

# Preliminary Official Statement Dated June 12, 2019

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

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

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the District with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference under the Code for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrued or receipt of interest on, the Bonds. (See "Tax Matters" herein.)



## **\$1,915,000** **Regional School District No. 9** **of the State of Connecticut** **(Towns of Easton and Redding)** **General Obligation Bonds, Issue of 2019** **Bank-Qualified**

**Dated: Date of Delivery**

**Due: Serially, July 15, 2020-2034**  
**as detailed below:**

The Bonds will be general obligations of Regional School District No. 9 of the State of Connecticut (the "District") and its member towns of Easton and Redding (the "Member Towns"), and the District will pledge its full faith and credit to pay principal and interest on the Bonds when due. (See "Security and Remedies" herein.)

Interest on the Bonds will be payable on July 15, 2020 and semiannually thereafter on January 15 and July 15 in each year until maturity or earlier redemption. The Bonds will be issued as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial owners (as described herein) of the Bonds. (See "Book-Entry Transfer System herein.")

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

### MATURITY SCHEDULE

Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>	Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>
2020	\$ 90,000	___%	___%	759115___	2028	\$ 130,000	___%	___%	759115___
2021	130,000	___%	___%	759115___	2029	130,000	___%	___%	759115___
2022	130,000	___%	___%	759115___	2030	130,000	___%	___%	759115___
2023	130,000	___%	___%	759115___	2031	130,000	___%	___%	759115___
2024	130,000	___%	___%	759115___	2032	130,000	___%	___%	759115___
2025	130,000	___%	___%	759115___	2033	130,000	___%	___%	759115___
2026	130,000	___%	___%	759115___	2034	135,000	___%	___%	759115___
2027	130,000	___%	___%	759115___					

**Electronic bids via PARITY for the Bonds will be received until 11:30 AM (E.D.T.) on Wednesday, June 19, 2019 at the Business Office of Regional School District No. 9, 654 Morehouse Road, Easton, Connecticut 06612.**

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about July 15, 2019.

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

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

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

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

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

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the District since the date of this Official Statement.

The independent auditors of the Member Towns 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 "General Purpose Financial Statements" herein, and they make no representation that they have independently verified the same.

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

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## **Bond Issue Summary**

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

- Issuer:** Regional School District No. 9 of the State of Connecticut (Towns of Easton and Redding) (the “District”).
- Issue:** \$1,915,000 General Obligation Bonds, Issue of 2019 (the “Bonds”).
- Dated Date:** Date of Delivery.
- Principal and Interest Due:** Principal due serially, July 15, 2020 through July 15, 2034 as detailed in this Official Statement. Interest on the Bonds will be payable on July 15, 2020 and semiannually thereafter on January 15 and July 15 in each year until maturity.
- Purpose and Authority:** The Bond proceeds are being used to finance various projects at Joel Barlow High School. See “Authorization and Purpose” herein.
- Redemption:** The Bonds are subject to optional redemption prior to maturity, as herein provided.
- Security:** The Bonds will be general obligations of the District, and its member towns of Easton and Redding (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.
- Credit Ratings:** The Bonds have been rated “AAA” by S&P Global Ratings (“S&P”). The District’s Member Town of Redding, Connecticut has outstanding bond ratings from S&P of “AAA” and Moody’s Investors Service of “Aa1.” The District’s other Member Town of Easton, Connecticut has outstanding bond ratings from S&P of “AAA” and Moody’s Investors Service of “Aaa”.
- Bond Insurance:** The District does not expect to purchase a credit enhancement facility.
- Tax Matters:** See “Tax Matters” herein.
- Continuing Disclosure:** 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 to this Official Statement.
- Bank Qualification:** The Bonds SHALL 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.
- Registrar, Transfer Agent, Certifying Agent & Paying Agent:** U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103.
- Legal Opinion:** Pullman & Comley, LLC of Hartford, Connecticut will act as bond counsel. (See Appendix B “Form of Opinion of Bond Counsel” herein.)
- Municipal Advisor:** Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 878-4945.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of The Depository Trust Company on or about July 15, 2019. Delivery of the Bonds will be made against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to: Scott A. Reiss, Director of Finance and Operations, 654 Morehouse Road, Easton, Connecticut 06612. Telephone (203) 261-2513.

## **I. Bond Information**

### **Introduction**

This Official Statement is provided for the purpose of presenting certain information relating to Regional School District No. 9 of the State of Connecticut (the "District") comprised of the Towns of Easton and Redding (the "Member Towns"), in connection with the original issuance and sale of \$1,915,000 General Obligation Bonds, Issue of 2019 (the "Bonds") of the District.

The Bonds are being offered for sale at public bidding. A Notice of Sale for the Bonds dated June 12, 2019, has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

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

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. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. 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 and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

### **Municipal Advisor**

Phoenix Advisors, LLC of Milford, Connecticut has served as Municipal Advisor to the District (the "Municipal Advisor") with respect to the issuance of the Bonds. 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 July 15 in each of the years and will bear interest at the rate or rates per annum as set forth on the cover page of this Official Statement, payable on July 15, 2020, and semiannually thereafter on January 15 and July 15 in each year until maturity or earlier redemption. 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 last day of June and December in each year, or the preceding day if such day is not a business day, by check mailed to the registered owner at the address as shown on the registration books of the District kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the District shall agree.

### **Optional Redemption**

The Bonds maturing on or before July 15, 2025 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2026 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after July 15, 2025 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
July 15, 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.

**Authorization and Purpose**

An appropriation and bond authorization in the aggregate amount of \$1,916,780 for campus improvements at Joel Barlow High School was adopted at referenda that were held in the Member Towns on May 7, 2019.

**Use of Bond Proceeds:**

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>This Issue: Bonds</i>
JBHS Campus Improvements.....	\$ 1,916,780	\$ 1,915,000
<b>Total .....</b>	<b>\$ 1,916,780</b>	<b>\$ 1,915,000</b>

**Book-Entry-Only Transfer System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds 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 Standard & Poor’s 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds 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; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the 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 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 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 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 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 act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

### ***Replacement Bonds***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the District fails to identify another qualified securities depository for the Bonds 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 is authorized to issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

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

The Bonds will be general obligations of the District and 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.

Unless paid from other sources, the Bonds are payable from general property tax revenues of the Member Towns. The Member Towns have the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in said Member Towns without limit as to rate or amount, except as to 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. There was, however, no such classified property on the last completed grand list of the Member Towns and, under existing statutes, the State of Connecticut is obligated to pay the Member Towns the amount of tax revenue which the Member Towns would have received except for the limitation on its power to tax such dwelling houses or the Member Towns may place a lien on the property in the amount of the tax relief granted plus interest.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, 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.

Section 10-58a of the 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 of 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 the 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 regional school district pursuant to the provisions of Section 10-63a et 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 are no statutory provisions for priorities in the payment of general obligations of the District. There are no statutory provisions for a lien on any portion of the tax levy or other revenues of the District or its Member Towns to secure the Bonds, or judgments thereon, in priority to other claims.

The District and its Member Towns are subject to suit on their general obligation bonds 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 the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefore or, in the absence thereof, to order the District and 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 would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district, and any other political subdivision of the State having power to levy taxes and issue bonds, notes, or other obligations. **The District does not have the direct power to levy taxes.**

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

The Bonds SHALL 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.

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

The District prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The District provides, and will continue to provide Moody's Investors Service, Inc. and S&P Global Ratings with ongoing disclosure in the form of the Annual Financial Report and Adopted Budget, and other materials relating to its management and financial condition, as may be necessary or requested.

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide, with respect to the Bonds: (i) annual financial information and operating data; (ii) notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Bonds; and (iii) timely notice a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds. (See Appendix C "Form of Continuing Disclosure Agreement" herein).

The District has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and events of notices pursuant to Rule 15c2-12(b)(5). Except as described below, for the last five years, the District has not failed to meet in any material respects any of its undertakings under such agreements. The Member Town of Easton failed to provide a list of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon (the "taxpayer information"), as part of its annual financial information filings to EMMA for each of the fiscal years ending June 30, 2009 through June 30, 2013. Such taxpayer information, however, was contained in the Town of Easton's Official Statements dated July 7, 2010, May 18, 2011, July 8, 2011, January 25, 2012, June 26, 2012 and June 20, 2013, which are available on EMMA. On January 5, 2015, the Town of Easton filed with EMMA such taxpayer information along with a notice of failure to provide such taxpayer information with respect thereto. On September 15, 2016, the District filed the taxpayer information and a Material Event Notice with respect to the failure to make a timely filing of such information with EMMA.

## **Ratings**

The Bonds have been rated “AAA” by S&P Global Ratings (“S&P”). The District furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P and will be subject to revision or withdrawal, which could affect the market price of the Bonds. S&P should be contacted directly for its rating on the Bonds and the explanation of such rating.

The District expects to furnish to S&P 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.

The Member Town of Easton is rated “AAA” by S&P and “Aaa” by Moody’s Investors Service. The Member Town of Redding is rated “AAA” by S&P and “Aa1” by Moody’s Investors Service.

Moody’s Investors Service has an outstanding rating on the District of “Aa1.”

## **Tax Matters**

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

Bond Counsel’s opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the District with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, the District will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the District with such requirements.

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

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

Under the Code, for purposes of determining an owner’s adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner’s basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond.

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

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium

reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

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

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

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

Accrued original issue discount on 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

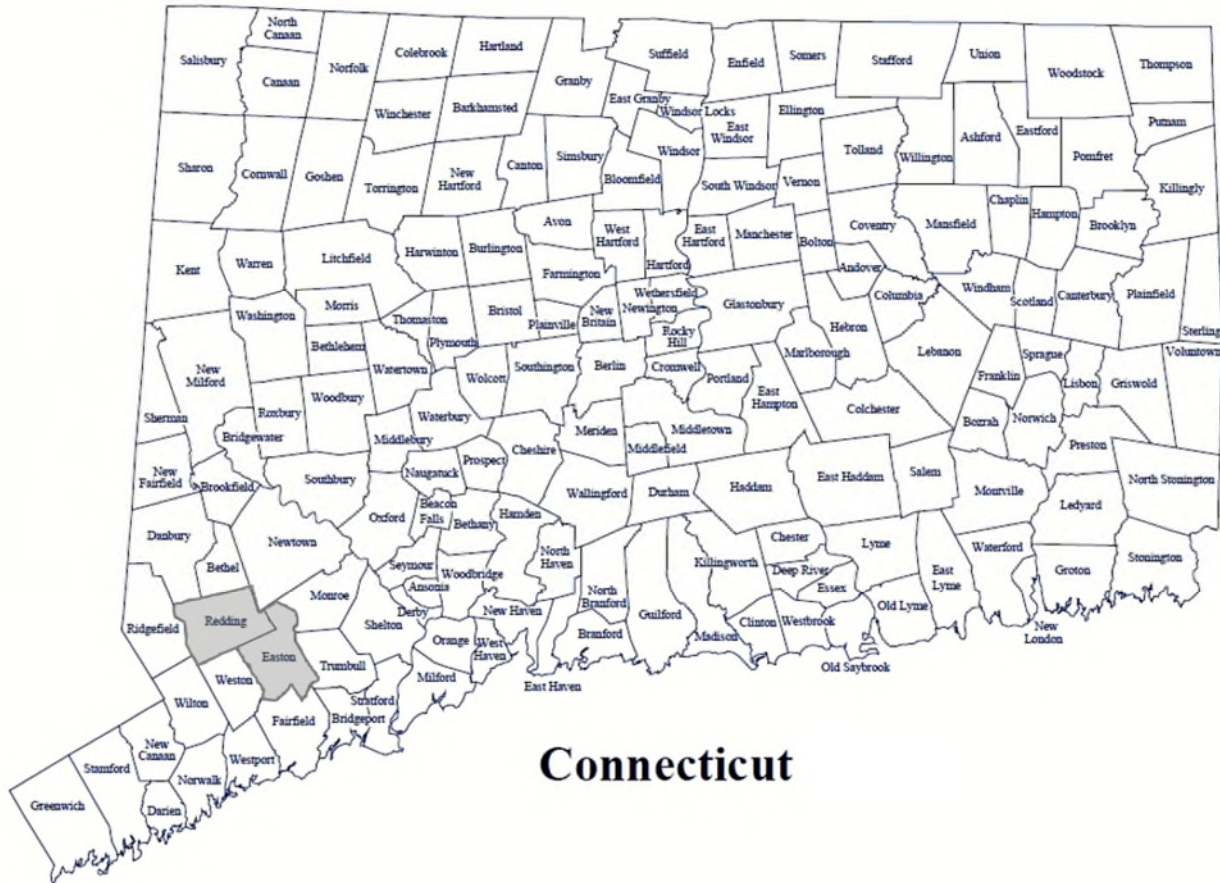
**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation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

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax and eliminated the tax-exempt advance refunding of tax-exempt bonds, among other things. Additionally, investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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

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

## II. The Issuer



### ***Description of Regional School District No. 9***

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

Regional School District No. 9 was organized in 1957 under provisions of the Connecticut General Statutes, Chapter 164, as approved by voters of the Member Towns of Easton and Redding. The Joel Barlow Regional High School serves grades 9-12. Each Member Town maintains its own elementary education system K-8.

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

The District's operating and debt service expenses are paid by the Member Towns in proportion to the number of pupils attending school from each Town. For the fiscal year 2019-20, Easton will contribute 42.39% and Redding 57.61% of expenses based on enrollment figures as of October 1, 2018. Payments are made to the District bi-weekly by the Towns. Under the provisions of Section 10-63f of the Connecticut General Statutes, the withdrawal of a town from a Regional School District or the dissolution of a Regional School District shall not impair the obligation of the withdrawing town or the Regional School District to the holders of Regional School District bonds or other outstanding indebtedness issued prior to withdrawal or dissolution.

If a member town of a Regional School District fails to include in its annual town budget amounts necessary to pay for its proportionate share of the annual Regional School District budget, ten or more taxable inhabitants of a town within such Regional School District, a majority of the board of selectmen of any such town, the Attorney General, a holder or owner of bonds or notes of such Regional School District, the board of education of such Regional School District or the State Board of Education may petition the Superior Court to determine the amount of the alleged deficiency. If the court finds such deficiency to exist, it shall order such town, through its Treasurer, Selectmen, and Assessor, to provide a sum of money equal to such deficiency, together with a sum of money equal to twenty-five percent thereof. The amount of the deficiency shall be paid by the town to the Regional School District as soon as it is available; 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 such order is made after the fixing of the annual tax rate of such town, the sums included in such order shall be provided by the town from any available cash surplus, from any contingent fund, from borrowing, through a rate bill under the provisions of Section 12-123 of the Connecticut General Statutes or from any combination thereof.

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

### ***Easton***

The Town of Easton ("Easton") is located in Fairfield County, Connecticut, bordered on the east by Monroe and Trumbull, on the west by Weston, on the north by Redding and Newtown and on the south by Fairfield. Easton covers an area of 28.8 square miles. Easton is traversed by State Highways 58, 59 and 136. The major highway, Route 15, the Merritt Parkway, is just south of Easton.

Easton was incorporated in 1845. Easton operates under a Selectmen–Town Meeting form of government. The Town Meeting is the legislative body of Easton and must approve the annual budget, all special appropriations over \$20,000 and all bond and note authorizations, except for refunding bonds, which only need to be approved by the Board of Selectmen. The executive body is the Board of Selectmen. Easton has no Town Charter. Easton has the right to take such actions as permitted by the General Statutes of the State of Connecticut. Since its inception the Town of Easton has adopted ordinances and the General Assembly has approved Special Acts specifically applying to the Town of Easton.

Easton is a community predominately composed of owner-occupied, single-family dwellings. Approximately 43 percent of the land within the Town of Easton is owned by Aquarion Water Company of Connecticut, a public utility.

### ***Redding***

The Town of Redding ("Redding") is a residential community located in the heart of Fairfield County which is committed to excellence in education, maintaining open space, and preserving its historical and natural resources. Redding is traversed by U.S. Route 7 and State Highways 53, 58 and 107. Rail service is provided by Metro-North.

Redding is consistently ranked at the top of the list of Connecticut small towns by Connecticut magazine. The quality of life and economy are destined only to improve as progress is made on the redevelopment of Georgetown, Redding's commercial section. A streetscape enhancement plan, funded by a State grant and the private mixed-use redevelopment of the former Gilbert & Bennett factory will add considerable value to Redding's Grand List, providing significant additional tax revenues in the future.

Redding was incorporated in 1767. Redding is governed by an elected Board of Selectmen and an elected Board of Finance. A Redding Meeting acts as the legislative body. The First Selectman is the Chief Executive Officer. Redding provides the following services: education, public safety, public works, public health and social services, and recreation.

**Principal District Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Current Term</b>	<b>Length of Service</b>
Chairperson.....	Mike D'Agostino	Elected	12/1/17-12/1/21	2 years
Treasurer.....	Todd Johnston	Elected	12/1/17-12/1/21	2 years
Secretary.....	Chris Hocker	Elected	12/1/17-12/1/21	2 years
Superintendent of Schools.....	Thomas McMorran	Appointed	--	4 year
Director of Finance and Operations....	Scott A. Reiss	Appointed	--	3 years

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

**Employee Relations and Collective Bargaining**

Regional School District No. 9 employs full-time and permanent employees as detailed below:

**District Employees**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
142	147	154	152	153

**Employee Bargaining Groups**

<b>Bargaining Unit</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
Teachers & Administrators .....	84	6/30/2021
Custodians, Secretaries, Clerical and Nurse .....	52	6/30/2019 <sup>1</sup>
<b>Total .....</b>	<b>136</b>	

<sup>1</sup> In negotiations.

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

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.

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**School Facilities**

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>Enrollment as of 10/1/2018</b>	<b>Operating Capacity</b>
Joel Barlow High School .....	9-12	1959 (2005)	68	875	1,100

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

**School Enrollment**

<b>School Year</b>	<b>9-12</b>	<b>Special Education<sup>1</sup></b>	<b>Total</b>
<b>Historical</b>			
2009-10	959	18	977
2010-11	974	17	991
2011-12	990	18	1,008
2012-13	997	16	1,013
2013-14	1,052	16	1,068
2014-15	1,050	17	1,067
2015-16	1,008	17	1,025
2016-17	952	18	970
2017-18	894	16	910
2018-19	875	14	889
<b>Projected</b>			
2019-20	864	-	864
2020-21	842	-	842
2021-22	830	-	830

<sup>1</sup> Outplaced students, not broken out in projections.

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

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### III. Economic and Demographic Information

#### Population and Density

##### Town of Easton

Year	Actual		
	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2017 <sup>3</sup>	7,607	1.6%	264.1
2010	7,490	3.0%	260.1
2000	7,272	15.4%	252.5
1990	6,303	5.7%	218.9
1980	5,962	21.1%	207.0
1970	4,922	--	170.9

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

<sup>1</sup> Per square mile: 28.8 square miles.

<sup>2</sup> American Community Survey 2013-2017

##### Town of Redding

Year	Actual		
	Population	% Increase	Density <sup>1</sup>
2017 <sup>2</sup>	9,274	1.3%	288.0
2010	9,158	10.7%	284.4
2000	8,270	4.3%	256.8
1990	7,927	9.0%	246.2
1980	7,272	30.1%	225.8
1970	5,590	--	173.6

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

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

<sup>2</sup> American Community Survey 2013-2017

#### Age Distribution of the Population

Age	Town of Easton		Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5 years .....	279	3.7%	493	5.3%	186,188	5.2%
5 to 9 years .....	457	6.0	527	5.7	206,536	5.7
10 to 14 years .....	653	8.6	660	7.1	225,831	6.3
15 to 19 years .....	568	7.5	744	8.0	249,777	6.9
20 to 24 years .....	200	2.6	367	4.0	245,849	6.8
25 to 34 years .....	468	6.2	775	8.4	439,239	12.2
35 to 44 years .....	727	9.6	591	6.4	433,401	12.1
45 to 54 years .....	1,456	19.1	1,909	20.6	535,611	14.9
55 to 59 years .....	866	11.4	694	7.5	266,501	7.4
60 to 64 years .....	586	7.7	738	8.0	229,788	6.4
65 to 74 years .....	834	11.0	1,042	11.2	318,515	8.9
75 to 84 years .....	310	4.1	432	4.7	167,133	4.6
85 years and over .....	203	2.7	302	3.3	90,109	2.5
<b>Total.....</b>	<b>7,607</b>	<b>100.0%</b>	<b>9,274</b>	<b>100.0%</b>	<b>3,594,478</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017



### Income Distribution

<b>Income</b>	<b>Town of Easton</b>		<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	26	1.2%	7	0.3%	27,787	3.1%
10,000 - 14,999.....	5	0.2	31	1.2	16,143	1.8%
15,000 - 24,999.....	84	3.9	38	1.5	41,072	4.6%
25,000 - 34,999.....	33	1.5	46	1.8	52,218	5.8%
35,000 - 49,999.....	64	3.0	147	5.7	82,371	9.2%
50,000 - 74,999.....	213	9.9	299	11.6	134,356	15.0%
75,000 - 99,999.....	253	11.8	173	6.7	122,244	13.6%
100,000 - 149,999.....	311	14.5	476	18.5	186,352	20.8%
150,000 - 199,999.....	323	15.0	398	15.5	100,359	11.2%
200,000 and over.....	837	38.9	957	37.2	132,765	14.8%
<b>Total.....</b>	<b>2,149</b>	<b>100.0%</b>	<b>2,572</b>	<b>100.0%</b>	<b>895,667</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

### Income Levels

	<b>Town of Easton</b>	<b>Town of Redding</b>	<b>State of Connecticut</b>
Per Capita Income, 2017.....	\$66,658	\$66,046	\$41,365
Per Capita Income, 2010.....	\$63,405	\$65,594	\$35,078
Median Family Income, 2017.....	\$159,044	\$157,027	\$93,800
Percent Below Poverty.....	2.7%	1.1%	7.0%

Source: American Community Survey 2013-2017

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

	<b>Town of Easton</b>		<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	88	1.6%	42	0.6%	104,623	4.2%
9th to 12th grade, no diploma.....	229	4.2	37	0.6	137,877	5.6
High School graduate .....	897	16.5	867	13.4	673,582	27.2
Some college, no degree.....	770	14.1	838	12.9	422,535	17.0
Associate degree.....	307	5.6	377	5.8	188,481	7.6
Bachelor's degree.....	1,859	34.1	2,288	35.3	532,055	21.5
Graduate or professional degree.....	1,300	23.9	2,034	32.6	421,144	17.0
<b>Total.....</b>	<b>5,450</b>	<b>100.0%</b>	<b>6,483</b>	<b>100.0%</b>	<b>2,480,297</b>	<b>100.0%</b>
Percent high school graduate or higher....		94.2%		98.8%		90.2%
Percent bachelor's degree or higher.....		58.0%		66.7%		38.4%

Source: American Community Survey 2013-2017

## Employment by Industry

Sector	Town of Easton		Town of Redding		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	118	3.2%	77	1.7%	7,166	0.4%
Construction.....	258	7.1	124	2.7	104,122	5.8
Manufacturing.....	406	11.1	239	5.2	191,519	10.6
Wholesale trade.....	110	3.0	152	3.3	44,741	2.5
Retail trade.....	225	6.2	335	7.4	193,016	10.7
Transportation warehousing, and utilities.....	96	2.6	106	2.3	68,926	3.8
Information.....	77	2.1	169	3.7	42,200	2.3
Finance, insurance, real estate, and leasing...	376	10.3	667	14.6	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	716	19.6	1052	23.1	208,130	11.5
Education, health and social services.....	681	18.7	1,121	24.6	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	358	9.8	236	5.2	153,679	8.5
Other services (except public admin.).....	142	3.9	176	3.9	82,538	4.6
Public Administration.....	87	2.4	99	2.2	67,156	3.7
<b>Total Labor Force, Employed.....</b>	<b>3,650</b>	<b>100.0%</b>	<b>4,553</b>	<b>100%</b>	<b>1,805,086</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

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**Employment Data  
By Place of Residence**

<i>Period</i>	<u>Percentage Unemployed</u>				
	<u>Town of Easton</u>		<u>Town of Easton</u>	<u>Bridgeport/ Stamford</u>	<u>State of Connecticut</u>
	<u>Employed</u>	<u>Unemployed</u>		<u>Labor Market</u>	
April 2019.....	3,724	85	2.2	3.2	3.3
<b>Annual Average</b>					
2018.....	3,730	130	3.4	4.1	4.1
2017.....	3,781	148	3.8	4.7	4.7
2016.....	3,752	145	3.7	5.2	5.3
2015.....	3,748	152	3.9	5.5	5.6
2014.....	3,606	178	4.7	6.2	6.7
2013.....	3,500	213	5.7	7.3	7.9
2012.....	3,544	217	5.8	7.8	8.3
2011.....	3,556	233	6.1	8.2	8.8
2010.....	3,507	217	5.8	8.4	9.0
2009.....	3,518	223	6.0	7.8	8.2

Source: State of Connecticut, Department of Labor.

<i>Period</i>	<u>Percentage Unemployed</u>				
	<u>Town of Redding</u>		<u>Town of Redding</u>	<u>Bridgeport/ Stamford</u>	<u>State of Connecticut</u>
	<u>Employed</u>	<u>Unemployed</u>		<u>Labor Market</u>	
April 2019.....	4,301	104	2.4	3.2	3.3
<b>Annual Average</b>					
2018.....	4,308	136	3.1	4.1	4.1
2017.....	4,371	167	3.7	4.7	4.7
2016.....	4,348	189	4.2	5.2	5.3
2015.....	4,348	188	4.1	5.5	5.6
2014.....	4,633	209	4.3	6.2	6.7
2013.....	4,496	200	5.4	7.3	7.9
2012.....	4,554	290	6.0	7.8	8.3
2011.....	4,568	283	5.8	8.2	8.8
2010.....	4,542	292	6.0	8.4	9.0
2009.....	4,430	272	5.8	7.8	8.2

Source: State of Connecticut, Department of Labor.

### Age Distribution Of Housing

<b>Year Built</b>	<b>Town of Easton</b>		<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1939 or earlier.....	520	18.3%	723	18.6%	338,011	22.4%
1940 to 1969.....	1,066	37.6	1,204	30.9	535,477	35.5
1970 to 1979.....	423	14.9	539	13.8	200,217	13.3
1980 to 1989.....	231	8.1	665	17.1	191,939	12.7
1990 to 1999.....	331	11.7	238	6.1	114,261	7.6
2000 or 2009.....	233	8.2	500	12.8	105,131	7.0
2010 or later.....	33	1.2	24	0.6	22,675	1.5
<b>Total Housing Units.....</b>	<b>2,837</b>	<b>100.0%</b>	<b>3,893</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

### Housing Inventory

<b>Housing Units</b>	<b>Town of Easton</b>		<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
1-unit, detached.....	2,806	98.9%	3,328	85.5%	892,621	59.2%
1-unit, attached.....	-	-	-	-	81,393	5.4
2 units.....	11	0.4	136	3.5	123,040	8.2
3 or 4 units.....	-	-	35	0.9	130,914	8.7
5 to 9 units.....	20	0.7	13	0.3	82,787	5.5
10 to 19 units.....	-	-	17	0.4	56,540	3.8
20 or more units.....	-	-	303	7.8	128,477	8.5
Mobile home.....	-	-	61	1.6	11,564	0.8
Boat, RV, van, etc.....	-	-	-	-	375	0.0
<b>Total Inventory.....</b>	<b>2,837</b>	<b>100.0%</b>	<b>3,893</b>	<b>100.0%</b>	<b>1,507,711</b>	<b>100.0%</b>

Source: American Community Survey 2013-2017

### Building Permits

<b>Fiscal Year Ending 6/30</b>	<b>Town of Easton</b>		<b>Town of Redding</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
2015	619	\$11,989,160	653	\$ 12,543,740
2014	787	9,528,762	822	19,219,414
2013	654	10,205,831	860	10,095,400
2012	646	5,420,813	874	13,791,399
2011	473	3,369,972	520	8,273,691
2010	445	5,830,761	595	10,086,646
2009	444	5,953,995	498	14,460,604
2008	555	10,731,828	568	16,655,031
2007	627	9,843,492	577	17,150,840
2006	646	13,600,987	821	72,693,252

Source: Town of Easton, Building Department and Town of Redding, Building Department

## Owner-Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of Easton</b>		<b>Town of Redding</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	55	2.1%	19	0.7%	24,038	2.7%
\$50,000 to \$99,000.....	12	0.5	17	0.6	29,789	3.3
\$100,000 to \$149,999.....	-	-	10	0.4	83,320	9.2
\$150,000 to \$199,000.....	9	0.3	19	0.7	141,024	15.6
\$200,000 to \$299,999.....	35	1.3	108	3.8	244,356	26.9
\$300,000 to \$499,999.....	609	23.3	781	27.4	236,671	26.1
\$500,000 to \$999,999.....	1,718	65.8	1,575	55.2	106,192	11.7
\$1,000,000 or more.....	172	6.6	323	11.3	41,408	4.6
<b>Total.....</b>	<b>2,610</b>	<b>100.0%</b>	<b>2,852</b>	<b>100.0%</b>	<b>906,798</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$629,200</b>		<b>\$597,500</b>		<b>\$270,100</b>	

Source: American Community Survey 2013-2017

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## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Member Towns for inclusion on the Grand Lists is the responsibility of their Assessors. The Grand List represents the total of assessed value for all taxable real and personal property located within the town as of October 1. A Board of Assessment Appeal determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation: the Easton Grand List as of 10/1/16; the Redding Grand List as of 10/1/17. The next revaluations for the member towns are 10/1/21 and 10/1/22 for Easton and Redding, respectively.

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

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

### Town of Easton

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net	Percent Change
	Real Property (%)	Real Property (%)	Real Property (%)					Taxable Grand List	
2018	89.2	2.7	0.6	1.4	5.9	\$ 1,372,274,927	\$ 87,463,940	\$ 1,284,810,987	0.31
2017	89.3	2.8	0.6	1.4	5.8	1,368,604,252	87,775,720	1,280,828,532	0.30
2016 <sup>1</sup>	89.3	2.8	0.6	1.3	6.0	1,364,823,446	87,840,070	1,276,983,376	(4.49)
2015	84.1	2.4	0.7	1.1	5.4	1,428,358,249	91,354,120	1,337,004,129	0.49
2014	84.2	2.5	0.6	1.0	5.3	1,421,777,805	91,352,870	1,330,424,935	0.26
2013	89.8	2.7	0.1	1.1	5.7	1,419,760,002	92,814,220	1,326,945,782	0.25
2012	93.6	2.4	0.7	1.0	5.3	1,416,247,683	92,622,330	1,323,625,353	0.44
2011 <sup>1</sup>	87.4	2.4	0.7	1.0	5.3	1,408,295,830	90,486,670	1,317,809,160	(21.16)
2010	92.5	2.1	0.7	0.8	4.0	1,767,514,931	95,911,450	1,671,603,481	0.23
2009	92.5	2.1	0.7	0.7	3.9	1,763,900,143	96,196,550	1,667,703,593	0.25

Source: Assessor's Office, Town of Easton.

### Town of Redding

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net	Percent Change
	Real Property (%)	Real Property (%)	Real Property (%)					Taxable Grand List	
2018	80.4	6.9	2.3	4.5	5.9	\$1,759,715,170	\$ 193,241,890	\$ 1,566,473,280	0.03
2017 <sup>1</sup>	80.3	7.0	2.3	4.5	5.9	1,759,328,539	193,308,927	1,566,019,612	(4.12)
2016	80.3	7.5	2.4	4.3	5.5	1,831,789,093	198,502,290	1,633,286,803	0.00
2015	80.2	7.5	2.4	4.3	5.6	1,831,313,357	198,032,350	1,633,281,007	0.10
2014	80.1	7.5	2.5	4.3	5.6	1,829,321,626	197,672,380	1,631,649,246	0.20
2013	80.0	7.5	2.6	4.4	5.5	1,826,703,659	198,358,734	1,628,344,925	0.08
2012 <sup>1</sup>	80.1	7.5	2.6	4.4	5.4	1,823,436,108	196,347,784	1,627,088,324	(18.46)
2011	82.1	6.8	3.0	3.6	4.5	2,236,448,240	240,879,325	1,995,568,915	0.27
2010	82.2	6.8	3.1	3.5	4.4	2,232,627,253	242,385,355	1,990,241,898	(0.16)
2009	82.0	7.2	3.2	3.5	4.1	2,231,834,521	238,499,768	1,993,334,753	0.61

Note: The latest revaluation was completed as of October 1, 2017 and became effective for fiscal year 2018-19

Source: Assessor's Office, Town of Redding

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



## Property Tax Levies and Collections

### Town of Easton

<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	2019 <sup>2</sup>	\$ 1,280,828,532	31.38	\$ 40,268,462	98.41%	1.59%	1.59%
2016 <sup>1</sup>	2018	1,276,983,376	33.38	42,568,524	98.75%	1.25%	1.25%
2015	2017	1,337,004,129	30.38	41,170,899	98.58%	1.42%	0.76%
2014	2016	1,330,424,935	30.38	40,090,044	98.85%	1.15%	0.44%
2013	2015	1,326,945,782	29.90	39,271,706	98.63%	1.37%	0.30%
2012	2014	1,323,625,353	29.30	38,571,418	98.57%	1.43%	0.21%
2011 <sup>1</sup>	2013	1,317,809,160	29.10	38,033,479	98.45%	1.55%	0.08%
2010	2012	1,671,603,481	22.95	38,084,889	98.62%	1.38%	0.02%
2009	2011	1,667,703,593	22.40	37,090,801	98.56%	1.44%	0.04%
2008	2010	1,663,486,408	21.70	35,918,355	98.95%	1.05%	-

<sup>1</sup> Revaluation.

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

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

### Town of Redding

<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 5/1/2019</b>
2017 <sup>1</sup>	2019 <sup>2</sup>	\$ 1,566,019,612	31.72	\$ 48,688,556	99.00%	1.00%	1.00%
2016	2018	1,633,286,803	29.62	46,843,282	98.60%	1.40%	0.80%
2015	2017	1,633,281,007	29.24	46,189,697	98.55%	1.45%	0.90%
2014	2016	1,631,649,246	28.91	45,137,277	98.60%	1.40%	0.80%
2013	2015	1,628,344,925	28.91	45,720,390	98.70%	1.30%	0.00%
2012 <sup>1</sup>	2014	1,627,088,324	28.95	45,791,419	98.60%	1.40%	0.40%
2011	2013	1,995,568,915	23.28	45,072,306	98.30%	1.70%	0.00%
2010	2012	1,990,241,898	22.79	44,044,397	97.90%	2.10%	1.10%
2009	2011	1,993,334,753	22.22	44,117,180	97.20%	2.80%	2.10%
2008	2010	1,981,185,520	21.79	42,068,864	99.00%	1.00%	1.20%

<sup>1</sup> Revaluation.

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

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

**Property Taxes Receivable**

**Town of Easton**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2018	\$ 530,442	\$ 1,282,368
2017	582,649	1,320,631
2016	518,163	1,098,899
2015	541,565	1,463,278
2014	552,079	1,392,390

*Source: Annual Audit Reports, Town of Easton.*

**Town of Redding**

<b>Fiscal Year Ending 6/30</b>	<b>Current Year Levy Uncollected</b>	<b>Total Uncollected (Current &amp; Prior Years)</b>
2018	\$ 655,243	\$ 3,155,739
2017	668,371	2,911,987
2016	652,019	2,669,586
2015	572,608	2,367,490
2014	649,184	2,354,158

*Source: Annual Audit Reports, Town of Redding.*

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## Ten Largest Taxpayers

### Town of Easton

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Aquarion Water Company of Connecticut .....	Water supply	\$ 39,133,270	3.05%
The Connecticut Golf Club Inc.....	Golf club	6,247,610	0.49%
The United Illuminating Company.....	Public Utility	4,036,650	0.31%
Gilberties Land Company.....	Residential homeowner	1,634,490	0.13%
Chapman, Michael Trustee.....	Residential homeowner	1,613,010	0.13%
Millman, Ira.....	Residential homeowner	1,503,810	0.12%
Weaver, Rosemary.....	Residential homeowner	1,452,130	0.11%
Toscano, Vincenzo.....	Residential homeowner	1,391,250	0.11%
Albertelli, Richard & Lisa.....	Residential homeowner	1,332,320	0.10%
Southern Connecticut Gas Co. ....	Public Utility	1,266,390	0.10%
<b>Total.....</b>		<b>\$ 59,610,930</b>	<b>4.64%</b>

<sup>1</sup> Based on October 1, 2018 Net Taxable Grand List of \$1,284,810,987.

### Town of Redding

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List <sup>1</sup>
Redding Life Care LLC .....	Assisted Living Center	\$ 78,145,730	4.99%
Eversource.....	Public Utility	55,462,540	3.54%
Georgetown Land Development Co., LLC <sup>2</sup> ....	Real Estate Developer	5,725,100	0.37%
Robert & Jamie D. Prusak .....	Property Owner	5,167,700	0.33%
Chippawalla Properties Inc.....	Developer	4,031,600	0.26%
Escape from Connecticut.....	Property Owner	3,941,640	0.25%
Aquarion Water Company of CT.....	Water Company	3,775,830	0.24%
Redding Country Club, Inc. ....	Private Golf Club	3,471,300	0.22%
Lapeyre Pierre F.....	Property Owner	3,179,790	0.20%
ABCH LLC.....	Property Owner	3,008,820	0.19%
<b>Total.....</b>		<b>\$ 165,910,050</b>	<b>10.59%</b>

<sup>1</sup> Based on 10/1/18 Net Taxable Grand List of \$1,566,473,280.

<sup>2</sup> Georgetown Land Development Co., LLC (GLDC) currently owes taxes of approximately \$2.9 million and accrued interest of \$2.5 million for the Grand Lists of October 1, 2007-2017. For each of the years, the Grand List was reduced by the amount of the assessment when calculating the final mill rate. Accrued interest is not booked. In July 2015, the Town filed a lawsuit against the GLDC. Liability is uncontested and no counterclaims have been asserted. However, certain holders of liens of the GLDC have claimed that their liens have an equal priority with the Town's tax liens. A ruling from the Court on this issue determined that the Town has lien priority. The Court also ruled that the Town can foreclose on the property, but this issue is currently being contested

Source: Tax Collector's Office, Town of Redding

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## V. Debt Summary

### Principal Amount of Bonded Indebtedness (the District) As of July 15, 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 Issue</b>	<b>After This Issue</b>	<b>Year of Maturity</b>
03/03/10	School Refunding Bonds.....	3.00-4.00	\$ 5,430,000	\$ 1,575,000	2022
07/15/10	School Bonds.....	2.00-3.00	1,580,000	330,000	2021
11/15/11	School Refunding Bonds.....	3.00-5.00	9,720,000	5,360,000	2026
10/05/16	Schools.....	2.00-2.20	4,830,000	4,350,000	2037
<b>Sub-Total.....</b>			21,560,000	11,615,000	
<b>This Issue</b>					
07/15/19	Schools.....	<i>tbd</i>	1,915,000	1,915,000	2035
<b>Grand Total.....</b>			<b>\$ 23,475,000</b>	<b>\$ 13,530,000</b>	

### Short-Term Debt As of July 15, 2019 (Pro Forma)

As of the date of this Official Statement, the District has no outstanding short term debt.

### Other Long-Term Commitments

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

### Overlapping/Underlying Debt As of July 15, 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 No. 9 has no overlapping debt.

**Underlying Debt:** The following municipalities, municipal subdivisions, or Special Tax Districts have the authority to issue tax exempt debt which constitutes underlying debt for analytical but not legal, purposes of Regional School District No. 9.

<b>Issuer</b>	<b>Debt Outstanding</b>
Town of Easton .....	\$12,155,000
Town of Redding .....	26,040,000
<b>Total .....</b>	<b>\$38,195,000</b>

Source: Bloomberg Financial Services

**Principal Amount of Bonded Indebtedness**  
**As of July 15, 2019**  
**(Pro Forma)**  
**Town of Easton**

<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 Issue</b>	<b>After This Issue</b>	<b>Year of Maturity</b>
05/22/09	General purpose refunding bonds.....	2.00-5.00	\$ 3,739,500	\$ 995,000	2022
05/22/09	School refunding bonds .....	2.00-5.00	5,765,500	1,530,000	2022
07/15/10	General purpose.....	1.50-3.50	1,424,000	665,000	2026
07/15/10	Schools.....	1.50-3.50	925,000	420,000	2026
07/15/10	Water.....	1.50-3.50	326,000	150,000	2026
06/01/11	School refunding bonds .....	2.00-5.00	8,485,000	3,825,000	2025
02/09/12	School refunding bonds .....	2.00-3.25	6,810,000	3,565,000	2026
01/15/15	School refunding bonds .....	2.00	1,620,000	1,005,000	2025
<b>Total.....</b>			<b>\$ 29,095,000</b>	<b>\$ 12,155,000</b>	

**Short-Term Debt**  
**As of July 15, 2019**  
**(Pro Forma)**

As of the date of this Official Statement, the Town of Easton has no outstanding short term debt.

**Other Long-Term Commitments**

See note #6 - "Lease" in Appendix B "Notes to General Purpose Financial Statements (Town of Easton)."

**Overlapping/Underlying Debt**  
**As of July 15, 2019**  
**(Pro Forma)**

The Town of Easton has no underlying debt.

The Town of Easton is a Member Town along with the Town of Redding 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, Easton's share is 42.39%. Total District debt totals \$13,530,000. Each Member Town's gross share of the debt is as follows:

<b>Entity</b>	<b>Debt Amount</b>
Easton (42.39%) .....	\$ 5,735,367
Redding (57.61%) .....	7,794,633
<b>Total District Debt.....</b>	<b>\$ 13,530,000</b>

**Principal Amount of Bonded Indebtedness  
As of July 15, 2019  
(Pro Forma)**

**Town of Redding**

<b>Long-Term Debt</b>			<b>Amount of Original Issue</b>	<b>Outstanding After This Issue</b>	<b>Fiscal Year of Maturity</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>			
1999	Schools .....	4.75 - 6.50	\$ 4,755,000	\$ 233,000	2020
1999	General Purpose .....	4.75 - 6.50	8,345,000	417,000	2020
2012	Refunding - General Purpose .....	2.00 - 3.00	2,680,000	675,000	2021
2016	Refunding - General Purpose .....	2.00 - 4.00	4,409,000	4,197,000	2031
2016	Refunding - Schools .....	2.00 - 4.00	2,336,000	2,223,000	2031
2017	General Purpose .....	3.00 - 5.00	11,787,629	10,968,000	2037
2017	Schools .....	3.00 - 5.00	7,907,371	7,327,000	2037
<b>Total.....</b>			<b>\$ 42,220,000</b>	<b>\$ 26,040,000</b>	

**Short-Term Debt  
As of July 15, 2019  
(Pro Forma)**

As of the date of this Official Statement, the Town of Redding has no outstanding short term debt.

**Overlapping/Underlying Debt  
As of July 15, 2019  
(Pro Forma)**

**Overlapping**

The Town of Redding is a Member Town along with the Town of Easton 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, Redding's share is 57.61%. Total District debt totals \$13,530,000. Each Member Town's gross share of the debt is as follows:

<b>Entity</b>	<b>Debt Amount</b>
Easton (42.39%) .....	\$ 5,735,367
Redding (57.61%) .....	7,794,633
<b>Total District Debt.....</b>	<b>\$ 13,530,000</b>

**Underlying**

The Town of Redding has districts within its borders, including fire districts and the Georgetown Special Taxing District, that have outstanding debt as of the date of this Official Statement that would be considered underlying debt of the Town of Redding in the amount of \$2,259,124.

**Annual Long-Term Bonded Debt Service,  
As of July 15, 2019  
(Pro Forma)**

**Regional School District No. 9**

<i>Fiscal Year Ended 6/30</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total Payments</i>	<i>This Issue Schools</i>	<i>Total Principal</i>	<i>Cumulative Principal Retired %</i>
2020 <sup>1</sup>	\$ 1,915,000	\$ 341,600	\$ 2,256,600	\$ -	\$ 1,915,000	14.15%
2021	1,915,000	266,450	2,181,450	90,000	2,005,000	28.97%
2022	1,740,000	198,875	1,938,875	130,000	1,870,000	42.79%
2023	1,220,000	134,075	1,354,075	130,000	1,350,000	52.77%
2024	725,000	102,400	827,400	130,000	855,000	59.09%
2025	720,000	83,125	803,125	130,000	850,000	65.37%
2026	710,000	64,075	774,075	130,000	840,000	71.58%
2027	240,000	52,225	292,225	130,000	370,000	74.32%
2028	240,000	47,425	287,425	130,000	370,000	77.05%
2029	240,000	42,625	282,625	130,000	370,000	79.79%
2030	240,000	37,825	277,825	130,000	370,000	82.52%
2031	240,000	33,025	273,025	130,000	370,000	85.25%
2032	245,000	28,175	273,175	130,000	375,000	88.03%
2033	245,000	23,275	268,275	130,000	375,000	90.80%
2034	245,000	18,314	263,314	130,000	375,000	93.57%
2035	245,000	13,230	258,230	135,000	380,000	96.38%
2036	245,000	8,024	253,024	-	245,000	98.19%
2037	245,000	2,695	247,695	-	245,000	100.00%
<b>Total.....</b>	<b>\$ 11,615,000</b>	<b>\$ 1,497,438</b>	<b>\$ 13,112,438</b>	<b>\$ 1,915,000</b>	<b>\$ 13,530,000</b>	

**Annual Long-Term Bonded Debt Service**  
**As of July 15, 2019**  
**(Pro Forma)**

**Town of Easton**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>Cumulative Principal Retired %</b>
2020	\$ 2,370,000	\$ 349,536	\$ 2,719,536	19.50%
2021	2,360,000	267,374	2,627,374	38.91%
2022	2,340,000	184,624	2,524,624	58.17%
2023	1,490,000	121,902	1,611,902	70.42%
2024	1,480,000	79,114	1,559,114	82.60%
2025	1,460,000	38,824	1,498,824	94.61%
2026	655,000	8,463	663,463	100.00%
<b>Total.....</b>	<b>\$ 12,155,000</b>	<b>\$ 1,049,837</b>	<b>\$ 13,204,837</b>	

**Annual Long-Term Bonded Debt Service**  
**As of July 15, 2019**  
**(Pro Forma)**

**Town of Redding**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>Cumulative Principal Retired %</b>
2020	\$ 2,300,000	\$ 878,006	\$ 3,178,006	8.83%
2021	1,920,000	802,125	2,722,125	16.21%
2022	1,585,000	731,650	2,316,650	22.29%
2023	1,565,000	663,100	2,228,100	28.30%
2024	1,570,000	592,775	2,162,775	34.33%
2025	1,575,000	519,575	2,094,575	40.38%
2026	1,575,000	451,725	2,026,725	46.43%
2027	1,570,000	409,300	1,979,300	52.46%
2028	1,565,000	366,306	1,931,306	58.47%
2029	1,560,000	322,763	1,882,763	64.46%
2030	1,555,000	278,675	1,833,675	70.43%
2031	1,550,000	234,713	1,784,713	76.38%
2032	1,025,000	197,313	1,222,313	80.32%
2033	1,025,000	166,563	1,191,563	84.25%
2034	1,025,000	134,531	1,159,531	88.19%
2035	1,025,000	101,219	1,126,219	92.13%
2036	1,025,000	67,906	1,092,906	96.06%
2037	1,025,000	34,594	1,059,594	100.00%
<b>Total.....</b>	<b>\$ 26,040,000</b>	<b>\$ 6,952,838</b>	<b>\$ 32,992,838</b>	



**Debt Statement**  
**As of July 15, 2019**  
**(Pro Forma)**

**Regional School District No. 9**

**Long-Term Debt:**

Schools (Includes this issue).....	\$ 13,530,000
<b>Total Long-Term Debt</b> .....	13,530,000
<b>Short-Term Debt Outstanding</b> .....	-
<b>Total Direct Debt</b> .....	13,530,000
Less: School Construction Grants Receivable (6/30/18) <sup>1</sup> .....	-
<b>Total Net Direct Debt</b> .....	13,530,000
<b>Underlying Debt:</b>	
Town of Easton .....	12,155,000
Less: School Construction Grants Receivable (6/30/18) <sup>1</sup> .....	-
Town of Redding .....	26,040,000
Less: School Construction Grants Receivable (6/30/18) <sup>1</sup> .....	-
<b>Total Overall Net Debt</b> .....	<u>\$ 51,725,000</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. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios**  
**As of July 15, 2019**  
**(Pro-Forma)**

Population <sup>1</sup> .....	16,881
Net Taxable Grand List at 70% of Full Value (10/1/18) ..	\$ 2,851,284,267
Estimated Full Value .....	\$ 4,073,263,239
Equalized Net Taxable Grand List (10/1/16) <sup>2</sup> .....	\$ 4,172,175,777
Money Income per Capita (2017) <sup>1</sup> .....	\$ 66,352

	<b>Total Direct Debt \$13,530,000</b>	<b>Total Overall Net Debt \$51,725,000</b>
Debt per Capita.....	\$801.49	\$3,064.10
Ratio to Net Taxable Grand List.....	0.47%	1.81%
Ratio to Estimated Full Value.....	0.33%	1.27%
Ratio to Equalized Grand List.....	0.32%	1.24%
Debt per Capita to Money Income per Capita.....	1.21%	4.62%

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

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

**Debt Statement  
As of July 15, 2019  
(Pro Forma)**

**Member Towns**

	<b>Town of Easton</b>	<b>Town of Redding</b>
<b>Long-Term Debt Outstanding</b> .....	\$ 12,155,000	\$ 26,040,000
<b>Short-Term Debt</b> .....	-	-
<b>Total Direct Debt</b> .....	12,155,000	26,040,000
Less: School Construction Grants Receivable (As of June 30, 2018) <sup>1</sup> .....	-	-
<b>Total Direct Net Debt</b> .....	12,155,000	26,040,000
<b>Overlapping/Underlying Debt:</b>		
Fire Districts (Redding Only - As of June 30, 2018) .....	-	-
Georgetown Special Taxing District (Redding Only - As of June 30, 2018) .....	-	921,545
Regional School District No. 9:		
Easton (42.39%) <sup>2</sup> .....	5,735,367	-
Redding (57.61%) <sup>2</sup> .....	-	7,794,633
Less: Amount due from State of Connecticut <sup>1</sup> .....	-	-
<b>Total Overall Net Debt</b> .....	<b>\$ 17,890,367</b>	<b>\$ 34,756,178</b>

<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. School construction grants receivable stated above are for principal reimbursement only.

<sup>2</sup> This represents each Member Town's gross share of the District's outstanding long-term and short-term debt.

**Current Debt Ratios  
As of July 15, 2019  
(Pro Forma)**

	<b>Town of Easton</b>	<b>Town of Redding</b>
Population <sup>1</sup> .....	7,607	9,274
Net Taxable Grand List (10/1/18) .....	\$ 1,284,810,987	\$ 1,566,473,280
Estimated Full Value .....	\$ 1,835,444,267	\$ 2,237,818,971
Equalized Net Taxable Grand List (10/1/16) <sup>2</sup> ....	\$ 1,828,909,083	\$ 2,343,266,694
Money Income per Capita (2017) <sup>1</sup> .....	\$ 66,658	\$ 66,046

	<b>Town of Easton</b>		<b>Town of Redding</b>	
	<b>Total Direct Debt / Net Direct Debt</b>	<b>Total Overall Net Debt</b>	<b>Total Direct Debt / Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$12,155,000</b>	<b>\$17,890,367</b>	<b>\$26,040,000</b>	<b>\$34,756,178</b>
Debt per Capita.....	\$1,597.87	\$2,351.83	\$2,807.85	\$3,747.70
Ratio to Net Taxable Grand List.....	0.95%	1.39%	1.66%	2.22%
Ratio to Estimated Full Value.....	0.66%	0.97%	1.16%	1.55%
Ratio to Equalized Grand List.....	0.66%	0.98%	1.11%	1.48%
Debt per Capita to Money Income per Capita...	2.40%	3.53%	4.25%	5.67%

<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: (1) for a district empowered to provide for the member towns a full K - 12 program, 4.5 times the annual receipts from taxation of its member towns for the prior fiscal year, and (2) for a district providing less than a K - 12 program, 2.25 times the "annual receipts from taxation" of its member towns for the prior fiscal year. A regional school district may issue additional bonds, notes, or other obligations in an amount not to exceed 3.5 times its members towns' annual receipts from taxation less the member towns' aggregate indebtedness. 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.

"Annual receipts from taxation" are defined as total tax collections of the member towns (including interest, penalties, late payments of taxes, and State payments for revenue loss under CGS Sec. 12-129d and 7-528). The statutes also provide for exclusion from the debt limitation upon placement in escrow of the proceeds of a refunding obligation or other funds in an amount sufficient to provide for the payment when due the principal of and interest on such debt.

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

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

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

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

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

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

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**Statement of Statutory Debt Limitation  
As of July 15, 2019  
(Pro Forma)**

**Regional School District No. 9**

<b>Total Tax Collections for Easton &amp; Redding</b> (including interest and lien fees)	
For the year ended June 30, 2018 .....	\$ 88,080,964
<b>Reimbursement For Revenue Loss:</b>	
Fire District tax and interest collections (Redding Only).....	1,455,944
Tax relief for elderly (Redding Only).....	1,836,744
<b>Base for Debt Limitation Computation</b> .....	<u>\$ 91,373,652</u>
<b>Debt Limitation:</b>	
	<u>Schools</u>
2 1/4 times base.....	\$ 205,590,717
<b>Indebtedness:</b>	
Bonds Outstanding.....	11,615,000
Bonds – This Issue.....	1,915,000
Notes .....	-
Debt Authorized But Unissued .....	1,730,884
<b>Total Indebtedness</b> .....	<u>15,260,884</u>
Less:	
State School Grants Receivable <sup>1</sup> .....	-
<b>Total Net Indebtedness</b> .....	<u>15,260,884</u>
<b>DEBT LIMITATION IN EXCESS</b>	
<b>OF OUTSTANDING INDEBTEDNESS</b> .....	<u>\$ 190,329,833</u>

<sup>1</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.

**REGIONAL SCHOOL DISTRICT NO. 9 HAS NEVER DEFAULTED IN THE PAYMENT  
OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

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**Statement of Statutory Debt Limitation  
As of July 15, 2019  
(Pro Forma)**

**Town of Easton**

<b>Total Tax Collections</b> (including interest and lien fees)	
For the year ended June 30, 2018 .....	\$ 42,584,310
<b>Reimbursement For Revenue Loss:</b>	
Tax relief for elderly.....	-
<b>Base for Debt Limitation Computation.....</b>	<b>\$ 42,584,310</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.....	\$ 95,814,698	-	-	-	-
4 1/2 times base.....	-	\$ 191,629,395	-	-	-
3 3/4 times base.....	-	-	\$ 159,691,163	-	-
3 1/4 times base.....	-	-	-	\$ 138,399,008	-
3 times base.....	-	-	-	-	\$ 127,752,930
<b>Total Debt Limitation .....</b>	<b>\$ 95,814,698</b>	<b>\$ 191,629,395</b>	<b>\$ 159,691,163</b>	<b>\$ 138,399,008</b>	<b>\$ 127,752,930</b>

<b>Indebtedness:</b> <sup>1</sup>					
Bonds Outstanding.....	1,660,000	10,345,000	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #9 Debt)...	-	5,735,367	-	-	-
Debt Authorized But Unissued .....	183,000	4,971	-	-	-
<b>Total Indebtedness .....</b>	<b>1,843,000</b>	<b>16,085,338</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less:					
State School Grants Receivable <sup>2</sup> .....	-	-	-	-	-
<b>Total Net Indebtedness .....</b>	<b>1,843,000</b>	<b>16,085,338</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS .....</b>	<b>\$ 93,971,698</b>	<b>\$ 175,544,058</b>	<b>\$ 159,691,163</b>	<b>\$ 138,399,008</b>	<b>\$ 127,752,930</b>
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<sup>1</sup> Excludes \$194,000 in outstanding Water bonds payable and as allowed under the Connecticut General Statutes.

<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. School construction grants receivable stated above are for principal reimbursement only.

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

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

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**Statement of Statutory Debt Limitation  
As of July 15, 2019  
(Pro Forma)**

**Town of Redding**

**Total Tax Collections** (including interest and lien fees)

For the year ended June 30, 2018 ..... \$ 45,496,654

**Reimbursement For Revenue Loss:**

Fire District tax and interest collections..... 1,455,944

Tax relief for elderly..... 1,836,744

**Base for Debt Limitation Computation.....** \$ 48,789,342

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 109,776,020	-	-	-	-
4 1/2 times base.....	-	\$ 219,552,039	-	-	-
3 3/4 times base.....	-	-	\$ 182,960,033	-	-
3 1/4 times base.....	-	-	-	\$ 158,565,362	-
3 times base.....	-	-	-	-	\$ 146,368,026
<b>Total Debt Limitation.....</b>	<b>\$ 109,776,020</b>	<b>\$ 219,552,039</b>	<b>\$ 182,960,033</b>	<b>\$ 158,565,362</b>	<b>\$ 146,368,026</b>

**Indebtedness:**

Bonds Outstanding..... 11,385,000 14,655,000 - - -

Net Overlapping Debt (Share of RSD #9 Debt)..... - 7,794,633 - - -

Underlying Debt..... - 921,545 - - -

Debt Authorized But Unissued ..... 2,604,000 - - - -

**Total Indebtedness.....** 13,989,000 23,371,178 - - -

Less:

State School Grants Receivable <sup>2</sup>..... - - - - -

**Total Net Indebtedness.....** 13,989,000 23,371,178 - - -

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS.....** \$ 95,787,020 \$ 196,180,861 \$ 182,960,033 \$ 158,565,362 \$ 146,368,026

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

<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. School construction grants receivable stated above are for principal reimbursement only.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$341,525,394.

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

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**Authorized but Unissued Debt**  
**As of July 15, 2019**  
**(Pro Forma)**

**Regional School District No. 9**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Bonds Previously Issued</b>	<b>This Issue: Bonds</b>	<b>Grants/ Paydowns Applied</b>	<b>Authorized but Unissued</b>
2000 Building Project.....	\$ 38,006,099	\$ 29,125,000	\$ -	\$ 8,139,025	\$ 742,074
JBHS Expansion & Renovation.....	1,300,000	860,000	-	85,000	355,000
JBHS Partial Roof Restoration.....	1,455,000	1,231,000	-	-	224,000
JBHS Stadium Fields.....	3,272,255	2,864,225	-	-	408,030
JBHS Campus Improvements.....	1,916,780	-	1,915,000	-	1,780
<b>Total .....</b>	<b>\$ 45,950,134</b>	<b>\$ 34,080,225</b>	<b>\$ 1,915,000</b>	<b>\$ 8,224,025</b>	<b>\$ 1,730,884</b>

**Town of Easton**

<b>Project</b>	<b>Date Authorized</b>	<b>Aggregate Amount Authorized</b>	<b>Bonds Issued</b>	<b>Grants/ Paydowns Applied</b>	<b>Authorized but Unissued</b>
Elementary school.....	10/16/2002 & 2/25/2004	\$ 31,149,188 <sup>1</sup>	\$ 24,645,000	\$ 6,499,217	\$ 4,971
Wells Hill Bridge.....	5/18/2009	614,000	550,000	-	64,000
Animal Shelter.....	11/19/2009	188,000	139,000	-	49,000
Fire suppression system.....	4/28/2008	250,000	240,000	-	10,000
Fire suppression system.....	4/28/2008	185,000	125,000	-	60,000
<b>Total .....</b>		<b>\$ 32,386,188</b>	<b>\$ 25,699,000</b>	<b>\$ 6,499,217</b>	<b>\$ 187,971</b>

<sup>1</sup> This amount reflects the sum of two separate appropriation and borrowing authorizations, including an appropriation and borrowing authorization of \$29,149,188.

**Town of Redding**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Bonds Issued</b>	<b>Authorized but Unissued</b>
Road Projects (four year plan).....	\$ 6,753,429	\$ 6,749,429	\$ 4,000
Sprinkler System Fire Code Upgrade .....	100,000	-	100,000
Police, Fire, and EMS Radio Comm. Infrastructure.....	2,500,000	-	2,500,000
<b>Total .....</b>	<b>\$ 9,353,429</b>	<b>\$ 6,749,429</b>	<b>\$ 2,604,000</b>



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

**Regional School District No. 9**

<b>Long-Term Debt</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Bonds .....	\$ 13,535,000	\$15,445,000	\$12,290,000	\$13,965,000	\$15,665,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	4,770,000	4,041,000	3,272,000
<b>Totals .....</b>	<b>\$ 13,535,000</b>	<b>\$15,445,000</b>	<b>\$17,060,000</b>	<b>\$18,006,000</b>	<b>\$18,937,000</b>

**Town of Easton**

<b>Long-Term Debt</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Bonds .....	\$ 18,544,000	\$20,949,000	\$19,355,000	\$ 21,745,000	\$22,455,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	4,302,000	4,918,000	7,372,000
<b>Totals .....</b>	<b>\$ 18,544,000</b>	<b>\$20,949,000</b>	<b>\$23,657,000</b>	<b>\$ 26,663,000</b>	<b>\$29,827,000</b>

**Town of Redding**

<b>Long-Term Debt</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Bonds <sup>1</sup> .....	\$ 29,550,535	\$ 30,225,000	\$ 12,100,000	\$ 13,758,032	\$15,354,021
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	-	10,574,000	5,638,000
<b>Totals .....</b>	<b>\$ 29,550,535</b>	<b>\$ 30,225,000</b>	<b>\$ 12,100,000</b>	<b>\$ 24,332,032</b>	<b>\$20,992,021</b>

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

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

### Regional School District No. 9

Fiscal Year Ended 6/30	Net Assessed Value <sup>1</sup> (000s)	Estimated Full Value <sup>2</sup> (000s)	Net Long-Term Debt (000s)	Ratio of Net Long-Term Debt to		Population <sup>3</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)
				Assessed Value (%)	Estimated Full Value (%)			
2018	\$ 2,910,270	\$ 4,157,529	\$ 20,795	0.71%	0.50%	16,817	\$ 1,237	1.86%
2017	2,970,285	4,243,264	20,795	0.70%	0.49%	16,817	1,237	1.86%
2016	2,962,074	4,231,535	20,795	0.70%	0.49%	16,817	1,237	1.86%
2015	2,946,154	4,208,792	20,795	0.71%	0.49%	16,817	1,237	1.86%
2014	2,950,714	4,215,305	22,660	0.77%	0.54%	16,817	1,347	2.03%

<sup>1</sup> Combined Net Taxable Grand Lists of Towns of Easton and Redding.

<sup>2</sup> Assessment Ratio, 70%.

<sup>3</sup> Combined data from the State of Connecticut, Department of Public Health Estimates.

<sup>4</sup> Money Income per Capita (Average for Easton & Redding): Census, ACS 2017 data: \$66,352 used for all calculations.

### Town of Easton

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value <sup>1</sup> (000s)	Net Long-Term Debt (000s)	Ratio of Net Long-Term Debt to		Population <sup>2</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>3</sup> (%)
				Assessed Value (%)	Estimated Full Value (%)			
2018	\$ 1,276,983	\$ 1,824,262	\$ 18,544	1.45%	1.02%	7,550	\$ 2,456	3.68%
2017	1,337,004	1,910,006	20,949	1.57%	1.10%	7,550	2,775	4.16%
2016	1,330,425	1,900,607	19,355	1.45%	1.02%	7,550	2,564	3.85%
2015	1,317,809	1,882,585	21,745	1.65%	1.16%	7,550	2,880	4.32%
2014	1,323,625	1,890,893	22,450	1.70%	1.19%	7,550	2,974	4.46%

<sup>1</sup> Assessment Ratio, 70%; Revaluation 10/1/16.

<sup>2</sup> State of Connecticut, Department of Public Health Estimates.

<sup>3</sup> Money Income per Capita: American Community Survey 2013-2017 data: \$66,658 used for all calculations.

### Town of Redding

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value <sup>1</sup> (000s)	Net Long-Term Debt (000s) <sup>2</sup>	Ratio of Net Long-Term Debt to		Population <sup>3</sup>	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income <sup>4</sup> (%)
				Assessed Value (%)	Estimated Full Value (%)			
2018	\$ 1,633,287	\$ 2,333,267	\$ 29,551	1.81%	1.27%	9,267	\$ 3,189	4.83%
2017	1,633,281	2,333,259	30,225	1.85%	1.30%	9,267	3,262	4.94%
2016	1,631,649	2,330,927	12,100	0.74%	0.52%	9,267	1,306	1.98%
2015	1,628,345	2,326,207	13,758	0.84%	0.59%	9,267	1,485	2.25%
2014	1,627,088	2,324,412	15,354	0.94%	0.66%	9,267	1,657	2.51%

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

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

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

<sup>4</sup> Money Income per Capita: American Community Survey 2013-2017: \$66,046 used for all calculations.

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

**Regional School District No. 9**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018	\$ 2,405,862	\$ 27,707,002	8.68%
2017	2,171,100	26,813,505	8.10%
2016	2,218,240	25,445,685	8.72%
2015	2,294,100	25,058,603	9.15%
2014	2,407,400	24,731,076	9.73%

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

Source: Annual Audited Financial Statements, 2014-2018.

**Town of Easton**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018	\$ 3,078,804	\$ 45,040,035	6.84%
2017	3,092,943	45,024,591	6.87%
2016	3,071,256	45,169,558	6.80%
2015	3,117,619	43,689,709	7.14%
2014	3,207,239	42,891,759	7.48%

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

Source: Annual Audited Financial Statements, 2014-2018.

**Town of Redding**

<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>
2018	\$ 2,947,580	\$ 52,246,707	5.64%
2017	1,986,181	51,276,763	3.87%
2016	2,149,046	50,236,447	4.28%
2015	2,190,217	49,853,477	4.39%
2014	2,049,173	50,219,018	4.08%

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

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

Source: Annual Audited Financial Statements, 2014-2018.

## VI. Financial Administration

### Fiscal Year

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

### Basis of Accounting

See Note #2, Appendix A, "Summary of Significant Accounting Policies", to the General Purpose Financial Statements.

### Annual Audit

Regional School District No. 9 pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Education, is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2018, the financial statements of the various funds of Regional School District No. 9 were audited by RSM US, of New Haven, Connecticut.

### Pension Plans

#### Regional School District Number 9

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

#### Schedule of Contributions

	2018	2017	2016	2015	2014
Actuarially Determined Contribution .....	\$ 270,164	\$ 423,238	\$ 339,996	\$ 375,490	\$ 429,021
Contributions in relation to the					
Actuarially Determined Contribution ...	506,480	376,852	435,126	440,000	416,875
Contribution Deficiency (Excess) .....	\$ (236,316)	\$ 46,386	\$ (95,130)	\$ (64,510)	\$ 12,146
Covered Employee Payroll .....	\$ 2,189,662	\$ 2,732,463	\$ 2,576,727	\$ 2,558,941	\$ 2,643,761
Contributions as a Percentage					
of Covered Employee Payroll .....	23.13%	13.79%	16.89%	17.19%	15.77%

**Sensitivity Analysis:** The following table 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.

	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
	5.75%	6.75%	7.75%
Net Pension Liability (Asset) .....	\$ 1,508,036	\$ 731,090	\$ 65,279

**Town of Easton**

The Town has a contributory pension plan, a defined benefit pension plan (the “Town Plan”) covering substantially all full-time Town employees and non-certified Board of Education employees. Uniformed police department employees and fire department employees of the Town participate in the Municipal Employees’ Retirement System (“MERS”), a multi-employer pension plan that is administered by the Municipal State Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. The Town does not contribute to this plan.

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution .....	\$ 496,700	\$ 471,819	\$ 409,886	\$ 345,204	\$ 388,304
Contributions in relation to the					
Actuarially Determined Contribution ...	510,000	484,000	424,000	574,570	620,000
Contribution Deficiency (Excess) .....	<u>\$ (13,300)</u>	<u>\$ (12,181)</u>	<u>\$ (14,114)</u>	<u>\$ (229,366)</u>	<u>\$ (231,696)</u>
Covered Employee Payroll .....	\$ 3,324,386	\$ 3,572,486	\$ 4,000,902	\$ 4,177,769	\$ 4,168,189
Contributions as a Percentage					
of Covered Employee Payroll .....	15.34%	13.55%	10.60%	13.75%	14.87%

**Sensitivity Analysis:** The following table presents the net pension liability of the Town, calculated using the discount rate of 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
Net Pension Liability (Asset) .....	\$ 4,571,060	\$ 2,072,582	\$ (22,045)

The information in this section on pension relies on information produced by the pension plan and independent accountants and actuaries. The actuarial assessments are forward-looking information that reflect the judgment of the fiduciaries of the pension plans and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future.

**Town of Redding**

All permanent Town employees who work at least 30 hours a week, excluding teachers, participate in the Municipal Employees' Retirement Fund (MERF). MERF is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. At June 30, 2018, the Town reported a net pension liability of \$4,958,634.

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

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution .....	\$ 857,489	\$ 1,025,459	\$ 1,131,728	\$ 870,369	\$ 563,066
Contributions in relation to the					
Actuarially Determined Contribution ...	857,489	1,025,459	1,131,728	870,369	563,066
Contribution Deficiency (Excess) .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll .....	\$ 6,717,648	\$ 6,658,000	\$ 6,859,281	\$ 6,859,281	N/A
Contributions as a Percentage					
of Covered Employee Payroll .....	12.76%	15.40%	16.50%	12.69%	N/A

**Sensitivity Analysis:** The following table presents the net pension liability of the Town, calculated using the discount rate of 8.00%, 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 (7.00%) or 1 percentage point higher (9.00%) than the current rate.

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>7.00%</b>	<b>Discount Rate</b>	<b>9.00%</b>
	<b>7.00%</b>	<b>8.00%</b>	<b>9.00%</b>
Net Pension Liability (Asset) .....	\$ 8,523,843	\$ 4,958,634	\$ 1,951,688

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

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

**Budget Procedure**

Regional School District No. 9 generally uses the following budgetary sequence and time schedule:

<b>On or About</b>	<b>Action</b>
October 1 <sup>st</sup> .....	Principal, administrators receive budget manuals.
January 29 <sup>th</sup> .....	Budgets are submitted to Superintendent of Schools.
February 5 <sup>th</sup> .....	Superintendent meets with Director of Finance and Operations, principals, and administrators to review their budget requests.
February 23 <sup>rd</sup> .....	Superintendent presents his budget to Board.
March 8 <sup>th</sup> & 11 <sup>th</sup> ...	Budget work sessions.
March 16 <sup>th</sup> .....	Board makes final changes to budget and approves total.
April 5 <sup>th</sup> .....	Budget hearing – HS – Board of Education presents budget to townspeople.
April 24 <sup>th</sup> .....	Legal call mailed to papers for publication 5/1. Notice also sent to town clerks.
May 3 <sup>rd</sup> .....	Annual meeting –Board of Education presents final budget to Towns.
May 4 <sup>th</sup> .....	Referendum

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

**Regional School District No. 9**

	<b>Adopted Budget <sup>1,2</sup> 6/30/2020</b>	<b>Projected <sup>1,2</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>						
Assessments from member towns .....	\$ 24,133,114	\$ 24,240,492	\$ 23,789,137	\$ 23,280,891	\$ 23,143,685	\$ 22,696,603
Intergovernmental revenues .....	-	-	3,917,865	3,532,614	2,302,000	2,362,000
Investment income .....	-	-	-	-	-	-
Miscellaneous .....	-	-	-	-	-	-
<b>Total.....</b>	<b>24,133,114</b>	<b>24,240,492</b>	<b>27,707,002</b>	<b>26,813,505</b>	<b>25,445,685</b>	<b>25,058,603</b>
<b>Expenditures:</b>						
General Instruction .....	10,041,283	11,010,163	15,046,261	14,997,781	14,303,381	14,095,174
Special Education.....	4,799,332	4,970,563	5,047,035	4,816,318	3,985,479	3,379,132
Student Services .....	1,521,604	467,384	404,852	367,640	481,677	491,353
Administration .....	2,125,778	1,673,385	1,700,374	1,623,834	1,663,328	1,770,264
Buildings .....	2,373,902	2,181,843	1,972,685	2,022,369	1,956,806	2,020,263
Transportation .....	1,014,365	1,008,477	846,380	807,449	757,046	808,140
Food Service .....	250	300	86	75	75	177
Debt Service .....	2,256,600	2,336,425	2,405,862	2,171,100	2,218,240	2,294,100
Capital Outlay .....	-	-	1,596	6,939	-	-
<b>Total.....</b>	<b>24,133,114</b>	<b>23,648,541</b>	<b>27,425,131</b>	<b>26,813,505</b>	<b>25,366,032</b>	<b>24,858,603</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>-</b>	<b>591,951</b>	<b>281,871</b>	<b>-</b>	<b>79,653</b>	<b>200,000</b>
<b>Other financing sources (uses):</b>						
Proceeds from sale of refunding bonds .....	-	-	-	-	-	-
Payment to refunded bond escrow .....	-	-	-	-	-	-
Premium on sale of refunding bonds .....	-	-	-	-	-	-
Operating transfers in .....	-	-	-	-	-	-
Operating transfers out .....	-	-	(281,871)	-	(79,653)	(200,000)
<b>Total Other financing sources (uses).....</b>	<b>-</b>	<b>-</b>	<b>(281,871)</b>	<b>-</b>	<b>(79,653)</b>	<b>(200,000)</b>
<b>Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....</b>	<b>-</b>	<b>591,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>N/A</b>	<b>4,255</b>	<b>4,255</b>	<b>4,255</b>	<b>4,255</b>	<b>4,255</b>
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 4,255</b>	<b>\$ 4,255</b>	<b>\$ 4,255</b>	<b>\$ 4,255</b>

<sup>1</sup> Budgetary basis.

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

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

**Town of Easton**

	<b>Adopted Budget <sup>1,2</sup> 6/30/2020</b>	<b>Projected <sup>1,2</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.....	\$ 41,380,070	\$ 39,917,685	\$ 42,869,128	\$ 41,081,724	\$ 41,275,805	\$ 39,914,489
Intergovernmental revenues.....	550,591	600,000	2,540,215	3,216,630	2,808,762	2,912,452
Charges for services.....	1,272,959	1,375,000	1,699,999	1,437,609	1,689,868	1,457,523
Investment income.....	150,000	100,000	106,145	25,973	137,356	73,861
Use of Fund Balance.....	500,000	1,200,000	-	-	-	-
<b>Total.....</b>	<b>43,853,620</b>	<b>43,192,685</b>	<b>47,215,487</b>	<b>45,761,936</b>	<b>45,911,791</b>	<b>44,358,325</b>
<b>Expenditures:</b>						
General Government .....	2,098,307	2,125,000	2,165,682	2,097,652	2,068,998	2,037,869
Public Safety .....	3,083,292	2,897,000	2,976,820	2,908,323	2,694,100	2,668,792
Public Works .....	2,170,364	2,615,000	2,097,388	1,994,864	1,684,895	2,056,299
Health and Welfare .....	403,790	390,000	370,651	561,981	382,817	382,019
Education .....	27,021,089	27,283,067	29,142,136	28,889,950	29,448,104	27,724,507
Library .....	633,173	640,000	578,806	623,341	592,319	583,703
Parks and Recreation .....	403,500	475,000	401,228	420,225	390,947	386,051
Employee Benefites.....	3,310,216	2,750,000	2,742,536	2,925,243	2,819,055	2,960,261
Insurance.....	723,000	750,000	796,688	804,698	857,210	904,856
Other .....	-	-	-	-	-	-
Debt Service .....	3,132,962	3,238,929	3,078,804	3,092,943	3,071,256	3,117,619
Capital Outlay .....	873,927	-	221,956	234,166	245,865	-
<b>Total.....</b>	<b>43,853,620</b>	<b>43,163,996</b>	<b>44,572,695</b>	<b>44,553,386</b>	<b>44,255,566</b>	<b>42,821,976</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>-</b>	<b>28,689</b>	<b>2,642,792</b>	<b>1,208,550</b>	<b>1,656,225</b>	<b>1,536,349</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets .....	-	-	-	-	-	-
Proceeds from refunding bond sale.....	-	-	-	-	-	-
Premium on refunded bonds .....	-	-	-	-	-	-
Payment to refunded bond escrow .....	-	-	-	-	-	-
Operating transfers in .....	-	-	100,000	-	26,568	408,090
Operating transfers out .....	-	-	(467,340)	(471,205)	(913,992)	(867,733)
<b>Total Other financing sources (uses).....</b>	<b>-</b>	<b>-</b>	<b>(367,340)</b>	<b>(471,205)</b>	<b>(887,424)</b>	<b>(459,643)</b>
<b>Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....</b>	<b>-</b>	<b>28,689</b>	<b>2,275,452</b>	<b>737,345</b>	<b>768,801</b>	<b>1,076,706</b>
<b>Fund Balance, Beginning of Year.....</b>	<b>N/A</b>	<b>9,958,558</b>	<b>7,683,106</b>	<b>6,945,761</b>	<b>6,176,960</b>	<b>5,100,254</b>
<b>Fund Balance, End of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 9,958,558</b>	<b>\$ 7,683,106</b>	<b>\$ 6,945,761</b>	<b>\$ 6,176,960</b>

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

**Analysis of General Fund Equity**

	<b>Adopted Budget 6/30/2020</b>	<b>Projected 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>
Nonspendable.....	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	N/A	-	-	-	-	-
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	640,000	2,768,824	640,000	640,000	640,000
Unassigned.....	N/A	8,147,247	7,189,734	7,043,106	6,305,761	5,536,960
<b>Total Fund Equity .....</b>	<b>N/A</b>	<b>\$ 8,787,247</b>	<b>\$ 9,958,558</b>	<b>\$ 7,683,106</b>	<b>\$ 6,945,761</b>	<b>\$ 6,176,960</b>



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

**Town of Redding**

	<b>Adopted Budget <sup>1,2</sup> 6/30/2020</b>	<b>Projected <sup>1,2</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.....	\$ 49,204,584	\$ 48,748,488	\$ 46,755,432	\$ 46,133,174	\$ 45,448,399	\$ 45,698,262
Intergovernmental revenues.....	342,134	347,402	4,731,855	4,499,008	3,786,491	4,064,199
Investment income.....	380,000	350,000	275,978	63,219	48,588	25,464
Charges for Services.....	1,274,200	1,275,100	1,184,042	1,207,131	1,386,980	1,317,683
Other.....	50,484	48,000	93,210	39,521	39,298	76,509
<b>Total.....</b>	<b>\$ 51,251,402</b>	<b>\$ 50,768,990</b>	<b>\$ 53,040,517</b>	<b>\$ 51,942,053</b>	<b>\$ 50,709,756</b>	<b>\$ 51,182,117</b>
<b>Expenditures:</b>						
General government .....	2,766,370	2,788,127	2,819,607	2,908,540	2,950,741	2,999,900
Public safety .....	2,544,225	2,526,021	2,501,836	2,473,002	2,421,456	2,366,064
Highway and streets .....	1,490,097	1,456,831	1,369,688	1,466,182	1,391,319	1,497,305
Transfer station and recycling .....	261,918	256,576	234,370	239,387	251,371	258,057
Health and welfare .....	143,109	151,049	120,278	117,781	117,480	112,839
Library .....	568,480	539,655	513,958	513,958	489,950	457,898
Parks and recreation .....	954,287	952,304	919,106	954,972	955,653	888,842
Employee benefits .....	3,213,520	2,987,601	2,959,303	2,766,777	2,716,527	2,745,402
Education .....	35,970,534	34,527,399	37,797,256	37,053,767	36,254,652	36,249,453
Capital outlay .....	-	-	3,725	171,271	242,252	-
Debt service .....	3,048,458	3,040,596	2,947,580	1,986,181	2,149,046	2,190,217
<b>Total.....</b>	<b>\$ 50,960,998</b>	<b>\$ 49,226,159</b>	<b>\$ 52,186,707</b>	<b>\$ 50,651,818</b>	<b>\$ 49,940,447</b>	<b>\$ 49,765,977</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>	<b>290,404</b>	<b>1,542,831</b>	<b>853,810</b>	<b>1,290,235</b>	<b>769,309</b>	<b>1,416,140</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets .....	-	-	-	-	-	-
Payment to Bond Escrow Agent .....	-	-	-	-	(7,091,096)	-
Proceeds from Refunding Bonds .....	-	-	-	-	6,745,000	-
Premium from Refunding Bonds .....	-	-	-	-	447,965	-
Bond Anticipation Note Premium .....	-	-	-	-	-	-
Issuance of Capital Lease .....	-	-	-	171,271	242,252	-
Operating transfers in .....	208,000	-	-	-	-	-
Operating transfers out .....	(498,405)	(467,830)	(60,000)	(624,945)	(296,000)	(87,500)
<b>Total Other financing sources (uses).....</b>	<b>(290,405)</b>	<b>(467,830)</b>	<b>(60,000)</b>	<b>(453,674)</b>	<b>48,121</b>	<b>(87,500)</b>
<b>Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....</b>	<b>(1)</b>	<b>1,075,001</b>	<b>793,810</b>	<b>836,561</b>	<b>817,430</b>	<b>1,328,640</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>N/A</b>	<b>10,936,523</b>	<b>10,142,713</b>	<b>9,306,152</b>	<b>8,488,722</b>	<b>7,160,082</b>
Restatement .....	-	-	-	-	-	-
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 10,936,523</b>	<b>\$ 10,142,713</b>	<b>\$ 9,306,152</b>	<b>\$ 8,488,722</b>

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

**Analysis of General Fund Equity**

	<b>Adopted Budget 6/30/2020</b>	<b>Projected 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>
Nonspendable.....	N/A	\$ 2,799,121	\$ 2,331,291	\$ 1,986,161	\$ 1,742,005	\$ 1,526,022
Restricted.....	N/A	-	-	-	-	-
Committed.....	N/A	-	-	200,000	200,000	208,822
Assigned.....	N/A	-	9,830	-	224,909	159,412
Unassigned.....	N/A	9,640,000	8,595,402	7,956,552	7,139,238	6,594,466
<b>Total Fund Equity .....</b>	<b>N/A</b>	<b>\$ 12,439,121</b>	<b>\$ 10,936,523</b>	<b>\$ 10,142,713</b>	<b>\$ 9,306,152</b>	<b>\$ 8,488,722</b>

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

### **Litigation**

#### **The District**

Following consultation with the attorney for the District and other attorneys providing legal services to the District, District officials advise that Regional School District No. 9 and its officers and employees are named defendants in a number of lawsuits, administrative proceedings and other actions. With regard to these pending lawsuits, proceedings and actions, it is the District officials' opinion that such pending litigation, proceedings and actions will not be finally determined so as to result individually or in the aggregate in final judgments against the District which would have a material adverse affect on the financial position of the District.

#### **The Member Towns**

The Towns of Easton and Redding, their officers, employees, boards and commissions, are defendants in a number of lawsuits. Following consultation with the attorneys representing the Towns, it is the opinion of the Towns' officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Towns which would materially adversely affect their financial position.

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

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the District, signed by the Superintendent, the Chairperson, the Treasurer and the Director of Finance and Operations of the District, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, the descriptions and statements in the Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendix B to the Official Statement.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The District has prepared an Official Statement for the Bonds which is dated June \_\_, 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 fifty (50) copies of the final Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the District's Municipal Advisor no later than seven business days of the bid opening. 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 final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Securities. The winning bidder shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser.

A record of the proceedings taken by the District in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, and may be examined upon reasonable request.

**Concluding Statement**

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

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

**REGIONAL SCHOOL DISTRICT NO. 9**

By: /s/  
Thomas McMorran, *Superintendent*

By: /s/  
Mike D'Agostino, *Chairperson*

By: /s/  
Todd Johnston, *Treasurer*

By: /s/  
Scott A. Reiss, *Director of Finance and Operations*

Dated: June \_\_, 2019

## ***Appendix A***

The following includes the General Purpose Financial Statements of Regional School District No. 9, 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 Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, CT 06460 Telephone (203) 878-4945.

## Independent Auditor's Report

To the Board of Education  
Regional School District No. 9

### 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 the Regional School District No. 9 (the Region), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 the Region, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter—Adoption of Standards**

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Region adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in the Regional School District No. 9 restating net position for recognition of the Region's OPEB related activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

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

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Region's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and 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 December 17, 2018 on our consideration of the Region's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Region's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Region's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
December 17, 2018

## Regional School District No. 9

### Management's Discussion and Analysis - *unaudited*

For the Year Ended June 30, 2018

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Management of the Regional School District No. 9 (the Region) offers readers of these financial statements this narrative overview and analysis of the financial activities of the Region for the fiscal year ended June 30, 2018.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Region exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,910,024 (net position).
- The Region's total net position increased by \$1,196,448. The increase was primarily a result of increased operating grants and assessments from member towns.
- As of the close of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$1,231,236.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,255.

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

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

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Region's finances in a manner similar to a private-sector business.

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

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

The government-wide financial statements present the functions of the Region, which are principally supported by assessments to member towns and intergovernmental revenues. The governmental activities of the Region include general instruction, special education, student services, administration, buildings and transportation.

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

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

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

The Region maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Non-Recurring Fund, Capital Projects Fund, Capital Maintenance Fund and Cafeteria Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Region adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary Funds.** The Region maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Region's various functions. The Region uses an internal service fund to account for its self-insured medical benefits.

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

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

Required Supplementary Information presents the Region's progress in funding its obligation to provide Pension, Teacher's Retirement and other postemployment benefits (OPEB) to employees. Also included in the required supplementary information is the General Fund budgetary-basis revenue and expenditure financial report and notes.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found in Exhibits B-1 and B-2.



## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Region, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,910,024 at the close of the most recent fiscal year.

By far, the largest portion of the Region's net position reflects its net investment in capital assets (e.g., land, buildings and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Region uses these capital assets to provide public education to eligible citizens living within the region; consequently, these assets are not available for future spending. Although the Region's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position \$ (2,893,820) is a deficit balance.

### **Summary Statement of Net Position**

	Governmental Activities	
	2018	2017
Current assets	\$ 2,952,708	\$ 2,934,884
Capital assets, net of accumulated depreciation	37,559,206	38,544,665
<b>Total assets</b>	<b>40,511,914</b>	<b>41,479,549</b>
Deferred outflows of resources		
<b>Total deferred outflows of resources</b>	<b>410,978</b>	<b>678,521</b>
Current Liabilities	1,657,756	1,643,022
Other liabilities	17,689,942	20,515,431
<b>Total liabilities</b>	<b>19,347,698</b>	<b>22,158,453</b>
Deferred inflows of resources		
<b>Total deferred inflows of resources</b>	<b>665,170</b>	<b>286,041</b>
Net Position		
Net investment in capital assets	23,803,844	23,099,665
Unrestricted(Deficit)	(2,893,820)	(3,386,089)
<b>Total net position</b>	<b>\$ 20,910,024</b>	<b>\$ 19,713,576</b>

**Governmental Activities.** The Region's net position increased by \$1,196,448 during the current fiscal year. The increase is due to the use of accrual accounting at the government-wide financial statement level where capital expenditures are capitalized, depreciation is expensed and debt service principal payments are not expensed.

**Summary Statement of Activities**

	Governmental Activities	
	2018	2017
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,106,210	\$ 1,125,595
Capital grants and contributions	-	23,325
Operating grants and contributions	4,277,608	3,842,678
General revenues:		
Assessments from member towns	23,789,137	23,280,891
Other	154,868	3,503
<b>Total revenues</b>	<b>29,327,823</b>	<b>28,275,992</b>
<b>Expenses</b>		
General instruction	16,438,829	16,364,730
Special education	5,093,803	4,994,861
Student services	1,560,273	1,587,274
Administration	1,721,069	1,600,829
Buildings	2,000,918	1,999,364
Transportation	846,466	807,525
Debt service	470,017	540,576
<b>Total program expenses</b>	<b>28,131,375</b>	<b>27,895,159</b>
<b>Change in net position</b>	<b>1,196,448</b>	<b>380,833</b>
Net Position at Beginning of Year	19,713,576	20,271,298
Restatement for GASB No. 75	-	(938,555)
Net Position at End of Year	<b>\$ 20,910,024</b>	<b>\$ 19,713,576</b>

- Assessments from member towns increased by \$508,246, substantially due to the overall increase in operating expenditures, which are primarily funded through the assessments from the two towns.
- Increases in general instruction expenses were related to an increase in contractual salary obligations and state provided OPEB benefits. Increases in special education costs were directly related to the changes in the special education student population.

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

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

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

As of the end of the current fiscal year, the Region's governmental funds reported a combined ending fund balance of \$1,231,236. The fund balance increased primarily due to an increase in funds due from member towns.

The General Fund is the operating fund of the Region. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,255.

The Capital Projects Fund accounts for the 2000 School Building Project - the fund balance increased by \$58,760 primarily due to premiums from the bond issue of prior years.

The Capital Nonrecurring Fund is used to account for various school capital projects. It is funded through transfers from the General Fund. This fund increased by \$239,305. The primary reason for the increase was transfers from the General Fund after no fund activity last year.

The Capital Maintenance Fund is used to account for school capital projects that are funded through separate appropriations and borrowings, and includes roof restoration and replacement projects.

The Cafeteria Fund includes the school lunch and breakfast program activity for the schools in Easton and Redding. The fund had a decrease in fund balance of \$1,431 from operations.

**General Fund Budgetary Highlights**

There were several differences between the budget and the actual results of revenues and expenditures due to changes in special education student population and the change in services needed to support these students. Significant budgetary variances can be briefly summarized as follows:

Final Budget to Actual

- The General Instruction favorable variance of \$326,559 is due to changes in personnel.
- The unfavorable variance in the Special Education area is the result of changes in required services.
- The favorable variance in Student Services is due to lower than budgeted technology and media services purchases.
- The unfavorable variance in Buildings is due to unanticipated repair expenditures.

**Capital Assets and Debt Administration**

**Capital Assets.** The Region’s investment in capital assets for its governmental activities as of June 30, 2018 amounted to \$37,559,206 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and machinery and equipment. See Note 4.

**Capital Assets  
(Net of Depreciation)**

	Governmental Activities	
	2018	2017
Land	\$ 1,841,268	\$ 1,841,268
Construction in progress	27,430	\$ -
Buildings	34,926,857	35,978,007
Machinery and equipment	657,731	725,390
Land Improvements	80,052	-
Building Improvements	25,868	-
Total	\$ 37,559,206	\$ 38,544,665

**Long-Term Debt.** At the end of the current fiscal year, the Region had total bonded debt outstanding of \$13,535,000. All of this debt comprises debt backed by the full faith and credit of the Region. See Note 6.

**Outstanding Debt  
General Obligation Bonds**

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 13,535,000	\$ 15,445,000
Total	\$ 13,535,000	\$ 15,445,000

The Region’s total debt decreased by \$1,910,000 during the current fiscal year. The Region received an AAA rating from Standard and Poor’s for general obligation debt.

State Statutes limit the amount of general obligation debt a regional school district may issue to 2.25 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant of the member towns.

A portion of the Region’s debt is allocated to each member town and is included in the town’s debt limitation. Additional information on the Region’s long-term debt can be found in Note 6 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the Region’s member towns is currently 2.9% for Redding and 3.1% for Easton. This compares favorably to the state’s average unemployment rate of 3.8% and the national average rate of 3.5%.
- Inflationary trends in the Region’s member towns compare favorably to national indices. All of these factors were considered in preparing the Region’s budget for the 2019 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the Region’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Scott A. Reiss, Director of Finance and Operations, Regional School District No. 9, 654 Morehouse Road, Easton, Connecticut 06612.

## **Basic Financial Statements**



**Statement of Net Position  
June 30, 2018**

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,509,847
Receivables:	
Intergovernmental	31,874
Due from member towns	1,394,259
Inventory	16,728
<b>Total current assets</b>	<u>2,952,708</u>
Capital assets:	
Assets not being depreciated	1,868,698
Assets being depreciated, net	35,690,508
<b>Total capital assets, net of accumulated depreciation</b>	<u>37,559,206</u>
<b>Total assets</b>	<u>40,511,914</u>
<b>Deferred outflows of resources:</b>	
Deferred pension/OPEB related items	410,978
<b>Total deferred outflows of resources</b>	<u>410,978</u>
<b>Liabilities</b>	
Accounts and other payables	1,611,021
Unearned revenues	46,735
<b>Total current liabilities</b>	<u>1,657,756</u>
Noncurrent liabilities:	
Due within one year	2,385,362
Due in more than one year	15,304,580
<b>Total noncurrent liabilities</b>	<u>17,689,942</u>
<b>Total liabilities</b>	<u>19,347,698</u>
Deferred inflows of resources:	
Deferred pension/OPEB related items	665,170
<b>Total deferred inflows of resources</b>	<u>665,170</u>
Net position:	
Net investment in capital assets	23,803,844
Unrestricted (deficit)	(2,893,820)
<b>Total net position</b>	<u>\$ 20,910,024</u>

See notes to financial statements.

Regional School District No. 9

Exhibit B

Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General instruction	\$ (16,438,829)	\$ 66,923	\$ 3,917,865	\$ -	\$ (12,454,041)
Special education	(5,093,803)	-	245,040	-	(4,848,763)
Student services	(1,560,273)	1,039,287	114,703	-	(406,283)
Administration	(1,721,069)	-	-	-	(1,721,069)
Buildings	(2,000,918)	-	-	-	(2,000,918)
Transportation	(846,466)	-	-	-	(846,466)
Debt Service	(470,017)	-	-	-	(470,017)
<b>Total governmental activities</b>	<b>\$ (28,131,375)</b>	<b>\$ 1,106,210</b>	<b>\$ 4,277,608</b>	<b>\$ -</b>	<b>(22,747,557)</b>

General revenues:

Assessment from district member towns	23,789,137
Investment income and other	154,868
<b>Total general revenues</b>	<b>23,944,005</b>

**Change in net position**

1,196,448

Net position at beginning of year, as restated\*

19,713,576

Net position at end of year

\$ 20,910,024

See notes to financial statements.

\*See Note 1 for restatement



**Balance Sheet - Governmental Funds  
June 30, 2018**

	General	Capital Non-recurring	Capital Projects	Capital Maintenance	Cafeteria Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 98,919	\$ -	\$ 468,992	\$ -	\$ 439,441	\$ 82,102	\$ 1,089,454
Receivables:							
Intergovernmental	-	-	-	-	24,346	7,528	31,874
Due from the Town of Redding	739,924	-	-	-	-	-	739,924
Due from the Town of Easton	654,335	-	-	-	-	-	654,335
Due from other funds	4,400	659,757	-	57,235	-	-	721,392
Inventory	-	-	-	-	16,728	-	16,728
<b>Total assets</b>	<b>\$ 1,497,578</b>	<b>\$ 659,757</b>	<b>\$ 468,992</b>	<b>\$ 57,235</b>	<b>\$ 480,515</b>	<b>\$ 89,630</b>	<b>\$ 3,253,707</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts and other payables	\$ 1,094,654	\$ -	\$ -	\$ -	\$ 75,237	\$ 62,325	\$ 1,232,216
Due to other funds	398,669	-	344,851	-	-	-	743,520
Unearned revenues	-	-	-	-	46,735	-	46,735
<b>Total liabilities</b>	<b>1,493,323</b>	<b>-</b>	<b>344,851</b>	<b>-</b>	<b>121,972</b>	<b>62,325</b>	<b>2,022,471</b>
Fund balances:							
Nonspendable	-	-	-	-	16,728	-	16,728
Restricted:							
Capital projects	-	659,757	124,141	57,235	-	-	841,133
Education	-	-	-	-	341,815	16,944	358,759
Assigned	-	-	-	-	-	10,361	10,361
Unassigned	4,255	-	-	-	-	-	4,255
<b>Total fund balances</b>	<b>4,255</b>	<b>659,757</b>	<b>124,141</b>	<b>57,235</b>	<b>358,543</b>	<b>27,305</b>	<b>1,231,236</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,497,578</b>	<b>\$ 659,757</b>	<b>\$ 468,992</b>	<b>\$ 57,235</b>	<b>\$ 480,515</b>	<b>\$ 89,630</b>	<b>\$ 3,253,707</b>

(Continued)

**Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position  
June 30, 2018**

Amount reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet. The details of the differences are as follows:

<b>Total fund balances (Exhibit C)</b>		\$ 1,231,236
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets	56,837,596	
Less accumulated depreciation	<u>(19,278,390)</u>	
<b>Net capital assets</b>		37,559,206
Internal service funds are used by management to charge the cost of medical insurance to individual departments:		
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		210,971
Deferred outflows - pension/OPEB		410,978
Deferred inflows - pension/OPEB		(665,170)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable		(13,535,000)
Net pension liability		(731,090)
Accrued interest payable		(147,255)
Total OPEB liability*		(2,748,034)
Capital leases		(220,362)
Claims payable		(100,000)
Compensated absences		<u>(355,456)</u>
<b>Net position of governmental activities (Exhibit A)</b>		<u>\$ 20,910,024</u>

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2018**

	General	Capital Non-recurring	Capital Projects	Capital Maintenance	Cafeteria Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Assessments from district member towns	\$ 23,789,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,789,137
Charges for services and other Intergovernmental	-	-	-	-	1,039,287	66,923	1,106,210
	3,917,865	-	-	-	114,703	245,040	4,277,608
Other income	-	94,670	58,760	-	-	1,438	154,868
<b>Total revenues</b>	<b>27,707,002</b>	<b>94,670</b>	<b>58,760</b>	<b>-</b>	<b>1,153,990</b>	<b>313,401</b>	<b>29,327,823</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General instruction	15,046,261	-	-	-	-	209,449	15,255,710
Special education	5,047,035	-	-	-	-	70,886	5,117,921
Student services	404,852	-	-	-	1,155,421	-	1,560,273
Administration	1,700,374	-	-	-	-	-	1,700,374
Buildings	1,972,685	-	-	-	-	7,538	1,980,223
Transportation	846,380	-	-	-	-	-	846,380
Food service	86	-	-	-	-	-	86
Debt service	2,405,862	-	-	-	-	-	2,405,862
Capital outlay	1,596	137,236	-	-	-	-	138,832
<b>Total expenditures</b>	<b>27,425,131</b>	<b>137,236</b>	<b>-</b>	<b>-</b>	<b>1,155,421</b>	<b>287,873</b>	<b>29,005,661</b>
<b>Revenues over (under) expenditures</b>	<b>281,871</b>	<b>(42,566)</b>	<b>58,760</b>	<b>-</b>	<b>(1,431)</b>	<b>25,528</b>	<b>322,162</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	281,871	-	-	-	-	281,871
Transfers out	(281,871)	-	-	-	-	-	(281,871)
<b>Total other financing sources (uses)</b>	<b>(281,871)</b>	<b>281,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in fund balances</b>	<b>-</b>	<b>239,305</b>	<b>58,760</b>	<b>-</b>	<b>(1,431)</b>	<b>25,528</b>	<b>322,162</b>
Fund balances, beginning of year	4,255	420,452	65,381	57,235	359,974	1,777	909,074
Fund balances, end of year	\$ 4,255	\$ 659,757	\$ 124,141	\$ 57,235	\$ 358,543	\$ 27,305	\$ 1,231,236

(Continued)

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2018**

Reconciliation of the statement of revenues, expenditures and changes in fund balance (deficit) to the statement of activities:

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

Net change in fund balances (deficits) - total governmental funds (Exhibit E)	<u>\$ 322,162</u>
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was less than depreciation in the current period.

Capital outlay	156,420
Depreciation expense	<u>(1,141,879)</u>
<b>Total</b>	<u><u>(985,459)</u></u>

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

Bond principal repayments	1,910,000
<b>Total</b>	<u><u>1,910,000</u></u>

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

Total OPEB liability	44,908
Deferred outflows - pension/OPEB	(267,543)
Deferred inflows -pension/OPEB	(379,129)
Net pension liability	668,983
Capital lease payment	110,220
Compensated absences	(8,622)
Claims payable	100,000
Accrued interest payable	25,845
<b>Total</b>	<u><u>294,662</u></u>

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

	<u>(344,917)</u>
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<b>Change in net position of governmental activities (Exhibit B)</b>	<u><u>\$ 1,196,448</u></u>
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See notes to financial statements.

Statement of Net Position - Proprietary Funds  
June 30, 2018

	Governmental Activities <u>Internal Service Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 420,393
Due from other funds	<u>22,128</u>
<b>Total assets</b>	<u><u>442,521</u></u>
<b>Liabilities</b>	
Claims payable	<u>231,550</u>
Net position:	
Unrestricted	<u><u>\$ 210,971</u></u>

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2018**

	Governmental Activities
	<u>Internal Service Fund</u>
Operating revenues:	
Premiums charged	\$ 2,865,163
<b>Total operating revenues</b>	<u>2,865,163</u>
Operating expenses:	
Claims	2,964,589
Administration	229,138
Other expenses	23,794
<b>Total operating expenses</b>	<u>3,217,521</u>
<b>Operating loss</b>	<u>(352,358)</u>
Nonoperating revenue:	
Investment income	<u>7,441</u>
<b>Net decrease</b>	(344,917)
Net position, beginning	<u>555,888</u>
Net position, ending	<u>\$ 210,971</u>

See notes to financial statements.

**Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2018**

	Governmental Activities <u>Internal Service Fund</u>
Cash flows from operating activities:	
Receipts from Region and users	\$ 3,020,738
Claims paid	(3,145,693)
<b>Net cash used in operating activities</b>	<u>(124,955)</u>
Cash flows from investing activities:	
Income from investments	<u>7,441</u>
<b>Decrease in cash and cash equivalents</b>	(117,514)
Cash and cash equivalents, beginning of year	<u>537,907</u>
Cash and cash equivalents, end of year	<u><u>\$ 420,393</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (352,358)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in due from other funds	155,575
Increase in claims payable	<u>71,828</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (124,955)</u></u>

See notes to financial statements.

**Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2018**

	Pension Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 51,475	\$ 512,570
Investments:		
Equity mutual funds	4,586,525	-
Fixed income mutual funds	1,845,370	-
<b>Total investments</b>	<b>6,431,895</b>	<b>-</b>
Accounts receivable	-	-
<b>Total assets</b>	<b>6,483,370</b>	<b>512,570</b>
<b>Liabilities</b>		
Due to others	-	512,570
<b>Net position restricted for pension</b>	<b>\$ 6,483,370</b>	<b>\$ -</b>

See notes to financial statements.



**Statement of Changes in Plan Net Position - Fiduciary Funds  
For the Year Ended June 30, 2018**

	Pension Trust Fund
<hr/>	
Additions	
Contributions:	
Employer	<u>\$ 423,238</u>
Investment income:	
Net appreciation in fair value of investments	246,720
Interest and dividends	<u>287,754</u>
<b>Net investment income</b>	<u>534,474</u>
<b>Total additions</b>	<u>957,712</u>
Deductions:	
Benefits	<u>250,580</u>
<b>Total deductions</b>	<u>250,580</u>
<b>Net increase</b>	707,132
Net position restricted for pension, beginning of year	<u>5,776,238</u>
Net position restricted for pension, end of year	<u><u>\$ 6,483,370</u></u>

See notes to financial statements.

## Regional School District No. 9

### Notes to Financial Statements

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

**Reporting entity:** Regional School District No. 9 (the Region) was formed in 1957 for the purpose of providing secondary school education to the residents of the Towns of Easton and Redding. It consists of one senior high school located in Redding, Connecticut.

The Region is governed by a Regional Board of Education consisting of four members from each town. The members of the Board serve for four-year terms. The Superintendent of Schools, selected by the Board of Education, manages the day-to-day activities and operations of the Region and the K-8 schools of Easton and Redding. In addition, the Region has an Assistant Superintendent of Schools. The Region also manages the school cafeterias for Easton and Redding.

The Region's operating and debt service expenses are paid by the member towns in proportion to the number of attending pupils. The current year assessment percentages are 46.5% for Easton and 53.5% for Redding.

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement (GASB) Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, included in the financial statements of the Region.

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

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Region. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by member town assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

## Regional School District No. 9

### Notes to Financial Statements

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

**Measurement focus, basis of accounting and financial statement presentation:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Member town assessments are similar to an entitlement whereby the amounts are recognized when first available for use.

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

Member town assessments are similar to an entitlement whereby the amounts are recognized when first available for use, intergovernmental revenues when eligibility requirements are met, interest associated with the current fiscal period when earned are all measurable and have been reported as revenue, if available. All other revenue items are considered to be measurable only when cash is received by the Region.

The Region reports the following major governmental funds:

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

The **Capital Non-Recurring Fund** accounts for financial resources, mainly from General Fund appropriations, to be used for miscellaneous capital purchases. This fund is considered major for public interest purposes.

The **Capital Projects Fund** accounts for the financial resources, mainly from bond proceeds, to be used for major capital asset construction and/or purchases. This fund is considered major for public interest purposes.

The **Capital Maintenance Fund** accounts for financial resources, mainly from borrowings and General Fund appropriations, to be used for specific capital projects, namely roof repairs, track renovations and theater improvements. This fund is considered major for public interest purposes.

The **Cafeteria Fund** accounts for financial resources, mainly from intergovernmental revenues and fees charged for lunches.

Additionally, the Region reports the following fund types:

The **Internal Service Funds** account for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10. *Accounting and Financial Reporting for Risk and Related Insurance Issues.*

## Regional School District No. 9

### Notes to Financial Statements

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

The **Pension Trust Fund** accounts for the activities of the Regional School District No. 9 Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The **Agency Funds** account for monies held on behalf of students and employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Region's internal service funds are charges to the Region and Region employees for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Cash and cash equivalents:** The Region considers cash equivalents as short-term investments with original maturities of three months or less from the date of acquisition. The cash portfolio adheres to GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, which amends Statement No. 31 *Accounting and Financial Reporting for Certain Investments and For External Investment Pools* and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that values for financial reporting purposes all of its investments at amortized cost.

**Investments:** In general, State of Connecticut Statutes allow the Region to invest in obligations of the United States of America or United States government sponsored corporations and certain other investments as described in Note 2.

Investments for the Region are reported at fair value.

**Fair value:** The Region uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

## Regional School District No. 9

### Notes to Financial Statements

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

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Region's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 2 for additional information regarding fair value.

**Receivables:** Intergovernmental and assessments from member town receivables are recorded at the amounts billed and are considered to be fully collectible and no allowance has been recorded.

**Interfunds:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

**Inventories:** All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

**Capital assets:** Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment and \$20,000 for improvements and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

## Regional School District No. 9

### Notes to Financial Statements

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

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

<u>Assets</u>	<u>Year</u>
Buildings	50
Machinery and Equipment	5-15

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

**Compensated absences:** Noncertified Board of Education employees are granted vacation and sick leave based on length of employment. At termination, payout provisions as determined by individual union contracts provide for payments to vested employees.

The General Fund is typically used to liquidate the liability for compensated absences.

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

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

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

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

**Net investment in capital assets:** This category of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted net position:** This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position:** This category includes amounts that do not meet the definition of "restricted" or "Net investment in capital assets."

## Regional School District No. 9

### Notes to Financial Statements

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

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

***Nonspendable fund balance:*** This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

***Restricted fund balance:*** This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

***Committed fund balance:*** This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (the Board of Education). The Board of Education is the highest level of decision making authority for the Region and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

***Assigned fund balance:*** For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Finance department that has been delegated authority by the Board of Education to assign amounts.

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Region reports a deferred inflow of resources related to deferred items for pensions/OPEB in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred inflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner.

## Regional School District No. 9

### Notes to Financial Statements

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

##### Pension accounting:

**Pension Trust Fund:** The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Region has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Governmental funds and governmental activities:** In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan (the Plan) and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Funding policy:** The Region funds the contributions to its pension plans based on the actuarial recommended contribution.

##### Accounting standards adopted in the current year:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* (GASB 75), was implemented on July 1, 2017. This statement revised and established new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. Among other requirements, GASB 75 required governments to report a liability on the face of the financial statements for the OPEB that they provide: 1) Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. 2) Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. 3) Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

The effects of the implementation of this statement are as follows: The beginning net position was decreased by \$938,555, a net OPEB liability of \$2,792,942 was added, and a net OPEB obligation of \$1,854,387 was removed.

**Total OPEB liability:** The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The total OPEB liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

**Funding policy:** The Region funds the OPEB on a pay as you go basis.



## Regional School District No. 9

### Notes to Financial Statements

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#### Note 2. Deposits and Investments

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

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

#### Deposits:

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,248,318 of the Region's bank balance of \$2,549,793 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,248,318
Uninsured and collateral held by the pledging bank's trust department, not in the Region's name	<u>301,475</u>
Amount subject to custodial credit risk	<u><u>\$ 2,549,793</u></u>

**Regional School District No. 9**

**Notes to Financial Statements**

**Note 2. Deposits and Investments (Continued)**

Cash and cash equivalents:	
Deposits with financial institutions	\$ 2,073,892
Total cash and cash equivalents	<u>2,073,892</u>
Investments:	
Pension fund:	
Equity mutual funds	4,586,525
Fixed income mutual funds	1,845,370
Total investments	<u>6,431,895</u>
Total cash, cash equivalents and investments	<u>\$ 8,505,787</u>
Statement of net position:	
Cash and cash equivalents	<u>\$ 1,509,847</u>
Fiduciary funds:	
Cash and cash equivalents	564,045
Investments	<u>6,431,895</u>
Total cash, cash equivalents and investments	<u>\$ 8,505,787</u>

**Investments:** As of June 30, 2018, the Region had the following investments:

Pension Trust Fund:	
Equity mutual funds	\$ 4,586,525
Fixed income mutual funds	1,845,370
Total investments	<u>\$ 6,431,895</u>

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1-10 Years	More Than 10 Years
Fixed income mutual funds	\$ 1,845,370	\$ -	\$ 1,098,897	\$ 746,473
Total	<u>\$ 1,845,370</u>	<u>\$ -</u>	<u>\$ 1,098,897</u>	<u>\$ 746,473</u>

**Interest rate risk:** The Region 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 – investments:** As indicated above, State Statutes limit the investment options of cities and towns. The Region has an investment policy that allows the same type of investments as State Statutes.

**Regional School District No. 9**

**Notes to Financial Statements**

**Note 2. Deposits and Investments (Continued)**

Rating	Equity Mutual Funds	Fixed Income Mutual Funds
AAA	\$ -	\$ 486,962
AA	-	78,603
A	-	130,581
BBB	-	284,925
BB	-	280,257
B	-	290,661
Below B	-	48,541
Unrated	4,586,525	244,840
	\$ 4,586,525	\$ 1,845,370

**Concentration of credit risk:** The Region does not have a formalized investment policy that restricts investments in any one issuer that are in excess of 5% of the Region's total investments.

**Custodial credit risk:** Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Region or that sells investments to or buys them for the Region), the Region will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Region does not have a policy for custodial credit risk. At June 30, 2018, the Region did not have investments subject to custodial credit risk.

**Fair value:** The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Other Observable Inputs (Level 3)
Investments by fair value level:				
Equity securities:				
Equity mutual funds	\$ 4,586,525	\$ 4,586,525	\$ -	\$ -
Total equity securities	4,586,525	4,586,525	-	-
Debt securities:				
Fixed income funds	1,845,370	1,845,370	-	-
Total debt securities	1,845,370	1,845,370	-	-
Total investments by fair value level	\$ 6,431,895	\$ 6,431,895	\$ -	\$ -

**Mutual funds:** Valued at daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

## Regional School District No. 9

### Notes to Financial Statements

#### Note 3. Receivables/Unearned Revenues

Receivables as of year-end for the Region's individual major funds and nonmajor and fiduciary funds in the aggregate, are as follows:

	General Fund	Cafeteria Fund	Nonmajor Funds	Fiduciary Funds	Total
Receivables:					
Intergovernmental	\$ -	\$ 24,346	\$ 7,528	\$ -	\$ 31,874
Due from Town of Redding	739,924	-	-	-	739,924
Due from Town of Easton	654,335	-	-	-	654,335
Total	\$ 1,394,259	\$ 24,346	\$ 7,528	\$ -	\$ 1,426,133

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

	Unearned
Cafeteria program revenue not yet earned	\$ 46,735

#### Note 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,841,268	\$ -	\$ -	\$ 1,841,268
Construction in progress	-	27,430	-	27,430
Total capital assets not being depreciated	1,841,268	27,430	-	1,868,698
Capital assets being depreciated:				
Buildings	52,915,422	-	-	52,915,422
Machinery and equipment	1,924,486	19,185	-	1,943,671
Land Improvements	-	82,812	-	82,812
Building Improvements	-	26,993	-	26,993
Total capital assets being depreciated	54,839,908	128,990	-	54,968,898
Less accumulated depreciation for:				
Buildings	(16,937,415)	(1,051,150)	-	(17,988,565)
Machinery and equipment	(1,199,096)	(86,844)	-	(1,285,940)
Land Improvements	-	(2,760)	-	(2,760)
Building Improvements	-	(1,125)	-	(1,125)
Total accumulated depreciation	(18,136,511)	(1,141,879)	-	(19,278,390)
Total capital assets being depreciated, net	36,703,397	(1,012,889)	-	35,690,508
Governmental activities capital assets, net	\$ 38,544,665	\$ (985,459)	\$ -	\$ 37,559,206

**Regional School District No. 9**

**Notes to Financial Statements**

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**Note 4. Capital Assets (Continued)**

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

Governmental activities:

General instruction	\$ 1,141,879
Total depreciation expense - governmental activities	<u>\$ 1,141,879</u>

**Note 5. Interfund Accounts**

**Interfund payables and receivables:** A summary of interfund balances at June 30, 2018 is as follows:

	Due From	Due To
General fund	\$ 4,400	\$ 398,669
Capital maintenance	57,235	-
Capital projects	-	344,851
Capital non-recurring	659,757	-
Internal service fund	22,128	-
	<u>\$ 743,520</u>	<u>\$ 743,520</u>

All internal balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

**Interfund transfers:** A summary of interfund transfers as of June 30, 2018 is as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ 281,871
Capital non-recurring	281,871	-
Total transfers	<u>\$ 281,871</u>	<u>\$ 281,871</u>

Transfers to the Capital Non-Recurring fund is for future capital outlay.

## Regional School District No. 9

### Notes to Financial Statements

#### Note 6. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/Notes:									
Schools:									
Improvement bond	\$ 1,580,000	7/15/2010	7/15/2020	2.0-3.0%	\$ 660,000	\$ -	\$ 165,000	\$ 495,000	\$ 165,000
Refunding bonds	5,430,000	3/3/2010	3/15/2022	3.0-4.0%	2,655,000	-	540,000	2,115,000	540,000
Refunding bonds	9,720,000	11/15/2011	11/15/2026	3.0-5.0%	7,300,000	-	965,000	6,335,000	975,000
Improvement bond	4,830,000	10/5/2016	10/1/2036	2.0-2.2%	4,830,000	-	240,000	4,590,000	240,000
Total bonds payable					15,445,000	-	1,910,000	13,535,000	1,920,000
Net pension liability					1,400,073	-	668,983	731,090	-
Total OPEB liability*					2,792,942	-	44,908	2,748,034	-
Capital lease					330,582	-	110,220	220,362	220,362
Compensated absences					346,834	257,057	248,435	355,456	245,000
Claims payable					200,000	-	100,000	100,000	-
Total governmental activities, long-term liabilities					\$ 20,515,431	\$ 257,057	\$ 3,082,546	\$ 17,689,942	\$ 2,385,362

\*The July 1, 2017 OPEB liability was restated due to the implementation of GASB No. 75.

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

The following is a summary of amounts to be provided for bonded debt principal and interest maturities:

Years ending June 30:	Principal	Interest	Total
2019	\$ 1,920,000	\$ 416,425	\$ 2,336,425
2020	1,915,000	341,600	2,256,600
2021	1,915,000	266,450	2,181,450
2022	1,740,000	198,875	1,938,875
2023	1,220,000	134,075	1,354,075
2024-2028	2,635,000	349,250	2,984,250
2029-2033	1,210,000	164,925	1,374,925
2034-2038	980,000	42,263	1,022,263
Total	\$ 13,535,000	\$ 1,913,863	\$ 15,448,863

**Capital leases:** The Region has entered into several lease-purchase agreements. These leases are for the purchase of school buses, a voice mail system, computer equipment and other technology for use in the classrooms.

**Regional School District No. 9**

**Notes to Financial Statements**

**Note 6. Long-Term Obligations (Continued)**

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2018:

Year ending June 30:	Amount
2019	\$ 226,044
Total future minimum lease payment	226,044
Less amount representing interest	(5,682)
Present value of future minimum lease payment	\$ 220,362

**Statutory debt limitations:** The Region's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes. The statutes allow for debt up to 2.25 times the annual receipts of taxation from the member towns. The Region's debt limitation is as follows:

Category	Debt Limit	Net Indebtedness	Balance
Schools	\$ 205,918,974	\$ 14,954,314	\$ 190,964,660

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**Authorized/unissued bonds:** At June 30, 2018, there were bonds authorized but unissued of \$1,419,314 for school purposes.

**Note 7. Fund Balances**

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	Major Capital Projects Funds					Nonmajor Governmental Funds	Total
	General Fund	Capital Non-Recurring	Capital Projects Fund	Capital Maintenance Fund	Cafeteria Fund		
Fund balances:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 16,728	\$ -	\$ 16,728
Restricted for:							
Capital projects	-	659,757	124,141	57,235	-	-	841,133
Education	-	-	-	-	341,815	16,944	358,759
Assigned	-	-	-	-	-	10,361	10,361
Unassigned	4,255	-	-	-	-	-	4,255
Total	\$ 4,255	\$ 659,757	\$ 124,141	\$ 57,235	\$ 358,543	\$ 27,305	\$ 1,231,236

**Regional School District No. 9**

**Notes to Financial Statements**

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**Note 8. Risk Management**

The Region is exposed to various risks of loss related to public officials; Board of Education liability; torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees or natural disasters. Except for medical insurance, the Region purchases commercial insurance for all risks of loss. The Region established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for its medical benefits claims. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The Region participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by a third party, acting as plan administrator and claims processor.

The medical claims fund is substantially funded by the Region’s General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The Region does not have aggregate stop-loss coverage but has individual stop-loss coverage of \$175,000. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated.

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

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2016-2017	\$ 187,144	\$ 2,181,433	\$ 2,208,855	\$ 159,722
2017-2018	159,722	3,217,521	3,145,693	231,550

**Note 9. Pension Plans**

**Plan description:** The Regional School District No. 9 is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Region to provide pension benefits for its non-certified employees. The PERS is considered to be part of the Region’s financial reporting entity and is included in the Region’s financial reports as a pension trust fund.

**Benefits provided:**

Effective date	07/01/1974
Plan year beginning	07/01/2016
Eligibility Requirements	Minimum age: none
Entry dates	Plan closed as of July 1, 2015



## Regional School District No. 9

### Notes to Financial Statements

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#### Note 9. Pension Plans (Continued)

Normal retirement date	Anniversary date nearest to completion of one year of continuous service. First day of the month coinciding with or next following attainment of age 65 or 5 <sup>th</sup> year of credit service, whichever is later.
Normal retirement benefit Benefit formula	1.5% of average annual salary times years of credited service.
Average annual salary	Annual average of total compensation for the 5 consecutive calendar years of highest compensation at termination.
Credited service	Continuous service with the employer in full years and full months.
Maximum annual benefit	\$210,000 as adjusted per Internal Revenue Code Sec. 415 for retirement age other than social security retirement age.
Normal form of benefit	Life annuity
Accrued benefit	Normal retirement benefit based on earnings and service to date.
Early retirement benefit	Early retirement date: at least 55 years of age Minimum service: 5 years of Credited Service Benefit amount: accrued benefit, reduced by 0.25% for each complete calendar month by which early retirement precedes normal retirement.
Disability benefit	Commencement date: 6 months following the date of disability. Minimum service: 5 years of credited service Immediate annuity equal to 100% of the accrued benefit, reduced by 0.25% for each complete calendar month by which it precedes normal retirement up to 10 years and reduced actuarially for each additional month by which disability benefit commencement precedes normal retirement.
Vested termination benefit	Upon termination upon 5 years of credited service, 100% of accrued benefit, deferred to normal retirement date.

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 9. Pension Plans (Continued)

**Participant data:** As of the July 1, 2017 actuarial valuation, the plan's membership consisted of the following:

Inactive plan participants as of July 1, 2017:

Retirees and beneficiaries currently receiving benefits	53
Terminated employees entitled to deferred benefits	14
Disabled employees entitled to deferred benefits	-
Total	<u>67</u>

Active plan participants as of July 1, 2017:

Vested	42
Non-vested	8
Total	<u>50</u>

The Plan provides retirement benefits as well as death and disability benefits. Benefits vest after five years of service. Members may retire on the later of age 65 or five years of service. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are paid from the general fund and pension fund.

**Contributions:** Actuarially determined contributions to the Plan are determined each year as part of the Actuarial Valuation process. These contributions are determined according to the following funding policy:

**Actuarial cost method:** Entry age normal.

**Asset valuation method:** Investments are reported at fair value.

**Net pension liability:** The Region's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2017, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2018. There have been no significant changes between the valuation date and the fiscal year-end.

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Investment rate of return	6.75%
Inflation	2.31%
Salary projection	4.0%
Mortality	IRS 2017 combined static mortality schedule
Actuarial cost method	Entry age normal
Asset valuation method	Fair value

## Regional School District No. 9

### Notes to Financial Statements

#### Note 9. Pension Plans (Continued)

**Investment policy:** The Plan's policy in regard to the allocation of invested assets is established. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Weighting
U.S. Equity - Large Cap	27.00%	6.52%	1.76%
U.S. Equity - Small/Mid Cap	13.00%	7.70%	1.00%
Non-U.S. Equity - Developed	12.50%	6.81%	0.85%
Non-U.S. Equity - Emerging	2.50%	9.17%	0.23%
U.S. Corporate Bonds - Core	18.00%	2.10%	0.38%
U.S. Corporate Bonds - High Yield	3.00%	4.26%	0.13%
Non-U.S. Debt - Developed	4.00%	1.27%	0.05%
Non-U.S. Debt - Emerging	2.00%	4.41%	0.09%
TIPS (Inflation-Protected)	3.00%	1.74%	0.05%
Real Estate	7.50%	5.25%	0.39%
Hedge Funds	7.50%	3.80%	0.28%
	100.0%		
Long-Term Inflation Assumption			2.50%
<b>Long-Term Expected Nominal Rate of Return</b>			<b>7.71%</b>

**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 8.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate:** The discount rate used to measure the total pension liability was 6.75%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Regional School District No. 9**

**Notes to Financial Statements**

**Note 9. Pension Plans (Continued)**

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 7,093,068	\$ 5,692,995	\$ 1,400,073
Changes for the year:			
Service cost	264,226	-	264,226
Interest	488,298	-	488,298
Differences between expected and actual experience	(380,552)	-	(380,552)
Contributions - employer	-	506,480	(506,480)
Net Investment income	-	534,475	(534,475)
Benefit payments, including refunds of employee contributions	(250,580)	(250,580)	-
Net changes	121,392	790,375	(668,983)
Balances at 6/30/18	<u>\$ 7,214,460</u>	<u>\$ 6,483,370</u>	<u>\$ 731,090</u>

**Sensitivity analysis:** The following table presents the net pension liability of the Region, calculated using the discount rate of 6.75%, as well as what the Region'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.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability	<u>\$ 1,508,036</u>	<u>\$ 731,090</u>	<u>\$ 65,279</u>

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 9. Pension Plans (Continued)

For the year ended June 30, 2018, the Region recognized pension expense of \$379,683. At June 30, 2018, the Region reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,055	\$ 289,017
Changes of assumptions	41,390	195
Net difference between projected and actual earnings on pension plan investments	242,533	271,472
Total	<u>\$ 410,978</u>	<u>\$ 560,684</u>

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

Years ending June 30:	
2019	\$ 43,603
2020	(49,330)
2021	(115,637)
2022	(28,342)
Thereafter	-

**Teachers' retirement:** All teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are serviced in the public schools of Connecticut.

**Description of system:** Teachers within the Region's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 9. Pension Plans (Continued)

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

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

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

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

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

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2017/2018 school year, \$584,000 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Region is \$9,274,000.

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following key actuarial assumptions:

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

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 9. Pension Plans (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
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%
	<u>100.0%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Regional School District No. 9**

**Notes to Financial Statements**

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**Note 9. Pension Plans (Continued)**

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:**

The following presents the Region’s proportionate share of the net pension liability of the System, calculated using the discount rate of 8.0percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
State's proportionate share of the net pension liability associated with the Region	\$ 38,432,868	\$ 30,704,395	\$ 24,170,484

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Region. The portion of the net pension liability that was associated with the Region was \$30,704,395 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

***Economic assumptions:***

1. Reduce the inflation assumption from 3.0% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.5% to 8.0%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

***Demographic assumptions:***

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

The Region recognized the total pension expense associated with the Region as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the Region. For the fiscal year ended June 30, 2018, the Region recognized \$3,551,602 as the amount expended by the State on behalf of the Region to meet the State’s funding requirements.



## Regional School District No. 9

### Notes to Financial Statements

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#### Note 9. Pension Plans (Continued)

**Defined contribution retirement savings plan:** Eligible Bargaining Unit Members of Service Employees International Union Local 2001 are eligible to participate in a defined contribution retirement savings plan administered by the Board. The benefits and contribution requirements are established by approval of the Board. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employer contributions are based on union contracts. Employees may make additional contributions subject to IRS regulations. The Plan is not reported as a fiduciary fund by the Region as it does not meet the reporting criterion.

The Plan requires the Board to contribute an amount equal to 4% of the employee's annual salary. Additionally, the Board will match up to 3% of an employee's individual contribution for up to a total Board contribution of 7%.

Voluntary contributions of up to 3% of compensation for all participating years of service may be made by employees. These contributions may be withdrawn at any time, although earned interest will not be paid until such time as benefits are otherwise payable to the employee.

Upon termination of employment, for any reason other than death or retirement, an employee shall be entitled to a deferred vested benefit based upon the number of years of credit service completed. Payment of benefits is deferred until the later of the employee's normal retirement date, the seventh anniversary of the plan year in which participation commenced or the date of termination. The unvested accrued benefit of the employee is forfeited and allocated to each participant.

#### Note 10. Other Post-Employment Benefits

**Plan description and benefits provided:** In addition to the pension benefits, certain employees retiring under the Region's Retiree Medical Program are provided post-employment benefits. The level of these benefits provided is as follows:

**Plan types:** Medical plans offered through Blue Cross Blue Shield: Century PPO and the Lumenos HSA plan. Dental insurance is included in each of the above plans.

**Eligibility:** Administrators, teachers and other Board of Education employees receive subsidized benefits after 20 years of service: Assumed age 55 and 20 years of service.

For retirees who are eligible for Medicare, coverage ends at age 65. Otherwise coverage lasts for the life of the employee.

**Benefit/cost sharing:** All retirees pay 100% of the annual premium, less the TRB subsidy payment.

**Spouse and surviving spouse benefit:** Same cost sharing provisions apply as for retiree.

**Annual premiums:** Premium rates were not provided by each plan and are assumed to include dental premiums.

**Regional School District No. 9**

**Notes to Financial Statements**

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**Note 10. Other Post-Employment Benefits (Continued)**

**Membership:** Membership in the plan consisted of the following at July 1, 2017:

	<u>Retiree Medical Program</u>
Number of retirees, eligible surviving spouses and children	7
Number of active participants	<u>84</u>
Total	<u><u>91</u></u>

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

Actuarial valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Actuarial assumptions	
Investment rate of return	3.87%
Projected salary increases	3.5% per annum

Mortality: The mortality rates are from the RP-2000 Combined Fully Generational Mortality Table with projection scale BB.

Health cost trend rates

Average annual healthcare cost trend rates are assumed to be as follows:

Year	Rates
2017	9.0%
2018	8.5%
2019	8.0%
2020	7.5%
2021	7.0%
2022	6.5%
2023	6.0%
2024	5.5%
2025+	5.0%

**Regional School District No. 9**

**Notes to Financial Statements**

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**Note 10. Other Post-Employment Benefits (Continued)**

**Total OPEB liability of the Region:** The components of the net OPEB liability of the Region for the current year were as follows:

	<u>June 30, 2018</u>
Total OPEB Liability:	
Total OPEB liability	\$ 2,748,034
Covered payroll	\$ 8,173,027
Total OPEB liability as % of covered payroll	33.62%

**Discount rate:** The discount rate used for plans that are funded on a pay as you go basis, the discount rate will equal the market rate of for high quality 20-year municipal bonds as of the measurement date. The discount rate to measure the total OPEB liability was 3.87%.

**Sensitivity of the total OPEB liability to changes in the discount rate:** The following presents the total OPEB liability of the Region, calculated using the discount rate of 3.87%, as well as what the Region's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability as of June 30, 2018	\$ 3,196,464	\$ 2,748,034	\$ 2,380,494

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

	1% Decrease (8.00% decreasing 4.00%)	Trend Rates (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB liability as of June 30, 2018	\$ 2,349,486	\$ 2,748,034	\$ 3,235,582

**Regional School District No. 9**

**Notes to Financial Statements**

**Note 10. Other Post-Employment Benefits (Continued)**

**Changes in Total OPEB Liability:**

	<u>Changes in the Total OPEB Liability</u>	
	<u>Increase (Decrease)</u>	
	Total OPEB	
	Liability	
	(a)	
Changes in the total OPEB liability:		
Balances at June 30, 2017	\$	2,792,942
Changes for the year:		
Service cost		26,146
Interest		100,032
Changes of assumptions		(120,863)
Benefit payments		(50,223)
Net changes		(44,908)
Balances at June 30, 2018	<u>\$</u>	<u>2,748,034</u>

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to**

**OPEB:** For the year ended June 30, 2018, the Region recognized OPEB expense of \$109,801. At June 30, 2018, the Region reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	-	(104,486)	(104,486)
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
	<u>\$ -</u>	<u>\$ (104,486)</u>	<u>\$ (104,486)</u>

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

Years ending June 30:		
2019	\$	(16,377)
2020		(16,377)
2021		(16,377)
2022		(16,377)
2023		(16,377)
Thereafter		(22,601)
	<u>\$</u>	<u>(104,486)</u>

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 10. Other Post-Employment Benefits (Continued)

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

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

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

**Benefit provisions:** There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

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

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

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 10. Other Post-Employment Benefits (Continued)

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

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

**Early retirement:** 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.

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

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

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

#### Contributions:

##### *State of Connecticut*

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

##### *Employer (School Districts)*

School District employers are not required to make contributions to the plan.

##### *Employees*

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

**OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:** At June 30, 2018, the Region 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 Region 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 Region was as follows:

Region's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Region	7,902,967
	<u>\$ 7,902,967</u>

## Regional School District No. 9

### Notes to Financial Statements

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#### Note 10. Other Post-Employment Benefits (Continued)

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 as June 30, 2016. At June 30, 2018, the Region had no proportionate share of the net OPEB liability.

For the year ended June 30, 2018 the Region recognized OPEB expense and revenue of \$366,263 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will Be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2017 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 long-term expected rate of return on plan assets is reviewed as part of the GASB No. 74 *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, the valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (cash equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

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

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

## Regional School District No. 9

### Notes to Financial Statements

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#### **Note 10. Other Post-Employment Benefits (Continued)**

**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 Region has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

#### **Note 11. Contingent Liabilities**

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

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

#### **Note 12. Pronouncements Issued, Not Yet Effective**

The impact of the following accounting pronouncements are currently being assessed by the Region as to the impact to the financial statements. The adoption of these pronouncements are not expected to have a material effect to the Region's financial statements.

**GASB Statement No. 83, *Certain Asset Retirement Obligations***, is effective for reporting periods beginning after June 15, 2018. The Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. The Region is aware of this Statement and will assess its impact to ensure timely implementation.

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

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



## Regional School District No. 9

### Notes to Financial Statements

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#### **Note 12. Pronouncements Issued, Not Yet Effective (Continued)**

**GASB Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The Statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The Statement also requires disclosure be provided for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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

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

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**Required Supplementary Information – Unaudited**



**Schedule of Revenues and Other Financing Sources - Budgetary Basis -  
 Budget and Actual - General Fund  
 Required Supplementary Information - unaudited  
 For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Assessments from District Member Towns:				
Town of Redding	\$ 12,727,188	\$ 12,727,188	\$ 12,727,188	\$ -
Town of Easton	11,061,949	11,061,949	11,061,949	-
<b>Total assessments from district     member towns</b>	<u>23,789,137</u>	<u>23,789,137</u>	<u>23,789,137</u>	<u>-</u>
<b>Total revenues</b>	<u>\$ 23,789,137</u>	<u>\$ 23,789,137</u>	<u>23,789,137</u>	<u>\$ -</u>

Budgetary revenues are different than GAAP revenues because:  
 State of Connecticut on-behalf payments to the Connecticut  
 State Teachers' Retirement Health System for Town teachers are not  
 budgeted

3,917,865

Total revenues and other financing sources as reported on the  
 statement of revenues, expenditures and changes in fund balances -  
 governmental funds-Exhibit E

\$ 27,707,002

**Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund  
(Non-GAAP Budgetary Basis)  
Required Supplementary Information - unaudited  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>General instruction:</b>				
General instruction	\$ 9,993,011	\$ 9,985,812	\$ 9,770,746	\$ 215,066
Humanities	55,429	55,429	46,566	8,863
Integrated language arts	14,387	14,387	11,312	3,075
Curriculum	12,392	12,392	8,559	3,833
Industrial technology	146,077	146,077	111,417	34,660
Science/mathematics technology	58,920	58,920	37,779	21,141
PE/health	17,648	16,748	9,741	7,007
Student activity athletics	1,006,755	1,015,452	1,023,883	(8,431)
Student activity co-curriculum	90,419	90,419	74,426	15,993
Special services	59,319	59,319	33,967	25,352
<b>Total general instruction</b>	<b>11,454,357</b>	<b>11,454,955</b>	<b>11,128,396</b>	<b>326,559</b>
<b>Special education:</b>				
Special education	4,701,045	4,701,045	4,839,876	(138,831)
Psychological services	10,730	10,730	3,051	7,679
Speech services	206,245	206,245	205,704	541
<b>Total special education</b>	<b>4,918,020</b>	<b>4,918,020</b>	<b>5,048,631</b>	<b>(130,611)</b>
<b>Student services:</b>				
Guidance	13,361	13,361	10,004	3,357
Health services	76,259	77,244	77,820	(576)
Education media services	37,248	37,808	22,666	15,142
Technology plan	340,796	340,795	294,362	46,433
<b>Total student services</b>	<b>467,664</b>	<b>469,208</b>	<b>404,852</b>	<b>64,356</b>
<b>Administration:</b>				
Board of Education	99,180	99,180	119,824	(20,644)
Central administration	547,947	547,947	547,947	-
Magnet school	88,885	88,885	70,600	18,285
School administration	996,332	991,215	962,003	29,212
<b>Total administration</b>	<b>1,732,344</b>	<b>1,727,227</b>	<b>1,700,374</b>	<b>26,853</b>
<b>Buildings:</b>				
Operation/maintenance	1,959,229	1,962,204	1,972,685	(10,481)
<b>Total buildings</b>	<b>1,959,229</b>	<b>1,962,204</b>	<b>1,972,685</b>	<b>(10,481)</b>
<b>Transportation:</b>				
Student transportation	851,659	851,659	846,380	5,279
<b>Total transportation</b>	<b>851,659</b>	<b>851,659</b>	<b>846,380</b>	<b>5,279</b>
<b>Food service:</b>				
Food service	-	-	86	(86)
<b>Total food service</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>(86)</b>
Debt service	2,405,863	2,405,863	2,405,862	1
<b>Other financing sources:</b>				
Fund transfers	1	1	281,871	(281,870)
<b>Total expenditures</b>	<b>\$ 23,789,137</b>	<b>\$ 23,789,137</b>	<b>23,789,137</b>	<b>\$ -</b>

Budgetary expenditures are different than GAAP expenditures because:  
 State of Connecticut on-behalf payments to the Connecticut  
 State Teachers' Retirement Health System for Town teachers are not budgeted

3,917,865

Total expenditures and other financing uses as reported on the  
 Statement of revenues, expenditures and changes in fund balances -  
 governmental funds-Exhibit E

\$ 27,707,002

See note to schedule of expenditures and other financing uses - budget and actual - general fund.

**Note to Schedule of Expenditures and Other Financing Uses - Budget and Actual – General Fund  
(Non-GAAP Budgetary Basis)  
Required Supplementary Information – unaudited  
For the Year Ended June 30, 2018**

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**Note 1. Budgetary Information**

The Region adheres to the following procedures in establishing the budgetary data reported in the financial statements:

- The Region legally adopts an annual budget for the General Fund pursuant to Connecticut General Statutes Section 10-51. Formal budgetary integration is employed by the Region as a management control device during the year for the General Fund.
- Prior to January, each department head or other agency, as designated by the Superintendent, submits budget requests accompanied by detailed estimates of expenditures to be made and, where appropriate, revenues to be collected during the ensuing fiscal year.
- Annually, prior to the annual meeting of the Board, a public budget meeting is held for the purpose of presenting and voting upon a regional school budget.
- After the budget is approved, the Board estimates the share of the net expenditures to be paid by each member town in accordance with Connecticut General Statutes Section 10-51, and notify the respective member Town's treasurer thereof.
- The level of control for a legally adopted budget (the level at which expenditures may not legally exceed appropriations without Board approval) is at the program level. Transfers from one budget line to another may be made by the Director of Finance and Operations with the approval of the Superintendent, Financial Advisory Committee and Board of Education.
- The Board does not have the authority to expend beyond the total budget appropriation without District Board of Education and member town approval.
- Encumbrances 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 reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for Capital Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

No additional appropriations were authorized during the year ended June 30, 2018.

**Required Supplementary Information - unaudited  
Schedule of Contributions - Pension Plan  
Last Five Fiscal Years\***

Measurement Period Ended June 30,	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 270,164	\$ 423,238	\$ 339,996	\$ 375,490	\$ 429,021
Contributions in relation to the actuarially determined contribution	506,480	376,852	435,126	440,000	416,875
Contribution deficiency (excess)	\$ (236,316)	\$ 46,386	\$ (95,130)	\$ (64,510)	\$ 12,146
Covered-employee payroll	\$ 2,189,662	\$ 2,732,463	\$ 2,576,727	\$ 2,558,941	\$ 2,643,761
Contributions as a percentage of covered-employee payroll	23.13%	13.79%	16.89%	17.19%	15.77%

Notes to Schedule

**Actuarial Methods Assumptions\***

Actuarial cost method:	Entry age cost method
Asset valuation method:	Five-year asset average, spreading investment gains and losses, subject to a 10% corridor around the market value of assets
Investment rate of return:	6.75% per annum, net of investment expenses

**Required Supplementary Information - Unaudited  
Schedule of Investment Returns - Pension Plan  
Last Five Fiscal Years\***

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	8.86%	11.60%	-1.75%	0.68%	16.55%

\* GASB No. 68 was implemented in FY 2015. The schedules are being built prospectively. Ultimately, 10 years of data will be presented.



**Required Supplementary Information - unaudited**  
**Schedule of Changes in the Net Pension Liability (NPL) and Related Ratios**  
**Last Five Fiscal Years\***

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 264,226	\$ 249,079	\$ 246,586	\$ 257,568	\$ 263,087
Interest on total pension liability	488,298	440,189	435,807	412,953	364,092
Differences between expected and actual experience	(380,552)	267,449	(92,756)	(102,622)	-
Changes of assumptions	-	-	176,354	(9,931)	-
Benefit payments, including refunds of employee contributions	(250,580)	(267,404)	(249,208)	(214,898)	(206,843)
<b>Net change in total pension liability</b>	<b>121,392</b>	<b>689,313</b>	<b>516,783</b>	<b>343,070</b>	<b>420,336</b>
Total pension liability, beginning	7,093,068	6,403,755	5,886,972	5,543,902	5,123,566
<b>Total pension liability, ending (a)</b>	<b>7,214,460</b>	<b>7,093,068</b>	<b>6,403,755</b>	<b>5,886,972</b>	<b>5,543,902</b>
Fiduciary net position:					
Employer contributions	\$ 506,480	\$ 376,852	\$ 435,126	\$ 440,000	\$ 416,875
Investment income net of investment expenses	534,475	603,317	(89,930)	33,069	654,263
Benefit payments	(250,580)	(267,404)	(249,208)	(214,898)	(206,843)
Administrative expenses	-	-	(5,640)	(4,810)	(4,706)
<b>Net change in plan fiduciary net position</b>	<b>790,375</b>	<b>712,765</b>	<b>90,348</b>	<b>253,361</b>	<b>859,589</b>
Fiduciary net position, beginning	5,692,995	4,980,230	4,889,882	4,636,521	3,776,932
Fiduciary net position, ending	6,483,370	5,692,995	4,980,230	4,889,882	4,636,521
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 731,090</b>	<b>\$ 1,400,073</b>	<b>\$ 1,423,525</b>	<b>\$ 997,090</b>	<b>\$ 907,381</b>
Fiduciary net position as a % of total pension liability	89.87%	80.26%	77.77%	83.06%	83.63%
Covered payroll	\$ 2,189,662	\$ 2,732,463	\$ 2,576,727	\$ 2,558,941	\$ 2,643,761
Net pension liability as a % of covered payroll	33.39%	51.24%	55.25%	38.96%	34.32%

\* GASB No. 68 was implemented in FY 2015. The schedules are being built prospectively. Ultimately, 10 years of data will be presented.

**Required Supplementary Information - unaudited  
 Schedule of the Region's Proportionate Share of the Net Pension Liability - Teachers'  
 Retirement System  
 Last Four Fiscal Years\***

	2018	2017	2016	2015
Region's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Region's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Region	\$ 30,704,395	\$ 32,393,372	\$ 26,253,325	\$ 24,265,938
Total	\$ 30,704,395	\$ 32,393,372	\$ 26,253,325	\$ 26,253,325
Region's covered-employee payroll	\$ 9,732,200	\$ 9,625,000	\$ 9,423,000	\$ 9,363,000
Region's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%	0%
System fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

Notes to Connecticut State Teachers' Retirement System

Changes of assumptions

In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	20.4 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 percent, net of investment related expense, including inflation

\* Note: GASB No. 68 was implemented in FY 2015. The schedules are being built prospectively. Ultimately, 10 years of data will be presented.

**Required Supplementary Information - unaudited**  
**Schedule of Changes in the Region's total OPEB Liability and Related Ratios**  
**Last Fiscal Year\***

	2018
<b>Changes in Total OPEB Liability</b>	
Total OPEB liability:	
Service cost	\$ 26,146
Interest	100,032
Change of benefit terms	-
Changes of assumptions	(120,863)
Benefit payments, including refunds of member contributions	<u>(50,223)</u>
<b>Net change in total OPEB liability</b>	<b>(44,908)</b>
Total OPEB liability, beginning	<u>2,792,942</u>
<b>Total OPEB liability, ending (a)</b>	<b><u><u>\$ 2,748,034</u></u></b>
Covered payroll	\$ 8,173,027
Total OPEB liability as a % of covered payroll	34%

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

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

	<b>2018</b>
Region's proportion of the net OPEB liability	0.00%
Region's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the Region	7,902,967
Total	7,902,967
Region's covered-employee payroll	9,732,200
Region'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**

Changes in benefit terms  
 Changes of assumptions

**None**

The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the long-term rate of return was lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation. Similarly, 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. Last, 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 Board.

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

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

***Appendix B***

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

**Appendix B**

**Form of Opinion of Bond Counsel**

July \_\_, 2019

Regional School District No. 9  
654 Morehouse Road  
Easton, CT 06612

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Regional School District No. 9 of the State of Connecticut (the "District"), of its \$\_\_\_\_\_ General Obligation Bonds, Issue of 2019 (the "Bonds") dated July \_\_, 2019. In such capacity, we have examined a record of proceedings of the District and the Towns of Easton and Redding, Connecticut (the "Member Towns"), authorizing the Bonds, a Tax Regulatory Agreement of the District dated July \_\_, 2019 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

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

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

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the District with the covenants set forth in the Agreement as to such tax matters.

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

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated June \_\_, 2019 and other offering material relating to the Bonds.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

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

Respectfully,

PULLMAN & COMLEY, LLC

## ***Appendix C***

### ***Form of Continuing Disclosure Agreement***



## Appendix C

### Form of Continuing Disclosure Agreement

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Issuer (as defined below) will agree, pursuant to a Continuing Disclosure Agreement for the Bonds to be executed by the Issuer 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 Issuer to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds.*

### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) is executed and delivered as of the \_\_\_ day of July, 2019, by the Regional School District No. 9 of the State of Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$\_\_\_\_\_ General Obligation Bonds, Issue of 2019, dated July \_\_, 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 June \_\_, 2019, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

“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, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12(b)(5) adopted by the SEC 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 the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise 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) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Government Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

(ii) In addition to the information and statements described in (i) above:

- (A) amounts of the 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 or amount 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 net debt of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year,
- (F) total bonded debt of the Issuer and of each of the Issuer's member towns per capita,
- (G) ratios of the total bonded debt of the Issuer and of each of the Issuer's member towns to the applicable net taxable grand list,
- (H) statement of statutory debt limitation of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year,
- (I) funding status of pension benefit obligation of the Issuer and of each of the Issuer's member towns, and
- (J) annual assessments by the Issuer on each of its member towns for the applicable fiscal year.

(i) Audited financial statements of each of the Issuer's member towns as of and for the year ending on its Fiscal Year End, if available, prepared in accordance with generally accepted

accounting principles, as promulgated by the Government Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer's member towns are required to prepare audited financial statements of its various funds and accounts.

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight (8) months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30. The Issuer agrees that if audited information is not available eight months after the close of any fiscal year, it reserves the right to submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is [www.emma.msrb.org](http://www.emma.msrb.org), or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(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 mandated statutory accounting principles as in effect from time to time, provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The Issuer may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Issuer chooses to make a Voluntary Filing, the Issuer shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Issuer is under no obligation to provide any Voluntary Filing.

### **Section 3. Reporting of Listed Events.**

The Issuer agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (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) 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;

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

- (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; and
- (n) appointment of a successor or additional trustee or the change of name of 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, any of which affect security holders, if material.
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii)

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

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

The Issuer agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, 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 Sections 2, 3 and 4 of 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 thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Mayor, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Issuer should be made to the Director of Finance and Operations, Regional School District No. 9, 654 Morehouse Road, P.O. Box 500, Easton, CT 06612.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. 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) 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.

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

(c) Notwithstanding any other provisions of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) 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, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

REGIONAL SCHOOL DISTRICT NO. 9

By: \_\_\_\_\_  
MIKE D'AGOSTINO  
Chairperson

By: \_\_\_\_\_  
TODD JOHNSTON  
Treasurer

***Appendix D***

***Notice of Sale***

**Appendix D**

**NOTICE OF SALE**

**REGIONAL SCHOOL DISTRICT NO. 9 OF THE STATE OF CONNECTICUT  
\$1,915,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019  
(BANK QUALIFIED)  
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS *solely* via **PARITY**® will be received by the REGIONAL SCHOOL DISTRICT NO. 9 OF THE STATE OF CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.D.T.) on WEDNESDAY,

JUNE 19, 2019

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$1,915,000 General Obligation Bonds, Issue of 2019, dated July 15, 2019 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on July 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)</u>	<u>Maturity</u>	<u>Amount (\$)</u>
2020	90,000	2028	130,000
2021	130,000	2029	130,000
2022	130,000	2030	130,000
2023	130,000	2031	130,000
2024	130,000	2032	130,000
2025	130,000	2033	130,000
2026	130,000	2034	135,000
2027	130,000		

The Bonds will bear interest commencing July 15, 2020 and semiannually thereafter on January 15 and July 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

**Optional Redemption**

The Bonds maturing on or before July 15, 2025 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on or after July 15, 2025, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2025 and thereafter	100.0%



## **Nature of Obligation**

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied against all taxable property in the Issuer. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

## **Bank Qualification**

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

## **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 Issuer or its agent to DTC or its nominee as registered owner of the Bonds. 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 Issuer 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. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer 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 Issuer as of the close of business on the record date preceding each interest payment date. The record dates for the Bonds will be the last business day of June and December in each year.

## **Proposals**

Each bid must be for the entire \$1,915,000 of the Bonds. 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 of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that

such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity 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 (“TIC”) to the Issuer, as described under “Basis of Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

### **Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms**

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the responsible bidder whose bid proposes the lowest true interest cost (“TIC”) to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds 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 TIC, the Bonds will be sold to the responsible bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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 Issuer further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

### **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 Phoenix Advisors LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Issuer in a timely manner. 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 Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

## **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®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@i-deal.com). The Issuer 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 Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY®**, the bidder represents and warrants to the Issuer 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 Issuer 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 Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

***Disclaimer.*** Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer 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 Issuer or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice 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 Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the 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 shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

## **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

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

## **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Bonds the winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel (“Bond Counsel”) (see “Bond Counsel Opinion” below); (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 Issuer 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 Issuer 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.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about July 15, 2019 (the “Closing Date”).

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

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

## **Bond Counsel Opinion**

The legality of the issue will be passed upon by Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will appear on each Bond certificate and will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion printed on the Bonds that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

## **Establishment of Issue Price**

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Sandra Dawson, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4348, E-mail: sdawson@pullcom.com and

(2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

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

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

**Competitive Sale Rule Met.** The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

**Competitive Sale Rule Not Met.** In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) 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 (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.D.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (iii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

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 (A) 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 Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price

Rule, if applicable, in each case 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 (A) 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 Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case 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 (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

**Definitions.** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) 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 definition 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).

## **Official Statement**

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated June 12, 2019 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com). The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser fifty (50) copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the

Issuer's Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o'clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

### **Continuing Disclosure Agreement**

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the "Agreement"), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

REGIONAL SCHOOL DISTRICT NO. 9 OF THE  
STATE OF CONNECTICUT

MIKE D'AGOSTINO  
CHAIRPERSON

TODD JOHNSTON  
TREASURER

June 12, 2019



**ATTACHMENT A**

**ISSUE PRICE CERTIFICATE**

*(If Competitive Sale Rule Met)*

REGIONAL SCHOOL DISTRICT NO. 9 OF THE STATE OF CONNECTICUT  
\$1,915,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019  
Dated July 15, 2019

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The REGIONAL SCHOOL DISTRICT NO. 9 OF THE STATE OF CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about July 15, 2019, the Bonds at a price of par (\$1,915,000), plus an aggregate net premium of \$\_\_\_\_\_ and less an underwriter’s discount of \$\_\_\_\_\_, resulting in an aggregate net purchase price of \$\_\_\_\_\_.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of June 19, 2019 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] 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 [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***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 fifty percent (50%) common ownership, directly or indirectly.

(c) “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 definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’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 (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Pullman & Comley, LLC, bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of June 19, 2019.

**[UNDERWRITER]**

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

**Schedule A to Issue Price Certificate**

<u>Maturity, July 15</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2020	90,000		
2021	130,000		
2022	130,000		
2023	130,000		
2024	130,000		
2025	130,000		
2026	130,000		
2027	130,000		
2028	130,000		
2029	130,000		
2030	130,000		
2031	130,000		
2032	130,000		
2033	130,000		
2034	135,000		

**Schedule B to Issue Price Certificate**

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