>\$ 1,294,139</b>	<b>\$ 2,097,568</b>	<b>\$ 2,223,352</b>	<b>\$ 1,204,326</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 25,281,998	\$ 24,487,765	\$ 23,514,093	\$ 23,344,279	\$ 23,489,012
Fund Balance as a percent of					
Operating Revenues .....	1.50%	1.50%	4.56%	4.75%	2.58%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	0.11%	1.33%	3.85%	4.16%	2.28%

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## Comparative Balance Sheet

### Town of Bridgewater

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Assets</b>					
Cash and cash equivalents .....	\$ 2,696,576	\$ 2,861,764	\$ 3,557,427	\$ 3,233,393	\$ 3,360,173
Property Taxes .....	41,978	32,609	43,284	33,290	33,199
Police Private Duty Receivable .....	25,140	5,980	16,716	15,680	8,435
Due From Other Funds .....	-	82,361	-	-	82,075
Other .....	-	-	-	-	-
<b>Total Assets</b> .....	<b>2,763,694</b>	<b>2,982,714</b>	<b>3,617,427</b>	<b>3,282,363</b>	<b>3,483,882</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	23,420	18,984	209,478	38,431	48,571
Accrued Payroll & Related Taxes .....	16,619	17,209	13,948	42,929	32,075
Performance Bonds Taxable .....	19,850	19,850	19,850	18,500	18,000
Deposits .....	-	-	14,639	-	-
Due to Other Funds .....	134,639	-	-	14,639	14,639
<b>Total Liabilities</b> .....	<b>194,528</b>	<b>56,043</b>	<b>257,915</b>	<b>114,499</b>	<b>113,285</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	36,032	27,336	31,863	39,452	-
<b>Total Deferred Inflows of Resources</b> ...	<b>36,032</b>	<b>27,336</b>	<b>31,863</b>	<b>39,452</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	44,674	204,728	-	-	-
Assigned.....	1,209,014	1,196,925	1,821,851	1,932,327	2,326,908
Unassigned.....	1,279,446	1,497,682	1,505,798	1,196,085	1,010,804
<b>Total Fund Balance</b> .....	<b>2,533,134</b>	<b>2,899,335</b>	<b>3,327,649</b>	<b>3,128,412</b>	<b>3,337,712</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 2,763,694</b>	<b>\$ 2,982,714</b>	<b>\$ 3,617,427</b>	<b>\$ 3,282,363</b>	<b>\$ 3,450,997</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 6,619,629	\$ 6,897,776	\$ 7,276,705	\$ 7,119,691	\$ 7,183,973
Fund Balance as a percent of					
Operating Revenues .....	38.27%	42.03%	45.73%	43.94%	46.46%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	19.33%	21.71%	20.69%	16.80%	14.07%

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## Comparative Balance Sheet

### Town of Roxbury

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Assets</b>					
Cash and cash equivalents .....	\$ 2,898,790	\$ 2,080,831	\$ 1,765,999	\$ 1,557,343	\$ 1,285,994
Investments .....	332,526	1,215,200	900,000	900,000	900,000
Property Taxes .....	125,031	103,777	78,213	66,078	94,203
Interest and Lien Fees on Taxes .....	15,687	19,223	15,274	10,878	11,110
Due From Other Funds .....	-	-	-	-	3,353
Grant Receivable .....	-	4,000	41,421	37,420	37,420
Other .....	8,417	5,811	5,317	4,661	4,745
<b>Total Assets</b> .....	<b>3,380,451</b>	<b>3,428,842</b>	<b>2,806,224</b>	<b>2,576,380</b>	<b>2,336,825</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	103,355	81,863	101,695	131,217	83,140
Accrued Payroll & Related Taxes .....	-	-	-	-	-
Accounts Held in Escrow .....	26,500	26,500	31,000	30,500	23,500
Overpaid Property Taxes .....	-	-	-	1,188	-
Accrued Expenses .....	37,361	35,759	28,425	20,377	14,483
Deferred Revenue .....	-	-	30,920	30,920	-
Due to Other Funds .....	16,500	36,000	14,000	-	10,624
<b>Total Liabilities</b> .....	<b>183,716</b>	<b>180,122</b>	<b>206,040</b>	<b>214,202</b>	<b>131,747</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	120,626	112,253	54,387	64,461	100,766
Advance Collection of Taxes .....	7,445	122,237	113,407	81,268	-
<b>Total Deferred Inflows of Resources</b> ...	<b>128,071</b>	<b>234,490</b>	<b>167,794</b>	<b>145,729</b>	<b>100,766</b>
<b>Fund Balances</b>					
Nonspendable.....	7,217	5,811	5,317	-	-
Restricted.....	332,526	315,200	-	-	-
Committed.....	695,540	525,777	331,981	168,905	120,878
Assigned.....	-	-	-	238,764	223,957
Unassigned.....	2,033,381	2,167,442	2,095,092	1,808,780	1,759,477
<b>Total Fund Balance</b> .....	<b>3,068,664</b>	<b>3,014,230</b>	<b>2,432,390</b>	<b>2,216,449</b>	<b>2,104,312</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 3,380,451</b>	<b>\$ 3,428,842</b>	<b>\$ 2,806,224</b>	<b>\$ 2,576,380</b>	<b>\$ 2,336,825</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 10,577,301	\$10,116,883	\$10,292,835	\$ 9,954,919	\$ 9,940,141
Fund Balance as a percent of					
Operating Revenues .....	29.01%	29.79%	23.63%	22.26%	21.17%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	19.22%	21.42%	20.35%	18.17%	17.70%

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## Comparative Balance Sheet

### Town of Washington

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Assets</b>					
Cash and cash equivalents .....	\$ 4,340,932	\$ 3,675,294	\$ 2,031,407	\$ 2,052,012	\$ 2,036,410
Investments .....	2,169,878	1,739,681	2,110,775	1,503,158	1,493,719
Property Taxes .....	187,288	187,288	340,434	364,765	351,431
Prepaid Expenditures .....	-	2,840	18,516	-	-
Due From Other Funds .....	245	-	-	218	-
Grant Receivable .....	-	-	-	20,243	-
Other .....	-	-	-	-	-
<b>Total Assets .....</b>	<b>6,698,343</b>	<b>5,605,103</b>	<b>4,501,132</b>	<b>3,940,396</b>	<b>3,881,560</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	392,947	106,845	213,830	218,437	201,527
Performance Bonds .....	90,635	165,790	155,397	147,458	67,068
Overpaid Property Taxes .....	1,257	1,257	9,532	12,338	18,043
Unearned Revenue .....	-	-	-	8,777	-
Due to Other Funds .....	-	-	6,927	-	-
<b>Total Liabilities .....</b>	<b>484,839</b>	<b>273,892</b>	<b>385,686</b>	<b>387,010</b>	<b>286,638</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	146,981	147,286	179,608	331,715	308,334
Advance Collection of Taxes .....	-	-	-	-	-
<b>Total Deferred Inflows of Resources ...</b>	<b>146,981</b>	<b>147,286</b>	<b>179,608</b>	<b>331,715</b>	<b>308,334</b>
<b>Fund Balances</b>					
Nonspendable .....	-	2,840	18,516	-	-
Restricted .....	635,647	635,647	-	-	-
Committed .....	290,780	321,968	267,016	242,141	203,216
Assigned .....	791,644	356,808	1,003,965	343,165	331,163
Unassigned .....	4,348,452	3,866,662	2,646,341	2,636,365	2,752,209
<b>Total Fund Balance .....</b>	<b>6,066,523</b>	<b>5,183,925</b>	<b>3,935,838</b>	<b>3,221,671</b>	<b>3,286,588</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ 6,698,343</b>	<b>\$ 5,605,103</b>	<b>\$ 4,501,132</b>	<b>\$ 3,940,396</b>	<b>\$ 3,881,560</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 17,107,478	\$ 17,165,357	\$ 16,681,554	\$ 16,251,415	\$ 16,112,099
Fund Balance as a percent of					
Operating Revenues .....	35.46%	30.20%	23.59%	19.82%	20.40%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	25.42%	22.53%	15.86%	16.22%	17.08%

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

### ***Litigation***

#### ***The District***

The District, its officers, employees, and board are 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.

#### ***Towns of Bridgewater, Roxbury and Washington***

The Towns of Bridgewater, Roxbury and Washington, their respective officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of Town officials of Bridgewater, Roxbury and Washington 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 such Town which would materially adversely affect its financial position.

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

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

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds 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 and the Treasurer 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. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut in substantially the form set out in Appendix B 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 March \_\_, 2019. 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(s) of the Bonds twenty-five (25) copies, and of the Notes ten (10), of the final Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning bidder(s) at the office of the District's municipal 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(s) shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchasers.

A record of the proceedings taken by the District in authorizing the Bonds 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 NUMBER 12**

By: /s/  
Anthony Amato, *Chairman of the Board of Education*

By: /s/  
Stephanie Kolnick, *Treasurer*

Dated: March \_\_, 2019

## ***Appendix A***

The following includes the General Purpose Financial Statements of Regional School District Number 12, Connecticut for the fiscal year ended June 30, 2018. 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

**SHEPAUG VALLEY REGIONAL SCHOOL DISTRICT #12  
TOWNS OF BRIDGEWATER, ROXBURY AND WASHINGTON**

**FINANCIAL STATEMENTS  
AND  
OTHER FINANCIAL INFORMATION**

**JUNE 30, 2018**



**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
June 30, 2018**

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

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Shepaug Valley Regional School District #12  
Bridgewater, Roxbury and Washington, 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 Shepaug Valley Regional School District #12, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Shepaug Valley Regional School District #12's basic financial statements as listed in the table of contents.

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

Shepaug Valley Regional School District #12's 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 Shepaug Valley Regional School District #12, as of June 30, 2018, 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.

## ***Change in Accounting Principle***

As described in Note 17 to the financial statements, during the fiscal year ended June 30, 2018, Shepaug Regional School District #12 adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of Shepaug Regional School District #12 has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on page 49, supplementary pension information on pages 50, 52, 54, 55, and supplementary OPEB information on pages 51 and 53, 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 Shepaug Valley Regional School District #12'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 November 28, 2018, on our consideration of Shepaug Valley Regional School District #12'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 Shepaug Valley Regional School District #12's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "A. H. 10", is located below the main text block.

November 28, 2018

**Shepaug Valley Regional School District #12**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2018**

**Introduction**

Our discussion and analysis of Shepaug Valley Regional School District #12 (District) financial performances provides the reader an overall narrative review of the District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the District performance as a whole. 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. Presentation of certain comparative information between the current and the prior year is required.

The District serves the towns of Bridgewater, Roxbury and Washington and operates three elementary schools: Burnham School located in Bridgewater, Booth Free School located in Roxbury and Washington Primary School located in Washington Depot. The Shepaug Valley School, for grades sixth through twelve, is located in Washington. The Early Childhood Education Center, a pre-school program, is located within the Washington Primary School. The student population served is stratified as follows: Elementary Schools (grades PK-5) 266 students, Middle School (grades 6-8) 160 students, High School (grades 9-12) 262 for a total of 688 students enrolled this year. The student population included 75 non-resident students: 26 from the Town of Sherman, 11 Staff Member children and 38 from area towns. The overall enrollment continues to decline with 18 fewer students over the previous year total of 706 students.

**Financial Highlights**

Total net position was \$1,485,245 at June 30, 2018. This was a decrease of \$681,446 (31.4%) over the prior year net position of \$2,166,691. Assets are being accounted for in conformance with GASB 34, with capitalization of depreciable assets at a \$5,000 threshold. In addition, the District continues to do a complete physical inventory annually for all the facilities and the results are incorporated in the accompanying financial statements.

- Overall net expenditures of \$21,358,429 exceeded gross revenue of \$21,252,873 by \$105,556.
- Long-term debt obligations as of June 30, 2018 are \$2,281,380, which compares to the June 30, 2017 debt obligations of \$2,779,046 a decrease of \$497,666. The net decrease in debt was a result of the District retiring debt totaling \$450,000, a decrease in the accumulated sick leave of \$18,235 and post retirement obligations of \$77,109, offset by the increase of the net pension liability of \$47,678.
- The District's compliance with GASB 75, Post Retirement Benefit Obligations, is \$1,341,943 at June 30<sup>th</sup>. Although no actual cash payments will be needed for meeting the actuarial computed value of the post retirement benefit, this calculation is based upon certified teachers who retire under the State Teacher Retirement system but are able to purchase medical insurance through the District's group medical plan. All premiums are paid by the retiree with no cost to the District.

**Shepaug Valley Regional School District #12  
Management's Discussion and Analysis (MD&A)  
June 30, 2018**

**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.

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 position includes all of the District'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 position and how they have changed. Net position, the difference between the assets and deferred outflows of resources over liabilities, are one of the ways to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is 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 the property tax base, any changes in program funding by the Federal and State governments, and the 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 along with 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.

**Shepaug Valley Regional School District #12  
Management's Discussion and Analysis (MD&A)  
June 30, 2018**

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 statement that explains the relationship (or differences) between them.
- 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 Position - Governmental Activities

The District's combined net position was \$1,485,245 at June 30, 2018.

	<u>Balance</u> <u>June 30, 2018</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Assets</u>		
Cash and Investments	\$ 2,824,920	\$ 3,070,132
Prepaid expenses and accounts receivable	115,590	453
Inventories	10,485	10,668
Due from State of Connecticut	10,732	18,968
Capital Assets, Net of Accumulated Depreciation	<u>1,569,680</u>	<u>1,802,679</u>
<u>Total Assets</u>	<u>\$ 4,531,407</u>	<u>\$ 4,902,900</u>
<u>Total Deferred Outflow of Resources</u>	<u>\$ 475,155</u>	<u>469,395</u>
<u>Liabilities</u>		
Accounts Payable	\$ 1,009,383	\$ 971,307
Deferred Revenue	26,566	31,141
Long-Term Debt	<u>2,281,380</u>	<u>2,203,156</u>
<u>Total Liabilities</u>	<u>\$ 3,317,329</u>	<u>\$ 3,205,604</u>
<u>Total Deferred Inflow of Resource</u>	203,988	-----
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ 1,119,680	\$ 902,679
Restricted	1,853,603	1,409,082
Unrestricted	<u>( 1,488,038)</u>	<u>( 145,070)</u>
<u>Total Net Position</u>	<u>\$ 1,485,245</u>	<u>\$ 2,166,691</u>

**Shepaug Valley Regional School District #12  
Management's Discussion and Analysis (MD&A)  
June 30, 2018**

**Changes in Net Position**

The District's total revenues were \$ 25,919,223. A summary of the changes in net position follows:

Other General Fund Revenues were higher than expected by \$348,527 as follows:

Investment income was \$3,821 higher than planned due to higher than planned investment interest rates. The District tuition income was higher by \$263,873. This was the result of additional Sherman students being enrolled under the contract with the Town of Sherman, as well as additional non-residents enrolled in the district.

Adult Education Grant was at budget.

Miscellaneous income was \$80,833 due to unexpended prior year accounts payable.

The total cost of all programs and services was \$26,024,779.

The District's expenses are predominately related to educating and caring for students and were \$19,137,238 or 73.5 % of the total. Debt service \$11,025, unallocated depreciation \$224,900 and employee benefits \$6,651,616 accounted for the remaining expenses.

The following is a summary of the changes in the net position of the District.

	<u>Changes in Net Position</u> <u>For the Year Ended</u> <u>Governmental Activities</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 683,299	\$ 488,148
Operating Grants & Contributions	3,983,051	3,666,956
General Revenues		
Participating Towns	21,098,144	20,835,113
Investment and Miscellaneous Income	<u>154,729</u>	<u>181,391</u>
<u>Total Revenues</u>	<u>\$ 25,919,223</u>	<u>\$ 25,171,608</u>
 <u>Program Expenses</u>		
Instruction	\$ 12,259,300	\$ 11,959,705
Instruction – Supporting Services	5,380,541	5,375,950
Employee Benefits - unallocated	6,651,616	6,324,703
Transportation	1,269,117	1,413,717
School Lunch Services	228,280	217,515
Debt Service	11,025	20,856
Depreciation – unallocated	<u>224,900</u>	<u>223,620</u>
<u>Total Expenses</u>	<u>\$ 26,024,779</u>	<u>\$ 25,536,066</u>
 Change in Net Position	 \$ (105,556)	 \$ (364,458)
 Net Position – Beginning of Year*	 \$ 1,590,801	 \$ 2,531,149
 Net Position – End of Year	 <u>\$ 1,485,245</u>	 <u>\$ 2,166,691</u>

\* As Restated



**Shepaug Valley Regional School District #12  
Management's Discussion and Analysis (MD&A)  
June 30, 2018**

**Governmental Activities**

The net cost of all governmental activities this year was \$ 21,358,429.

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

	<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>
Instruction	\$ 11,520,907	\$ 11,426,677
Instruction – supporting services	5,245,173	5,206,874
Employee Benefits	3,063,069	3,089,025
Transportation	1,269,117	1,413,717
School Lunch Services	24,238	193
Debt Service	11,025	20,856
Depreciation	<u>224,900</u>	<u>223,620</u>
<b>Total</b>	<b><u>\$ 21,358,429</u></b>	<b><u>\$ 21,380,962</u></b>

**Financial Analysis of the District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$1,929,426 which compares to last year's ending fund balance of \$2,105,070. This was a decrease in the fund balance of \$175,644. This is a result of a higher general fund balance, debt service fund, capital reserve fund, elementary capital repair fund, other government funds offset by a lower fund balances in the capital projects fund Agriscience STEM Academy (the 20<sup>th</sup> in the state) center as well as the Science Lab renovations.

**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, 2018 totaled \$21,383,929 or 99.9% of budget, and was \$3,217 less than budgeted. This was in line with estimates and compares favorably with last year. This includes the transfer to the Reserve for Capital and Non-Recurring Fund of \$213,187 as well as the payment to the Elementary School Repair Fund of \$100,000.

**Variance include the following key items**

**Salaries and Benefits** – Salaries for both certified and non-certified staff along with corresponding benefits were \$267,428 under budget, due to lower than budgeted certified staff costs. Classified personnel costs were higher than budget. All areas of the salary budgets are being closely monitored in response to the continuing decline in enrollment. In the benefits area, this is under budget after some modifications in plan design as well as a favorable renewal as well as savings on unemployment claims. This makes up the overall favorable budget to actual results.

**Shepaug Valley Regional School District #12  
 Management's Discussion and Analysis (MD&A)  
 June 30, 2018**

Instructional and Administrative Services – The year ended with these accounts being over budget by \$840,450. Higher legal fees, along with the costs associated for architect and engineering services related to approved school projects, Agriscience STEM Academy center as well as the Science Lab renovations of \$851,197 were the major drivers in this area.

Tuition – The District placement for out of district special education children was less than anticipated by approximately \$81,441. This was a result of a change in placement for some students along with fewer outplaced days being incurred.

Plant Operation & Maintenance – The year ended with these accounts being under spent by \$134,610. Savings realized from consortium bids for electrical contracts as well as savings from heating fuel costs. The use of the Capital Reserve Accounts has taken some of the pressure from the General Operating Fund.

Pupil transportation – The year ended under budget by \$421,565. This was a result of the change in special education student placements and a further consolidation of regular transportation routes. In addition, there was a savings in the cost for fuel.

Transfers to Other Funds – The state legislature establish the ability to transfer to a capital reserve fund up to 1% of its approved appropriation. The Board of Education voted to transfer to this fund \$213,187 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 \$951,702.

A summary of interfund transfers follows:

<u>Major Funds:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ ---	\$ 907,537
Debt Service Fund	469,350	---
Capital Reserve Fund	213,187	---
Capital Project-Elementary Repair Fund	100,000	---
Capital Projects- Fund	<u>125,000</u>	<u>---</u>
	<u>\$ 907,537</u>	<u>\$ 907,537</u>

**Shepaug Valley Regional School District #12  
Management's Discussion and Analysis (MD&A)  
June 30, 2018**

**Additional Items Affecting Financial Results and Other Matters**

This year the district budget was approved at a .12% or \$25,698 increase. The actual results versus budget were below budget by \$3,217. As the district continued to adjust the workforce in response to the declining enrollment, savings were realized in the personnel and benefits accounts. The District continues to realize savings from the co-operative bidding opportunities as well as savings being achieved in electrical procurement, heating oil and general supplies. In addition, fewer special education required outside placements and resulted in the district realizing significant savings in both tuition and transportation costs. While maintain the school facilities by utilizing both the general fund appropriations along with capital reserve funds, the district began the long-anticipated building projects for a new Agriscience STEM Academy (the 20<sup>th</sup> in the state) center as well as the Science Lab renovation to meet NEASC recommendations for accreditation. The design and development fees were funded by the savings realized in the general fund operations and will lower the ultimate bonding of these projects in future years. Again, this year the District was able to fund the Capital Reserve Account for \$213,187 the full 1% as allowed. The Board continues to lease the three elementary schools from the towns with an annual appropriation from the general fund of a \$100,000 payment into the Capital Project-Elementary Repair Fund. The purpose of this fund is to make mutually agreed repairs to the elementary schools based upon a recommendation by a committee made up of both town and Board of Education members. The list of recommended repairs is then presented to the Board of Education for approval up to the amount of the funds available for the elementary schools.

**Economic Factors and Next Year's Budget**

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 state legislature approved the application for the Agriscience STEM Academy and Science Lab renovation. The bonding commission meet in late November and the state now has bonded their portion of the projects. The District will finance this work in the upcoming year utilizing Bond Anticipation Notes. The expected opening of Agriscience addition is September 2019.
- The State is continuing the study begun in 2017 for the funding formula of state aid to the cities and towns under the Educational Cost Sharing grants. At this time there is not an indication of what these possible changes may have on grants received by the towns and the region. Other changes may be considered but nothing has been settled.
- The region has begun negotiations with the Custodial / Cafeteria union, the Clerical / Paraprofessional union as well as the Shepaug Administrators' Association for new three-year contracts.
- Health care costs continue to be a source of concern for the District. Through previous negotiations all unions are now on High Deductible Health plans and minor plan revisions are part of negotiations along with higher employee co-share of premium costs. In addition, the District is continuing to monitor the funding for unemployment expenses as the student population declines and staff is being eliminated. Energy costs are always a concern. The District, has again participated in consortiums of both the school districts and towns as a strategy to stabilize costs.

**Shepaug Valley Regional School District #12  
Management's Discussion and Analysis (MD&A)  
June 30, 2018**

- Electrical energy contracts have been secured for through the end of 2020 at favorable rates that will control generation costs for budgeting. Heating oil and diesel fuel have been contracted through August 2019.
- The Board continues to study solutions to the declining enrollment along with various long-range plans. Combining classes in Burnham School has been undertaken as a way to control costs and has proven to be successful. As we gain experience with the combined classes, this model will be considered for the other elementary schools as a strategy to combat the declining enrollment.
- Finally, the district continues to enroll more non-resident students to both increase class enrollment and enhance revenue to offset the Towns' educational costs and lower mill rate increases.

**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 Shepaug Valley Regional School District #12.

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 2,824,920
Prepaid Expenses	115,590
Inventory	10,485
Due from State of Connecticut	10,732
Capital assets - net	1,569,680
<b>Total Assets</b>	<b><u>4,531,407</u></b>
<b>Deferred Outflows of Resources:</b>	
Changes of assumptions	475,155
<b>Total Deferred Outflows of Resources</b>	<b><u>475,155</u></b>
<b>Liabilities:</b>	
Accounts payable	392,400
Accrued interest	3,648
Accrued payroll, payroll taxes, and benefits	613,335
Unearned revenue	26,566
Noncurrent liabilities:	
Due within one year	450,000
Due in more than one year	1,831,380
<b>Total Liabilities</b>	<b><u>3,317,329</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	194,926
Net difference between projected and actual earnings on plan investments	9,062
<b>Total Deferred Inflows of Resources</b>	<b><u>203,988</u></b>
<b>Net Position:</b>	
Net investment in capital assets	1,119,680
Restricted	
Member towns	351,744
Technology - USF fund	59,596
Scholarships	306,476
Capital non-recurring expenditures	951,702
Elementary Repair Fund	99,060
Federal and State grants	4,920
Pre School	80,105
Unrestricted	(1,488,038)
<b>Total Net Position</b>	<b><u>\$ 1,485,245</u></b>

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

Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Statement of Activities  
Year Ended June 30, 2018

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instructional services	\$ 12,259,300	\$ 509,885	\$ 228,508	\$ (11,520,907)
Support services	5,380,541	-	135,368	(5,245,173)
Employee Benefits - Unallocated	6,651,616	-	3,588,547	(3,063,069)
Transportation	1,269,117	-	-	(1,269,117)
School lunch services	228,280	173,414	30,628	(24,238)
Interest on long-term liabilities	11,025	-	-	(11,025)
Depreciation - Unallocated	224,900	-	-	(224,900)
<b>Total school district</b>	<b>\$ 26,024,779</b>	<b>\$ 683,299</b>	<b>\$ 3,983,051</b>	<b>(21,358,429)</b>

**General revenues:**

Participating towns:	
Town of Bridgewater	3,970,409
Town of Roxbury	7,269,336
Town of Washington	9,858,399
Unrestricted earnings on investments	10,421
Miscellaneous	144,308
Total general revenues	<u>21,252,873</u>
Change in net position	(105,556)
Net position - beginning, as restated	<u>1,590,801</u>
Net position - ending	<u>\$ 1,485,245</u>

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

Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington

Major Funds

Governmental Funds June 30, 2018	Major Funds						Total Governmental Funds
	General Fund	Debt Service Fund	Capital Reserve Fund	Capital Proj. Elementary Repair Fund	Capital Project Fund	Other Governmental Funds	
<b>Assets:</b>							
Cash and cash equivalents	\$ 887,392	\$ 343,034	\$ 955,902	\$ 95,243	\$ 35,517	\$ 507,832	\$ 2,824,920
Prepaid expenses	115,590	---	---	---	---	---	115,590
Inventory	---	---	---	---	---	10,485	10,485
Due from other funds	402,940	---	---	12,380	---	29,727	445,047
Due from State of Connecticut	---	---	---	---	---	10,732	10,732
<b>Total Assets</b>	<b>\$ 1,405,922</b>	<b>\$ 343,034</b>	<b>\$ 955,902</b>	<b>\$ 107,623</b>	<b>\$ 35,517</b>	<b>\$ 558,776</b>	<b>\$ 3,406,774</b>
<b>Liabilities:</b>							
Accrued payroll, payroll taxes, and benefits	\$ 607,359	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,976	\$ 613,335
Accounts payable	376,275	---	4,200	8,563	---	3,362	392,400
Due to other funds	42,107	---	---	---	344,156	58,784	445,047
Unearned revenue	---	---	---	---	---	26,566	26,566
<b>Total Liabilities</b>	<b>\$ 1,025,741</b>	<b>\$ ---</b>	<b>\$ 4,200</b>	<b>\$ 8,563</b>	<b>\$ 344,156</b>	<b>\$ 94,688</b>	<b>\$ 1,477,348</b>
<b>Fund balances:</b>							
Nonspendable:							
Inventories	---	---	---	---	---	10,485	10,485
Restricted for:							
Member Towns	351,744	---	---	---	---	---	351,744
Technology - USF fund	---	---	---	---	---	59,596	59,596
Scholarships	---	---	---	---	---	306,476	306,476
Capital improvements	---	---	951,702	99,060	(308,639)	---	742,123
Federal and State grants	---	---	---	---	---	4,920	4,920
Pre School	---	---	---	---	---	80,105	80,105
Committed for:							
Debt service	---	343,034	---	---	---	---	343,034
School cafeteria	---	---	---	---	---	2,506	2,506
Unassigned	28,437	---	---	---	---	---	28,437
<b>Total Fund Balances</b>	<b>\$ 380,181</b>	<b>\$ 343,034</b>	<b>\$ 951,702</b>	<b>\$ 99,060</b>	<b>\$ (308,639)</b>	<b>\$ 464,088</b>	<b>\$ 1,929,426</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,405,922</b>	<b>\$ 343,034</b>	<b>\$ 955,902</b>	<b>\$ 107,623</b>	<b>\$ 35,517</b>	<b>\$ 558,776</b>	<b>\$ 3,406,774</b>

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

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2018**

<b>Total fund balances for governmental funds</b>	<b>\$ 1,929,426</b>
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 \$16,025,039 accumulated depreciation.	1,569,680
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 outflows of resources:	
Changes of assumptions	475,155
Long-term liabilities and deferred inflows of resources 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:	
Deferred inflows of resources:	
Differences between expected and actual experience	\$ (194,926)
Net difference between projected and actual earnings on plan investments	(9,062)
Accrued interest	(3,648)
Bonds payable	(450,000)
Net OPEB liability	(1,341,943)
Early retirement payable and other compensated absences	(123,098)
Net pension liability	<u>(366,339)</u>
	(2,489,016)
<b>Total net position of governmental activities</b>	<b>\$ <u><u>1,485,245</u></u></b>

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



Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington

Statement of Revenue, Expenditures

and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2018

	Major Funds							Total Governmental Funds
	General Fund	Debt Service Fund	Capital Reserve Fund	Capital Proj. Elementary Repair Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds	
Revenue:								
Participating towns	\$ 21,098,144	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	21,098,144
Federal and state revenue	3,588,615	---	---	---	---	394,436	---	3,983,051
Investment income	4,521	5,586	---	224	90	---	---	10,421
Sales of lunches, milk, etc.	---	---	---	---	---	173,414	---	173,414
Tuition	509,885	---	---	---	---	---	---	509,885
Other revenue	80,833	---	3,977	---	---	59,498	---	144,308
<b>Total Revenue</b>	<b>25,281,998</b>	<b>5,586</b>	<b>3,977</b>	<b>224</b>	<b>90</b>	<b>627,348</b>	<b>90</b>	<b>25,919,223</b>
Expenditures:								
Certified salaries	8,993,785	---	---	---	---	---	---	8,993,785
Classified salaries	3,418,983	---	---	---	---	311,244	---	3,730,227
Employee benefits	6,500,604	---	---	---	---	9,929	---	6,510,533
Instructional programs	999,118	---	---	---	---	208,453	---	1,207,571
Tuition - other schools	484,559	---	---	---	---	---	---	484,559
Administrative	1,571,947	---	---	---	---	---	---	1,571,947
Pupil transportation	1,269,117	---	---	---	---	---	---	1,269,117
Plant operation & maintenance	910,403	---	---	66,968	433,729	---	---	1,411,100
Food service	---	---	---	---	---	84,982	---	84,982
Interest	---	14,674	---	---	---	---	---	14,674
Capital outlay	213,973	---	147,199	---	---	---	---	366,372
Principal payments on bonds	---	450,000	---	---	---	---	---	450,000
<b>Total Expenditures</b>	<b>24,362,489</b>	<b>464,674</b>	<b>147,199</b>	<b>66,968</b>	<b>433,729</b>	<b>619,808</b>	<b>619,808</b>	<b>26,094,867</b>

Excess (Deficiency) of Revenues over Expenditures 919,509 (459,088) (143,222) (66,744) (433,639) 7,540 (175,644)

Other Financing Sources (Uses): Operating Transfers (907,537) 469,350 213,187 100,000 125,000 --- --- Total Other Financing Sources (Uses) (907,537) 469,350 213,187 100,000 125,000 --- ---

Net change in fund balances 11,972 10,262 69,965 33,256 (308,639) 7,540 (175,644)

Fund Balance - beginning of year 368,209 332,772 881,737 65,804 --- 456,548 2,105,070

Fund Balance - end of year \$ 380,181 \$ 343,034 \$ 951,702 \$ 99,060 \$ (308,639) \$ 464,088 \$ 1,929,426

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

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2018**

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<b>Net change in fund balances-total governmental funds</b>	\$	(175,644)
---	----	-----------

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

Governmental funds reported 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 life and reported as depreciation expense. This is the difference between capital outlays and depreciation in the current period.

Capital outlays	\$	10,862	
Depreciation expense		<u>(243,861)</u>	(232,999)

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:

Repayment of bond principal	450,000	
Interest expense - general obligation bonds	<u>3,649</u>	453,649

Some (expenses) revenues reported in the statement of activities do not provide (use) current financial resources, and therefore, are not reported in the governmental funds:

Net OPEB liability	77,109	
Compensated absences and termination benefits	18,235	
Change in deferred outflows of resources	5,760	
Change in deferred inflows of resources	(203,988)	
Change in net pension liability	<u>(47,678)</u>	<u>(150,562)</u>

<b>Change in net position of governmental activities</b>	\$	<u><u>(105,556)</u></u>
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The accompanying notes are in integral part of these financial statements.

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	Pension Trust Fund	Agency Fund Student Activities
<b>Assets:</b>		
Cash and cash equivalents	\$ 195,883	\$ 117,361
Investments	<u>6,446,301</u>	<u>---</u>
<b>Total Assets</b>	<b>6,642,184</b>	<b>117,361</b>
 <b>Liabilities and Net Position:</b>		
<b>Liabilities:</b>		
Due to student groups	<u>---</u>	<u>117,361</u>
<b>Total Liabilities</b>	<u>---</u>	<u>117,361</u>
 <b>Net Position:</b>		
Held in trust for pension benefits	<u>\$ 6,642,184</u>	<u>\$ ---</u>

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

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund - Pension Trust Fund**  
**Year ended June 30, 2018**

**Fiduciary Fund**  
**Pension Trust**  
**Fund**

<b>Additions:</b>		
Employer contributions	\$	237,889
Investment income:		
Net increase in the fair value of investments		357,470
Interest and dividends		125,823
Gross investment income		483,293
Less: Investment expense		28,193
Net investment income		455,100
<b>Total Additions</b>		<b>692,989</b>
 <b>Deductions:</b>		
Pension benefits		280,357
<b>Change in Net Position</b>		<b>412,632</b>
 <b>Net position held in trust for pension benefits:</b>		
Beginning of year		6,229,552
End of year	\$	<b>6,642,184</b>

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

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note “1” - Summary of Significant Accounting Policies:**

**A. Basis of Presentation:**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (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) 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, and the OPEB plan presents additional schedules as required by GASB 75.

**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.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

**B. Reporting Entity (continued)**

For financial reporting purposes, the District's financial statements include all funds and accounts 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 Shepaug Valley Regional School District #12 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.

**Capital Projects Funds:**

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.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

**C. Government-wide and Fund Financial Statements (continued):**

**Fiduciary Funds:**

**Trust and Agency Funds:**

Account 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:**

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

**D. Measurement Focus and Basis of Accounting:**

**Measurement Focus:**

*Government-wide Statements*

The government-wide statements are prepared using the economic resources measurement focus. Eliminations have been made to minimize the double counting of internal activities. This is the same approach used in the preparation of proprietary fund financial statements, which 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.

**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 proprietary and 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. The available period of the District is sixty days after year end.

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Notes to Financial Statements**

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

**D. Measurement Focus and Basis of Accounting (continued)**

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 Position – 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.

- Nonspendable 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.



**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

**F. Deposits and Investments (continued):**

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 Funds (STIF). The provisions of the statutes, regarding the investments of municipal pension funds, do not specify permitted investments. Therefore, investments of such funds are 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.

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	20
Buildings & Improvements	20 – 50
Furniture and Equipment	5 – 10

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

**J. Deferred Outflows and Deferred Inflows of Resources**

The statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. Additionally, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period.

The District reports deferred outflows and deferred inflows of resources related to pension and OPEB.

**K. 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 position.

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee 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.

**M. 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.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

N. Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, 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-restricted classifications – committed and then assigned fund balances before using unassigned balances.

**Note "2" - Stewardship, Compliance, and Accountability:**

On or before the last Friday in December 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 1, 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 C.G.S. 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.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

A reconciliation of general fund expenditures and fund balance between the accounting treatment for encumbrances as required by GAAP and legal requirements follows:

	<u>General Fund</u>		
	<u>Expenditures</u>		
	<u>and Other</u>		
	<u>Revenue</u>	<u>Financing Uses</u>	<u>Fund Balance</u>
<u>Budgetary/GAAP Reporting Reconciliation:</u>			
Budgetary Statement - June 30, 2018	\$ 21,735,673	\$ 21,383,929	\$ 351,744
Encumbrances - June 30, 2017	-	325,987	-
Encumbrances - June 30, 2018	-	(28,437)	28,437
Fund balance returned to participating towns is a decrease of revenue for GAAP purposes	(42,222)	-	-
Payments made on the District's behalf as described in Notes "12" and "16"	3,588,547	3,588,547	-
Balance (GAAP) Balance Sheet and Statement of Revenue and Expenditures - June 30, 2018	<u>\$ 25,281,998</u>	<u>\$ 25,270,026</u>	<u>\$ 380,181</u>

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

No formal budget is adopted.

**Note "4" - Cash, Deposits and Investments:**

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2018:

Deposits:	Governmental	Fiduciary
	<u>Funds</u>	<u>Funds</u>
Demand accounts	\$ 2,494,566	\$ 313,244
Cash equivalents:		
State short-term investment fund (STIF)	<u>330,354</u>	<u>---</u>
Total Cash and Cash Equivalents	<u>\$ 2,824,920</u>	<u>\$ 313,244</u>

**Shepaug Valley Regional School District #12  
 Towns of Bridgewater, Roxbury and Washington  
 Notes to Financial Statements**

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

**B. 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, 2018, the carrying amount of the District's deposits was \$2,494,566 and the bank balance was \$3,543,953. Of the District's bank balance, \$3,043,953 was exposed to custodial credit risk; as follows:

Uninsured and uncollateralized	\$ 2,759,146
Uninsured and collateralized held by pledging Bank's trust department not in the District's name	<u>284,807</u>
Total amount subject to custodial credit risk	<u>\$ 3,043,953</u>

**C. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2018, the District's cash equivalents amounted to \$330,354. The following table provides a summary of the District’s cash equivalents as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

State of Connecticut Short-Term Investment Fund (STIF)	Standard and Poor’s AAAm
--	--------------------------------

**D. Investments**

At June 30, 2018, 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 Funds</b>			
Mutual funds	<u>\$ 6,446,301</u>	N/A	N/A

- 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.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

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

**E. Fair Value Measurements**

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.

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, 2018, 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, 2018 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, 2018 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 – Due to/from Other Funds:**

At June 30, 2018 the amounts due to and from other funds were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund	\$ 402,940	\$ 42,107
Capital Project Elementary Repair Fund	12,380	---
Capital Project Fund	---	344,156
Non-Major Governmental Funds:		
Cafeteria Fund	---	13,202
State and Federal Grant Fund	---	41,967
Universal Service Fund	---	3,615
Pre-School Restricted Fund	<u>29,727</u>	<u>---</u>
Total	<u>\$ 445,047</u>	<u>\$ 445,047</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimburseable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note "7" - Interfund Account- Transfers:**

At June 30, 2018, interfund transfers consisted of the following:

	<u>Amount</u>
Transfers from the General Fund to:	
Debt Service Fund	\$ 469,350
Reserve Fund for Capital and Non-recurring Expenditures	213,187
Elementary School Repair Fund	100,000
Capital Project Fund	<u>125,000</u>
Total	<u>\$ 907,537</u>

Transfers are used to (1) move revenues from the fund the statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**Note "8" - Operating Deficiencies and Fund Deficits:**

At June 30, 2018, 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 Deficits</u>
Capital Project Fund	\$ <u>308,639</u>	\$ <u>308,639</u>
School Cafeteria Fund	\$ <u>24,238</u>	\$ <u>---</u>

**Note "9" - Capital Assets:**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land and Land improvements	\$ 152,512	\$ ---	\$ ---	\$ 152,512
Capital assets, being depreciated:				
Buildings and improvements	12,200,592	---	---	12,200,592
Leasehold improvements	3,577,381	---	---	3,577,381
Furniture and equipment	<u>1,673,272</u>	<u>10,862</u>	<u>( 19,900)</u>	<u>1,664,234</u>
Total capital assets, being depreciated	17,451,245	10,862	( 19,900)	17,442,207
Accumulated depreciation for:				
Buildings and improvements	(10,627,526)	( 237,076)	---	(10,864,602)
Leasehold improvements	( 3,577,381)	---	---	( 3,577,381)
Furniture and equipment	<u>( 1,596,171)</u>	<u>( 6,785)</u>	<u>19,900</u>	<u>( 1,583,056)</u>
Total accumulated depreciation	<u>(15,801,078)</u>	<u>( 243,861)</u>	<u>19,900</u>	<u>(16,025,039)</u>
Total capital assets, being depreciated, net	<u>1,650,167</u>	<u>( 232,999)</u>	<u>---</u>	<u>1,417,168</u>
Governmental activities capital assets, net	<u>\$ 1,802,679</u>	<u>\$ ( 232,999)</u>	<u>\$ ---</u>	<u>\$ 1,569,680</u>

**Shepaug Valley Regional School District #12  
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**Note "9" – Capital Assets (continued):**

Depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Unallocated	\$ 224,900
Supporting services:	
District administration	11,353
Operation and maintenance of facilities	<u>7,608</u>
Total depreciation expense, governmental activities	<u>\$ 243,861</u>

**Note "10" - Long-Term Debt:**

The following is a summary of activity for the year ended June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amounts Due</u> <u>in One Year</u>
<u>General Obligation Loan of 2012</u> Payable in annual installments of \$450,000 in 2019. Loan bears interest @ 2.15%.	900,000	---	450,000	450,000	450,000
<u>Compensated Absences &amp; Other Leave Benefits</u> Vested or accumulated severance and sick leave.	141,333	19,905	38,140	123,098	---
<u>Net OPEB Liability *</u>	1,419,052	118,346	195,455	1,341,943	---
<u>Net Pension Liability</u>	<u>318,661</u>	<u>755,692</u>	<u>708,014</u>	<u>366,339</u>	<u>---</u>
<b>Totals</b>	<b><u>\$ 2,779,046</u></b>	<b><u>\$ 893,943</u></b>	<b><u>\$ 1,391,609</u></b>	<b><u>\$ 2,281,380</u></b>	<b><u>\$ 450,000</u></b>

\* The net OPEB obligation as updated to the total OPEB liability with the implementation of GASB 75.

The following is a summary of the District's aggregate debt service requirements:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 450,000	\$ 4,864	\$ 454,864



**Shepaug Valley Regional School District #12  
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**Note "11" - Employees Retirement System, Non-certified Employee Plan**

**A. General Information about the Pension Plan**

Shepaug Valley Regional School District #12 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 part of the District's reporting entity and is included in the District's financial reports as a pension trust fund. The plan does not issue stand-alone financial statements. The membership of the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>66</u>
Total	<u>120</u>

The District provides all Employee retirement benefits through a single employer, noncontributory, defined benefit plan. Under the plan, all regular full-time and regular part-time nonprofessional employees who have completed 2 years of service and have attained the age of 25 are covered. All covered employees vest after 10 years of service. The retirement benefit is 1.25% of final average compensation multiplied by the employee's years of credited service. Employee's may retire and receive their benefit after attaining the age of 65. The plan also provides reduced benefits for early retirement at age 55 and completion of 10 years of credited service. Covered employees do not and are not required to contribute anything to the PERS. There were no major plan changes for the July 1, 2018 actuarial valuation.

**B. Authority and Funding Policy:**

The Board of Education has established the benefit provisions and contribution to the plan. The Board is also authorized to make changes to the plan provisions through the budgetary process.

The District's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate the assets to pay benefits when due.

**C. Summary of Significant Accounting Policies**

**Basis of Accounting:** PERS financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments:** All assets are valued at fair value. Fair value, provided by the custodian, is a market quotation as of year-end. Funds are invested in fixed income and equity securities through a trust agreement with the custodian, Wells Fargo. Investment income is recognized as earned.

**Shepaug Valley Regional School District #12  
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Notes to Financial Statements**

**Note "11" - Employees Retirement System, Non-certified Employee Plan (continued)**

**D. 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 Finance Committee 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 policy emphasizes long-term capital appreciation investments with some consideration for current income. Investments are primarily in equity securities and other asset classes, with growth as the primary objective. Fixed income securities are utilized for risk management. The following was the asset allocation policy as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60%
Fixed Income	37%
Cash	3%

The following investments represent 5 percent or more of plan net assets:

Vanguard 500 Index Fund Admiral Shares	\$ 829,060	12.48%
Wells Fargo Advantage Core Bond Fund Class Inst #944	\$ 625,010	9.41%
Metropolitan West Total Return Bond Fund Class I #512	\$ 624,784	9.41%
Federated Total Return Bond Fund Institutional Shares # 328	\$ 623,351	9.38%
Dodge & Cox Income Fd Com #147	\$ 623,304	9.38%
Northern Mid Cap Index Fund	\$ 553,901	8.34%

Rate of Return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net Pension Liability of the District**

The components of the net pension liability at June 30, 2018, were as follows:

Total pension liability	\$ 7,008,523
Plan fiduciary net position	<u>6,642,184</u>
Net pension liability	<u>\$ 366,339</u>

Plan fiduciary net position as a percentage of the total pension liability 94.77 %

**F. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.25%
Salary Increases:	3.50%
Investment Rate of Return:	6.75%, net of pension plan investment expense

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**Note "11" - Employees Retirement System, Non-certified Employee Plan (continued):**

**F. Actuarial Assumptions (continued):**

Mortality rates were based on the RP-2014 Table with MP-2017 mortality improvements.

*Changes in Assumptions:* The municipal bond index changed from 3.13% in the July 1, 2017 actuarial valuation to 2.98% for the July 1, 2018 actuarial valuation. The inflation rate increased from 2.20% in the July 1, 2017 actuarial valuation to 2.25% for the July 1, 2018 actuarial valuation. In addition, the mortality table was updated from the RP-2000 Table projected to valuation using Scale AA to the RP-2014 Table with MP-2017 mortality improvements.

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 weighing 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, 2018 (see the discussion of the pension plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	5.70%
Fixed income	0.63%
Cash	0.00%

**G. Discount Rate:**

The discount rate used to measure the total pension liability was 6.75%. The projections of cash flows used to determine the discount rate assumed that the District contribution will be made at actuarially determined contribution rates. Based on this assumption, 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.

**H. 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 6.75%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Total Pension Liability	\$ 7,753,395	\$ 7,008,523	\$ 6,372,301
Plan Fiduciary Net Position	\$ 6,642,184	\$ 6,642,184	\$ 6,642,184
Net Pension Liability (Asset)	\$ 1,111,211	\$ 366,339	\$( 269,883)

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Notes to Financial Statements**

**Note "11" - Employees Retirement System, Non-certified Employee Plan (continued):**

**I. Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
Balances as of June 30, 2017	\$ 6,548,213	\$ 6,229,552	\$ 318,661
Changes for the Year:			
Service cost	166,629	---	166,629
Interest on total pension liability	432,542	---	432,542
Differences between expected and actual experience	( 15,025)	---	( 15,025)
Changes of assumptions	156,521	---	156,521
Employer contributions	---	237,889	( 237,889)
Net investment income	---	455,100	( 455,100)
Benefit payments	( 280,357)	( 280,357)	---
Net changes	<u>460,310</u>	<u>412,632</u>	<u>47,678</u>
Balances as of June 30, 2018	\$ <u>7,008,523</u>	\$ <u>6,642,184</u>	\$ <u>366,339</u>

**J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the District recognized pension expense of \$216,242. At June 30, 2018, 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	\$ ---	\$ 10,653
Changes of assumptions	426,522	---
Net difference between projected and actual earnings of plan investments	---	9,062
	<u>\$ 426,522</u>	<u>\$ 19,715</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,	
2019	\$ 160,017
2020	116,414
2021	42,108
2022	56,122
2023	21,870
Thereafter	<u>10,276</u>
	<u>\$ 406,807</u>

**Shepaug Valley Regional School District #12  
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**Note "12" - State of Connecticut Teachers' Retirement System: Pension**

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).

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 6% 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 are 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 amounts to finance unfunded accrued liability.

**Shepaug Valley Regional School District #12  
 Towns of Bridgewater, Roxbury and Washington  
 Notes to Financial Statements**

**Note "12" - State of Connecticut Teachers' Retirement System: Pension (continued):**

**D. Contributions (continued):**

*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 pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2018, 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>28,123,524</u>
Total	<u>\$ 28,123,524</u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the District recognized pension expense and revenue of \$3,253,070 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	8.00%, net of pension plan investment expense, including inflation

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

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 to June 30, 2015.

**Shepaug Valley Regional School District #12  
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**Note "12" - State of Connecticut Teachers' Retirement System: Pension (continued):**

F. Actuarial Assumptions (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 provide 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%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

**Shepaug Valley Regional School District #12  
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**Note "12" - State of Connecticut Teachers' Retirement System: Pension (continued):**

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 that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

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 "13" - 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 insurance. Additionally, employee health coverage is purchased from a commercial carrier.

**Note "14" - 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 affect 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, 2018 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.



**Shepaug Valley Regional School District #12  
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**Note "15" – Post Retirement Benefits**

**A. General Information about the Post Retirement Plan**

Shepaug Valley Regional School District #12 has a single-employer defined benefit plan that provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses. The post-retirement plan does not issue stand-alone financial statements

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2018, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The membership of the plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>104</u>
Total	<u>117</u>

**B. Authority and Funding Policy:**

The Board of Education has established the benefit provisions and contribution to the plan. 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 Entry Age Normal Method. The Board is also authorized to make changes to the plan provisions through the budgetary process.

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. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, the District anticipates a commitment to fund normal costs as well as long-term approach for the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the annual OPEB cost of benefits and to segregate the needed resources.

**C. Net Other Post Employment Benefit (OPEB) Liability of the District**

The components of the net OPEB liability at June 30, 2018, were as follows:

Total OPEB liability	\$ 1,341,943
Plan fiduciary net position	---
Net OPEB liability	<u>\$ 1,341,943</u>

Plan fiduciary net position as a percentage of the total OPEB liability 0 %

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
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**Note "15" – Post Retirement Benefits Plan (continued)**

**D. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2018
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar (closed period)
Remaining Amortization Period:	30 Years
Inflation:	2.25%
Salary Increases:	N/A
Investment Rate of Return:	N/A
Trend Rate:	8.0% in current year, decreasing by 0.5% per year with an ultimate rate of 4.0%
Mortality Rate:	1994 GAR

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**E. Sensitivity of the OPEB Liability to Changes in the Discount Rate and Trend Rate**

The following presents the net OPEB liability of the District, calculated using the discount rate of 3.62%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62%) or 1 percentage point higher (4.62%) than the current rate:

	<u>1% Decrease</u> <u>2.62%</u>	<u>Current Discount Rate</u> <u>3.62%</u>	<u>1% Increase</u> <u>4.62%</u>
Total OPEB Liability	\$ 1,494,202	\$ 1,341,943	\$ 1,212,667
Plan Fiduciary Net Position	\$ ---	\$ ---	\$ ---
Net OPEB Liability	\$ 1,494,202	\$ 1,341,943	\$ 1,212,667

The following presents the net OPEB liability of the District, calculated using the trend rate of 8.00%, as well as what the District's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<u>1% Decrease</u> <u>7.00%</u>	<u>Current Trend Rate</u> <u>8.00%</u>	<u>1% Increase</u> <u>9.00%</u>
Total OPEB Liability	\$ 1,218,655	\$ 1,341,943	\$ 1,483,842
Plan Fiduciary Net Position	\$ ---	\$ ---	\$ ---
Net OPEB Liability	\$ 1,218,655	\$ 1,341,943	\$ 1,483,842

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note "15" – Post Retirement Benefits Plan (continued)**

**F. Changes in the Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of June 30, 2017	\$ 1,419,052	\$ ---	\$ 1,419,052
Changes for the Year:			
Service cost	10,000	---	10,000
Interest cost	56,762	---	56,762
Differences between expected and actual experience	( 195,455)	---	( 195,455)
Changes of assumptions	<u>51,584</u>	---	<u>51,584</u>
Net changes	<u>( 77,109)</u>	<u>---</u>	<u>( 77,109)</u>
Balances as of June 30, 2018	\$ <u>1,341,943</u>	\$ <u>---</u>	\$ <u>1,341,943</u>

**G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$58,531. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ ---	\$ 184,273
Changes of assumptions	<u>48,633</u>	<u>---</u>
	<u>\$ 48,633</u>	<u>\$ 184,273</u>

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

Year Ending June 30,	
2019	\$( 8,231)
2020	( 8,231)
2021	( 8,231)
2022	( 8,231)
2023	( 8,231)
Thereafter	<u>( 94,485)</u>
	<u>\$( 135,640)</u>

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note "16" - State of Connecticut Teachers' Retirement System: Other Postemployment Benefits**

A. General Information about the Other Postemployment Benefits (OPEB) Plan

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

B. Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the TRS 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.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*" (GASB 75) was issued in June 2015 and is effective for employers' fiscal years beginning after June 15, 2017, with early adoption permitted. The TRB has chosen to early adopt GASB 75. GASB 75 establishes accounting and financial reporting requirements for governmental employers who sponsor or participate in OPEB plans.

C. Benefit Provision

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):**

**C. Benefit Provision (continued):**

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

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

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

*Normal Retirement:* 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.

*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.

**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 are amended and certified by the TRB and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

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

*Employees/Retirees:* Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the plan.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):**

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution.

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

District's proportionate share of the net OPEB liability	\$	---
State's proportionate share of the net OPEB liability associated with the District		<u>7,238,690</u>
Total		<u>\$ 7,238,690</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2016. At June 30, 2018, the District has no proportionate share of the net OPEB liability. For the year ended June 30, 2018, the District recognized OPEB expense and revenue of \$335,477 for on-behalf amounts for the benefits provided by the State.

**F. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.75%
Real wage growth	0.50%
Wage inflation	3.25%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	2.75%, net of OPEB plan investment expense, including inflation

Municipal bond index rate:

Measurement date	3.56%
Prior measurement date	3.01%

Single equivalent interest rate:

Measurement date	3.56%, net of OPEB plan investment expense, including price inflation
Prior measurement date	3.01%, net of OPEB plan investment expense, including price inflation

Healthcare cost trend rates:

Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

**Shepaug Valley Regional School District #12  
 Towns of Bridgewater, Roxbury and Washington  
 Notes to Financial Statements**

**Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):**

**F. Actuarial Assumptions (continued):**

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

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.

The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index rate. Changes were also made to the assumed initial per capita healthcare costs, rates of healthcare inflation used to project the per capital costs, and the rates of Plan participation based upon recent experience and current expectations. In addition, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Lastly, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the TRB.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%	2.79%

**G. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2016.

**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note "16" - State of Connecticut Teachers' Retirement System: OPEB (continued):**

**G. Discount Rate (continued):**

In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

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

**I. Plan Fiduciary Net Position**

Detailed information about the 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.



**Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Notes to Financial Statements**

**Note “17” – Prior Period Adjustment and Restatement:**

As of July 1, 2017, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which replaced the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 required the District to recognize a net OPEB liability, deferred inflows of resources, and deferred outflows of resources related to OPEB. It also created numerous additional disclosures in the footnotes and required supplementary information schedules. As a result, the District recorded the following restatement:

	<u>Governmental Activities</u>
Net Position balance at June 30, 2017, as originally reported	\$ 2,166,691
Adjustments:	
Eliminate net other post retirement obligation, reported per GASB No. 45	843,162
Record starting total OPEB liability, reported per GASB No. 75	<u>(1,419,052)</u>
Net Position balance at July 1, 2017, as restated	\$ <u>1,590,801</u>

**Note “18” – Subsequent Events:**

On July 24, 2018, the District obtained a \$9,000,000 general obligation bond anticipation note (BAN). The BANs will mature on April 10, 2019 and bear interest at 2.750% rate.

In connection with the preparation of the financial statements of Shepaug Valley Regional School District #12, subsequent events were evaluated through November 28, 2018, which is the date the financial statements were available to be issued.

Shepaug Valley Regional School District #12  
Towns of Bridgewater, Roxbury and Washington  
Statement Of Revenue, Expenditures And Changes In Fund Balances  
Budget and Actual (NON-GAAP BUDGETARY BASIS)  
General Fund  
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
<b>Revenue:</b>			
Participating towns :			
Town of Bridgewater	\$ 3,978,617	\$ 3,978,617	\$ ---
Town of Roxbury	7,282,856	7,282,856	---
Town of Washington	9,878,893	9,878,893	---
State of Connecticut:			
Adult education grant	68	68	---
Investment income	700	4,521	3,821
Tuition income	246,012	509,885	263,873
Miscellaneous income	---	80,833	80,833
<b>Total Revenue</b>	<b>21,387,146</b>	<b>21,735,673</b>	<b>348,527</b>
<b>Expenditures:</b>			
Current			
Certified salaries	9,215,550	8,974,229	241,321
Classified salaries	3,338,801	3,418,983	(80,182)
Employee benefits	2,925,096	2,818,807	106,289
Instructional programs	925,381	977,548	(52,167)
Tuition - other schools	566,000	484,559	81,441
Administrative services	694,523	1,482,806	(788,283)
Pupil transportation	1,690,682	1,269,117	421,565
Plant operation & maintenance	1,035,519	900,909	134,610
Capital outlay	301,244	149,434	151,810
<b>Total Expenditures</b>	<b>20,692,796</b>	<b>20,476,392</b>	<b>216,404</b>
<b>Expenditures Transferred from Budget:</b>			
Debt Service Fund	469,350	469,350	---
Reserve Fund for Capital and Non-recurring expenditures	---	213,187	(213,187)
Elementary School Repair Fund	100,000	100,000	---
Capital Project Fund	125,000	125,000	---
<b>Total Expenditures and Transfers</b>	<b>21,387,146</b>	<b>21,383,929</b>	<b>3,217</b>
<b>Excess of Revenue over Expenditures and Transfers</b>	---	<b>351,744</b>	<b>351,744</b>
<b>Fund Balance - beginning of year</b>	---	<b>42,222</b>	<b>42,222</b>
<b>Returned to participating towns</b>	---	<b>(42,222)</b>	<b>(42,222)</b>
<b>Fund Balance - end of year</b>	\$ ---	\$ <b>351,744</b>	\$ <b>351,744</b>

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

**Shepaug Valley Regional School District #12**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**State of Connecticut Teachers' Retirement System**  
**Last Four Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00%	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	28,123,524	29,670,533	24,039,750	22,219,931
Total	<u>\$ 28,123,524</u>	<u>\$ 29,670,533</u>	<u>\$ 24,039,750</u>	<u>\$ 22,219,931</u>
District's covered-employee payroll	\$ N/A	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	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 were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the 5-year period ended June 30, 2015.

District's covered-employee payroll Not applicable since 0% proportionate share of the net pension liability

**Shepaug Valley Regional School District #12**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**State of Connecticut Teachers' Retirement System**  
**Last Fiscal Year**

	<u>2018</u>
District's proportion of the net OPEB liability	0.00%
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	7,238,690
Total	<u>\$ 7,238,690</u>
District's covered-employee payroll	\$ N/A
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

**Notes to Schedule**

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization method	30 years
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment-related expense including price inflation

Changes in benefit terms      None

Changes of assumptions

The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index rate. Changes were also made to the assumed initial per capita healthcare costs, rates of healthcare inflation used to project the per capital costs, and the rates of Plan participation based upon recent experience and current expectations. In addition, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Lastly, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the TRB. The 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.

District's covered-employee payroll      Not applicable since 0% proportionate share of the net OPEB liability

**Shepaug Valley Regional School District #12**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Employees Retirement System, Non-certified Employee Plan**  
**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service Cost	\$ 166,629	\$ 183,092	\$ 147,816	\$ 149,359	\$ 148,277
Interest	432,542	410,759	373,380	350,865	335,174
Differences between expected and actual experience	(15,025)	4,875	(51,555)	61,047	(33,666)
Changes of assumptions	156,521	-	542,809	-	-
Benefit payments, including refunds of member contributions	<u>(280,357)</u>	<u>(271,675)</u>	<u>(250,580)</u>	<u>(228,662)</u>	<u>(222,592)</u>
Net change in total pension liability	460,310	327,051	761,870	332,609	227,193
Total pension liability - beginning	<u>6,548,213</u>	<u>6,221,162</u>	<u>5,459,292</u>	<u>5,126,683</u>	<u>4,899,490</u>
Total pension liability - ending	<u>7,008,523</u>	<u>6,548,213</u>	<u>6,221,162</u>	<u>5,459,292</u>	<u>5,126,683</u>
Plan fiduciary net position:					
Contributions - employer	237,889	416,934	176,819	225,505	205,888
Net investment income	455,100	647,754	5,070	149,125	701,161
Benefit payments, including refunds of member contributions	<u>(280,357)</u>	<u>(271,675)</u>	<u>(250,580)</u>	<u>(228,662)</u>	<u>(222,592)</u>
Net change in plan fiduciary net position	412,632	793,013	(68,691)	145,968	684,457
Plan fiduciary net position - beginning	<u>6,229,552</u>	<u>5,436,539</u>	<u>5,505,230</u>	<u>5,359,262</u>	<u>4,674,805</u>
Plan fiduciary net position - ending	<u>6,642,184</u>	<u>6,229,552</u>	<u>5,436,539</u>	<u>5,505,230</u>	<u>5,359,262</u>
Net Pension Liability (Asset) - Ending	<u>\$ 366,339</u>	<u>\$ 318,661</u>	<u>\$ 784,623</u>	<u>\$ (45,938)</u>	<u>\$ (232,579)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.77%</u>	<u>95.13%</u>	<u>87.39%</u>	<u>100.84%</u>	<u>104.54%</u>
Covered employee payroll	<u>\$ 2,547,722</u>	<u>\$ 2,542,496</u>	<u>\$ 2,490,937</u>	<u>\$ 2,534,741</u>	<u>\$ 2,472,885</u>
Net pension liability as a percentage of covered employee payroll	<u>14.38%</u>	<u>12.53%</u>	<u>31.50%</u>	<u>(1.81%)</u>	<u>(9.41%)</u>

**Shepaug Valley Regional School District #12**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Other Post Employment Benefits (OPEB)**  
**Last Fiscal Year**

---

	<u>2018</u>
Total OPEB liability:	
Service Cost	\$ 10,000
Interest Cost	56,762
Differences between expected and actual experience	(195,455)
Changes of assumptions	51,584
Net change in total OPEB liability	<u>(77,109)</u>
Total OPEB liability - beginning	1,419,052
Total OPEB liability - ending	<u>1,341,943</u>
 Plan fiduciary net position:	
Plan fiduciary net position at end of the year	<u>-</u>
 Net OPEB Liability	 \$ <u>1,341,943</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 <u>0.00%</u>
 Covered employee payroll	 <u>N/A</u>
 Net OPEB liability as a percentage of covered employee payroll	 <u>N/A</u>

**Shepaug Valley Regional School District #12  
Schedule of Employer Contributions  
Employees Retirement System, Non-certified Employee Plan  
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 266,934	\$ 177,349	\$ 176,819	\$ 183,176	\$ 239,659	\$ 211,015	\$ 237,502	\$ 232,610	\$ 162,651	\$ 119,913
Contributions in relation to the actuarially determined contribution	237,889	416,934	176,819	225,505	205,888	375,541	258,583	384,415	181,564	158,235
Contribution (Deficiency) Excess	\$ (29,045)	\$ 239,585	\$ -	\$ 42,329	\$ (33,771)	\$ 164,526	\$ 21,081	\$ 151,805	\$ 18,913	\$ 38,322
Covered employee payroll	\$ 2,547,722	\$ 2,542,496	\$ 2,490,937	\$ 2,534,741	\$ 2,472,885	\$ 2,320,238	\$ 2,379,607	\$ 2,364,314	\$ 2,213,838	\$ 2,207,360
Contributions as a percentage of covered employee payroll	9.34%	16.40%	7.10%	8.90%	8.33%	16.19%	10.87%	16.26%	8.20%	7.17%

**Notes to Schedule**

Valuation date:

July 1, 2018

Measurement date:

June 30, 2018

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years from 7/1/2016
Asset valuation method	Fair market value
Discount rate	6.75%
Inflation	2.25%
Salary increases	3.50%
Investment rate of return	6.75%
Retirement age	65 years
Mortality	RP-2014 Table with MP-2017 mortality improvements

Other:

Change of benefit terms

None

Changes of assumptions

The inflation rate increased from 2.20% in the July 1, 2017 actuarial valuation to 2.25% for the July 1, 2018 actuarial valuation. In addition, the mortality table was updated from the RP-2000 Table projected to valuation using Scale AA to the RP-2014 Table with MP-2017 mortality improvements.

**Shepaug Valley Regional School District #12**  
**Schedule of Investment Returns**  
**Employees Retirement System, Non-certified Employee Plan**  
**Last Five Fiscal Years**

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.25%	11.67%	0.09%	2.78%	15.34%



Shepaug Valley Regional School District #12  
 Towns of Bridgewater, Roxbury and Washington  
 Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

	Special Revenue Funds						Total Nonmajor Governmental Funds
	School Cafeteria	State and Federal Grants	Scholarship Fund	Universal Service Fund	Pre-School Restricted Fund		
<b>Assets:</b>							
Cash	\$ 20,636	\$ 50,256	\$ 306,476	\$ 63,211	\$ 67,253	\$	507,832
Due from State of Connecticut	7,620	3,112	---	---	---	---	10,732
Due from other funds	---	---	---	---	29,727	---	29,727
Inventory	10,485	---	---	---	---	---	10,485
<b>Total Assets</b>	<b>\$ 38,741</b>	<b>\$ 53,368</b>	<b>\$ 306,476</b>	<b>\$ 63,211</b>	<b>\$ 96,980</b>	<b>\$</b>	<b>558,776</b>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accrued payroll, payroll taxes, and benefits	\$ 5,976	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	5,976
Accounts payable	2,037	---	---	---	1,325	---	3,362
Due to other funds	13,202	41,967	---	3,615	---	---	58,784
Unearned revenue	4,535	6,481	---	---	15,550	---	26,566
<b>Total Liabilities</b>	<b>25,750</b>	<b>48,448</b>	<b>---</b>	<b>3,615</b>	<b>16,875</b>	<b>---</b>	<b>94,688</b>
<b>Fund balances:</b>							
Nonspendable:							
Inventories	10,485	---	---	---	---	---	10,485
Committed for:							
School cafeteria	2,506	---	---	---	---	---	2,506
Restricted for:							
Technology - USF fund	---	---	---	59,596	---	---	59,596
Scholarships	---	---	306,476	---	---	---	306,476
Federal and State grants	---	4,920	---	---	---	---	4,920
Pre-School	---	---	---	---	80,105	---	80,105
<b>Total Fund Balance</b>	<b>12,991</b>	<b>4,920</b>	<b>306,476</b>	<b>59,596</b>	<b>80,105</b>	<b>---</b>	<b>464,088</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 38,741</b>	<b>\$ 53,368</b>	<b>\$ 306,476</b>	<b>\$ 63,211</b>	<b>\$ 96,980</b>	<b>\$</b>	<b>558,776</b>

Shepaug Valley Regional School District #12  
 Towns of Bridgewater, Roxbury and Washington  
 Combining Statement of Revenue, Expenditures And Changes In Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2018

	Special Revenue Funds						Total Nonmajor Governmental Funds
	School Cafeteria	State and Federal Grants	Scholarship Fund	Universal Service Fund	Pre-School Restricted Fund		
<b>Revenue:</b>							
Sales of lunches, milk, and other	\$ 173,414	\$ ---	\$ ---	\$ ---	\$ ---	\$ 173,414	
Federal & state grants	30,628	363,808	---	---	---	394,436	
Other	---	---	11,340	8,808	39,350	59,498	
<b>Total Revenue</b>	<b>204,042</b>	<b>363,808</b>	<b>11,340</b>	<b>8,808</b>	<b>39,350</b>	<b>627,348</b>	
<b>Expenditures:</b>							
Cost of food consumed	84,982	---	---	---	---	84,982	
Salaries and wages	123,904	187,340	---	---	---	311,244	
Supplies and miscellaneous	9,915	10,489	---	---	---	20,404	
Payroll taxes	9,479	---	---	---	---	9,479	
Employee benefits	---	450	---	---	---	450	
Repairs and equipment purchases	---	---	---	5,200	---	5,200	
Student Services	---	165,529	---	---	12,420	177,949	
Scholarships	---	---	10,100	---	---	10,100	
<b>Total Expenditures</b>	<b>228,280</b>	<b>363,808</b>	<b>10,100</b>	<b>5,200</b>	<b>12,420</b>	<b>619,808</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(24,238)</b>	<b>---</b>	<b>1,240</b>	<b>3,608</b>	<b>26,930</b>	<b>7,540</b>	
<b>Fund Balance - beginning of year</b>	<b>37,229</b>	<b>4,920</b>	<b>305,236</b>	<b>55,988</b>	<b>53,175</b>	<b>456,548</b>	
<b>Fund Balance - end of year</b>	<b>\$ 12,991</b>	<b>\$ 4,920</b>	<b>\$ 306,476</b>	<b>\$ 59,596</b>	<b>\$ 80,105</b>	<b>\$ 464,088</b>	

**Shepaug Valley Regional School District #12**  
**Towns of Bridgewater, Roxbury and Washington**  
**Statement of Changes in Assets and Liabilities**  
**All Agency Funds - Student Activities Fund**  
**June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>Assets:</b>				
Cash	\$ 123,247	\$ 160,827	\$ 166,713	\$ 117,361
<b>Total Assets</b>	<b>\$ 123,247</b>	<b>\$ 160,827</b>	<b>\$ 166,713</b>	<b>\$ 117,361</b>
<b>Liabilities:</b>				
Due to Student Groups				
High School Activity Fund	\$ 89,044	\$ 115,811	\$ 117,630	\$ 87,225
Middle School	8,719	19,672	18,402	9,989
Burnham School	4,145	2,681	2,204	4,622
Booth Free School	6,823	5,959	5,694	7,088
Washington Primary	14,516	16,704	22,783	8,437
<b>Total Liabilities</b>	<b>\$ 123,247</b>	<b>\$ 160,827</b>	<b>\$ 166,713</b>	<b>\$ 117,361</b>

OTHER FINANCIAL INFORMATION



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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Shepaug Valley Regional School District #12  
Bridgewater, Roxbury and Washington, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shepaug Valley Regional School District #12 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Shepaug Valley Regional School District #12's basic financial statements, and have issued our report thereon dated November 28, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Shepaug Valley Regional School District #12's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shepaug Valley Regional School District #12's internal control. Accordingly, we do not express an opinion on the effectiveness of Shepaug Valley Regional School District #12's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Shepaug Valley Regional School District #12's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shepaug Valley Regional School District #12's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CHARLES HEAVEN & CO.

November 28, 2018

## ***Appendix B***

### ***Opinion of Bond Counsel and Tax Status***

## APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

*The following information has been prepared by Bond Counsel in connection with this bond and note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.*

### BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds and Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the District authorizing the Bonds and Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds and Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds and Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Regional School District Number 12  
Washington Depot, Connecticut

We have represented Regional School District Number 12 of the State of Connecticut as Bond Counsel in connection with the issuance by the District of \$8,250,000 General Obligation Bonds, Issue of 2019, dated as of April 10, 2019 and \$4,000,000 Bond Anticipation Notes, dated as of April 10, 2019.

We have examined a record of proceedings authorizing the Bonds and Notes, and based on our examination, we are of the opinion that Regional School District Number 12 is authorized to issue the Bonds and Notes; the District is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds and Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds and Notes; the Bonds and Notes will be valid and binding general obligations of the District and its member towns of Bridgewater, Roxbury, and Washington, when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and each member town of the District has the power to levy ad valorem taxes to pay the Bonds and Notes against all the taxable property in the District within such town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes. The District officials authorized to issue the Bonds and Notes have executed written representations and agreements on behalf of the District relating to compliance with such provisions of the Code to ensure that the interest on the Bonds and Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds and Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds and Notes are not "private activity bonds" and



interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds and Notes, it is our opinion that, under existing statutes: (1) 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 (2) interest on the Bonds and 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.

Very truly yours,

Day Pitney LLP

## **FEDERAL INCOME TAX.**

***Interest Excluded From Gross Income.*** The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds and Notes. Failure to comply with any of these requirements may cause the interest on the Bonds and Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The District officials authorized to issue the Bonds and Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds and Notes, which will contain certain representations and covenants on behalf of the District relating to compliance with such requirements of the Code to ensure that the interest on the Bonds and Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

***Alternative Minimum Tax.*** The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The District's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds and Notes are not "private activity bonds" so that interest on the Bonds and Notes will not be treated as a preference item for individuals.

***Financial Institutions.*** The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds and Notes will **not** be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

***Additional Federal Income Tax Matters.*** Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds and Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations, such as the Bonds and Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds and Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

#### **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds and Notes, under existing statutes: (1) 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 (2) interest on the Bonds and 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.

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

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, including the extent to which gains and losses from the sale or exchange of the Bonds and Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

#### **ORIGINAL ISSUE DISCOUNT.**

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

## **ORIGINAL ISSUE PREMIUM.**

The initial public offering price of certain of the Bonds and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds and Notes are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and Notes were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds and Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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 having original issue premium, and especially any owner who is not an original owner of a bond or note who bought the bond or note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds and notes.

## **GENERAL.**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an effect on the federal tax status or the market price of the Bonds and Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds and Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, 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 tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Bonds and Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

*[Remainder of page intentionally left blank]*

***Appendix C-1***

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

## APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the District substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.*

### Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of April 10, 2019 by Regional School District Number 12 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$8,250,000 General Obligation Bonds, Issue of 2019, dated as of April 10, 2019 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated March 26, 2019 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"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 Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2019) as follows:

(i) Financial statements of the Issuer's general fund, and any special revenue, capital projects, permanent enterprise, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above or (iii) below:

(A) amounts of the gross and net taxable grand list of each of the Issuer's member towns applicable to the fiscal year,

- (B) listing of the ten largest taxpayers on the applicable grand list of each of the Issuer's member towns, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy of each of the Issuer's member towns uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), of the Issuer and each of the Issuer's member towns, as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer and of each of its member towns per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer and of each of its member towns to the applicable net taxable grand list,
- (H) statement of statutory debt limitation of the Issuer and of each of its member towns as of the close of the fiscal year,
- (I) funding status of the pension benefit obligation of the Issuer and of each of its member towns, and
- (J) annual assessments by the Issuer on each of its member towns for the applicable fiscal year.

(iii) Audited financial statements of each of the Issuer's member towns for the prior fiscal year, if available, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, each of the Issuer's member towns prepares its financial statements in accordance with generally accepted accounting principles.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time 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.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

**Section 3. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

*Events (o) and (p).* The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

#### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

#### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

#### **Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

#### **Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time 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 within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is 11A School Street, Washington Depot, Connecticut 06794

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

#### **Section 8. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer



from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of 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 provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. 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.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

REGIONAL SCHOOL DISTRICT NUMBER 12

By \_\_\_\_\_  
Anthony Amato  
Chairman of the Board of Education

By \_\_\_\_\_  
Stephanie Kolnick  
Treasurer

***Appendix C-2***

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

## APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the District substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:*

### Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of April 10, 2019 by Regional School District Number 12 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,000,000 Bond Anticipation Notes, dated as of April 10, 2019 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"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. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

*Events (o) and (p).* The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

### **Section 3. Use of Agents.**

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

### **Section 4. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

### **Section 5. Enforcement.**

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time 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 within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is 11A School Street, Washington Depot, Connecticut 06794.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

**Section 6. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of 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 provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

REGIONAL SCHOOL DISTRICT NUMBER 12 OF  
THE STATE OF CONNECTICUT

By: \_\_\_\_\_  
Anthony Amato  
Chairman of the Board of Education

By: \_\_\_\_\_  
Stephanie Kolnick  
Treasurer

***Appendix D-1***

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

**NOTICE OF SALE**  
**\$8,250,000**  
**Regional School District Number 12 of the State of Connecticut**  
**General Obligation Bonds**  
**(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by Regional School District Number 12 of the State of Connecticut at the offices of Day Pitney LLP, Crandall Conference Room, 242 Trumbull Street, 6th Floor, Hartford, Connecticut, until **11:30 A.M. Eastern Time on TUESDAY**,

**MARCH 26, 2019**

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$8,250,000 General Obligation Bonds, Issue of 2019**  
**Payable annually on April 1 as follows:**

**\$325,000 in 2020**  
**\$350,000 in 2021**  
**\$400,000 in 2022 through 2035**  
**\$395,000 in 2036 through 2040**

The Bonds will be dated April 10, 2019, with interest payable on October 1, 2019 and thereafter semiannually on each April 1st and October 1st.

The Bonds will be general obligations of the District and its member towns of Bridgewater, Roxbury, and Washington, and payable from ad valorem taxes levied on all taxable property in each member town of the District without limitation as to rate or amount except 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.

**DTC Book Entry.** 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 The Depository Trust Company ("DTC"), New York, New York, 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 principal amounts of \$5,000 or any integral multiple 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 or Indirect 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 certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the District as of the close of business on the record date preceding each interest payment date.

The record dates will be the fifteenth day of September and March (or the preceding business day if such fifteenth day is not a business day).

**Redemption.** Bonds maturing after April 1, 2025 are subject to redemption prior to maturity, at the option of the District, on or after April 1, 2025, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the District may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
April 1, 2025 and thereafter	100%

**Proposals.** Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent 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 (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the District, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). 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® is communicated to the District, it shall constitute an irrevocable offer, in response to this Notice, 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®, 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. **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®, the use of such facilities being the sole risk of the prospective bidder.**

**Disclaimer** - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the District nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the District nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The District is using PARITY® 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® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the 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® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.



All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

**Basis of Award.** As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the District. For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to April 10, 2019, 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. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the District by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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.

The District further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The District will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

**Certifying and Paying Agent.** The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

**Delivery.** At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the member towns of the District to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of District Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

**Establishment of Issue Price.** The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

By submitting a bid for the Bonds, a bidder, other than a bidder purchasing the Bonds for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The District intends that the provisions of Treasury Regulation 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 Requirements”) because:

1. the District shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the District may receive 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 highest price (or lowest interest cost), as set forth in this Notice of Sale.

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.

In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The District will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party 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 other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
3. a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. “Sale Date” means the date that the Bonds are awarded by the District to the winning bidder.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the District and its member towns when duly certified; (2) that, 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, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not “private activity bonds” and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds 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.

The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

**Municipal Advisor.** Regional School District Number 12 has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** Regional School District Number 12 has prepared a preliminary Official Statement for the Bond issue which is dated March 15, 2019. The District deems such preliminary 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 purchaser 25 copies of the Official Statement as prepared by the District at the District's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the District's Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the District's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** 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 for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. 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 Bonds.

**CUSIP Numbers.** 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 apply for CUSIP numbers for the Bonds. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the District; provided, however, that the District assumes no responsibility for any CUSIP Global Services 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.

**Delivery Date and Payment.** It is expected that the closing on the Bonds will occur on or about April 10, 2019 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

**More Information.** For more information regarding this issue and the District reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Ms. Nicole Grant, Director of Finance, Regional School District Number 12, 11A School Street, P.O. Box 386, Washington Depot, Connecticut 06794 (telephone: (860) 868-6107).

ANTHONY AMATO,  
*Chairman of the Board of Education*

STEPHANIE KOLNICK,  
*Treasurer*

March 15, 2019

**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**REGIONAL SCHOOL DISTRICT NUMBER 12 OF THE STATE OF CONNECTICUT  
\$8,250,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *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.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 26, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Issuer* means Regional School District Number 12 of the State of Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

*Name of the Underwriter*

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*

*Competitive Sale Requirements Not Satisfied - 10% Test Applied*

**REGIONAL SCHOOL DISTRICT NUMBER 12 OF THE STATE OF CONNECTICUT  
\$8,250,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. **Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "**Issuer**" means Regional School District Number 12 of the State of Connecticut.

(b) "**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.

(c) "**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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "**Underwriter**" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachment:**

**SCHEDULE A  
SALE PRICES**

*[Remainder of page intentionally left blank]*

***Appendix D-2***

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



**NOTICE OF TELEPHONE AND PARITY® SALE**  
**\$4,000,000**  
**Regional School District Number 12 of the State of Connecticut**  
**Bond Anticipation Notes**  
**(BOOK-ENTRY)**

TELEPHONE PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by Regional School District Number 12 of the State of Connecticut at the offices of Day Pitney LLP, Crandall Conference Room, 242 Trumbull Street, 6th Floor, Hartford, Connecticut, until **11:00 A.M. Eastern Time on TUESDAY,**

**MARCH 26, 2019**

for the purchase of \$4,000,000 Bond Anticipation Notes of Regional School District Number 12, dated April 10, 2019, maturing on April 9, 2020 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the District and its member towns of Bridgewater, Roxbury, and Washington, and payable from ad valorem taxes levied on all taxable property in each member town of the District without limitation as to rate or amount except 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.

**DTC Book-Entry.** 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 ("DTC"), New York, New York, 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 any integral multiple 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 Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the District or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; 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 or Indirect 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 certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

**Proposals.** Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the District, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

**Telephone Proposals Bidding Procedure.** Telephone bids for the purchase of the Notes will be received on behalf of the District by a representative of Phoenix Advisors, LLC, the District's municipal advisor (the "Municipal Advisor"), at (203) 283-1110 only until 11:00 A.M. on Tuesday, March 26, 2019.

**Electronic Proposals Bidding Procedure.** Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). 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® is communicated to the District, it shall constitute an irrevocable offer, in response to this Notice, 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®, 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. **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®, the use of such facilities being the sole risk of the prospective bidder.**

**Disclaimer** - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the District nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the District nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The District is using PARITY® 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® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the 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® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the District by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The District reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. 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.

The District further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The District will use its best efforts to notify prospective bidders in a timely

manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

**Certifying and Paying Agent.** The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

**Delivery.** At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the member towns of the District to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of District Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

**Establishment of Issue Price.** The winning bidder shall assist the District in establishing the issue price of the Notes and shall execute and deliver to the District at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the District by the District’s Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District’s Municipal Advisor.

By submitting a bid for the Notes, a bidder, other than a bidder purchasing the Notes for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The District intends that the provisions of Treasury Regulation 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 Requirements”) because:

1. the District shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the District may receive 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 highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the winning bidder. The District shall treat the first price at which 10% of a maturity of the Notes (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The District will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the District the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party 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 other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
3. a purchaser of any of the Notes is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

4. "Sale Date" means the date that the Notes are awarded by the District to the winning bidder.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the District and its member towns when duly certified; (2) that, 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, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on 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.

The Notes will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

**Municipal Advisor.** Regional School District Number 12 has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, to serve as its municipal advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

**Official Statement.** Regional School District Number 12 has prepared a preliminary Official Statement for the Note issue which is dated March 15, 2019. The District deems such preliminary 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 each winning purchaser 10 copies of the Official Statement as prepared by the District at the District's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the District's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. If the District's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

**Continuing Disclosure Agreement.** 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 for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

**CUSIP Numbers.** 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 Municipal Advisor to apply for CUSIP numbers for the Notes. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the District; provided, however, that the District assumes no responsibility for any CUSIP Global Services 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.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on April 10, 2019.

**More Information.** For more information regarding this issue and the District reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Ms. Nicole Grant, Director of Finance, Regional School District Number 12, 11A School Street, P.O. Box 386, Washington Depot, Connecticut 06794 (telephone: (860) 868-6107).

ANTHONY AMATO,  
*Chairman of the Board of Education*

STEPHANIE KOLNICK,  
*Treasurer*

March 15, 2019

**APPENDIX TO NOTICE OF SALE  
FORM OF ISSUE PRICE CERTIFICATE**

*Competitive Sale Requirements Satisfied*

**REGIONAL SCHOOL DISTRICT NUMBER 12 OF THE STATE OF CONNECTICUT  
\$4,000,000 BOND ANTICIPATION NOTES, DATED APRIL 10, 2019**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. ***Defined Terms.***

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is March 26, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means Regional School District Number 12 of the State of Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

*Name of the Underwriter*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachments:**

**SCHEDULE A  
EXPECTED OFFERING PRICES**

**SCHEDULE B  
COPY OF UNDERWRITER'S BID**

*[Remainder of page intentionally left blank]*



*Competitive Sale Requirements Not Satisfied - 10% Test Applied*

**REGIONAL SCHOOL DISTRICT NUMBER 12 OF THE STATE OF CONNECTICUT  
\$4,000,000 BOND ANTICIPATION NOTES, DATED APRIL 10, 2019**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of *Name of the Underwriter* ("*Underwriter Short Name*"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. **Sale of the Notes.** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "*Issuer*" means Regional School District Number 12 of the State of Connecticut.

(b) "*Maturity*" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents *Underwriter Short Name*'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

*Name of the Underwriter*

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_/\_\_/2019

**Attachment:**

**SCHEDULE A  
SALE PRICES**

*[Remainder of page intentionally left blank]*

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