Preliminary Official Statement Dated July 1, 2019

New Money Issue: Book-Entry-Only

Ratings: Moody's Investors Service: "Aa2" / "MIG 1"

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the District with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and the Notes is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code and such interest on the Bonds and the Notes is not an item of tax preference for purposes of calculating the Federal alternative minimum tax imposed on individuals.

In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds and the Notes. (see "Form of Opinion of Bond Counsel" and "Tax Exemption" herein).



\$24,655,000 Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem and Woodbury, Connecticut) General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

Due: Serially, August 15, 2020-2045 as detailed inside the front cover:

Interest on the General Obligation Bonds, Issue of 2019 (the "Bonds") will be payable semiannually on February 15 and August 15 in each year until maturity, commencing on August 15, 2020. The Bonds will be issued as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Only Transfer System" herein).

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

Electronic bids via PARITY for the Bonds will be received until 11:30 AM (Eastern) on Wednesday, July 10, 2019 at the Business Office of Regional School District No. 14, 67 Washington Avenue, Woodbury, Connecticut 06798.

\$3,000,000 General Obligation Bond Anticipation Notes

Dated: July 24, 2019 Due: July 23, 2020

The General Obligation Bond Anticipation Notes (the "Notes") will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale dated July 1, 2019. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein. The Notes are NOT subject to redemption.

Telephone bids and electronic bids via PARITY for the Notes will be received until 11:00 A.M. (Eastern) on Wednesday, July 10, 2019 at the Business Office of Regional School District No. 14, 67 Washington Avenue, Woodbury, Connecticut 06798. Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the District's Municipal Advisor, until 11:00 A.M. on the day of the sale at (203) 283-1110.

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

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinions of Pullman & Comley LLC of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made through the facilities of DTC on or about July 24, 2019.

\$24,655,000 Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem and Woodbury) General Obligation Bonds, Issue of 2019

Dated: Date of Delivery Due: Serially on August 15, 2020-2045, as detailed below:

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP 1
2020	\$ 950,000	%	%	759125	2033	\$ 950,000	%	%	759125
2021	950,000	%	%	759125	2034	950,000	%	%	759125
2022	950,000	%	%	759125	2035	950,000	%	%	759125
2023	950,000	%	%	759125	2036	950,000	%	%	759125
2024	950,000	%	%	759125	2037	945,000	%	%	759125
2025	950,000	%	%	759125	2038	945,000	%	%	759125
2026	950,000	%	%	759125	2039	945,000	%	%	759125
2027	950,000	%	%	759125	2040	945,000	%	%	759125
2028	950,000	%	%	759125	2041	945,000	%	%	759125
2029	950,000	%	%	759125	2042	945,000	%	%	759125
2030	950,000	%	%	759125	2043	945,000	%	%	759125
2031	950,000	%	%	759125	2044	945,000	%	%	759125
2032	950,000	%	%	759125	2045	945,000	%	%	759125

\$3,000,000 General Obligation Bond Anticipation Notes

 Dated:
 July 24, 2019
 Rate: _._%

 Due:
 July 23, 2020
 Yield: _._%

 CUSIP:
 759125___

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

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

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

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

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

The independent auditors of Bethlehem and Woodbury have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The independent auditors for the District are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendices A "General Purpose Financial Statements" herein), and they make no representation that they have independently verified the same.

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

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Bond Issue Summary

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

Date of Sale Wednesday, July 10, 2019 at 11:30 A.M. (Eastern Time)

Location of Sale Regional School District No. 14, Business Office, 67 Washington Avenue,

Woodbury, Connecticut 06798

Issuer: Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem

and Woodbury) (the "District").

Issue: \$24,655,000 General Obligation Bonds, Issue of 2019 (the "Bonds").

Dated Date: Date of Delivery.

Principal andPrincipal due serially, August 15, 2020 through August 15, 2045 as detailed in this **Interest Due:**Official Statement. Interest on the Bonds will be payable semiannually on February

Official Statement. Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing on August 15, 2020.

Purpose and Authority: The Bond proceeds are being used to redeem existing bond anticipation notes and to

finance additional renovations, improvements and additions to Nonnewaug 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

Bethlehem and Woodbury (the "Member Towns"), and the District and member towns will pledge their full faith and credit to pay the principal of and interest on the

Bonds when due.

Credit Ratings: The Bonds have been rated "Aa2" by Moody's Investors Service ("Moody's").

Bond Insurance: The District does not expect to purchase a credit enhancement facility.

Tax Exemption: See Appendix B-1 "Form of Opinion of Bond Counsel" and "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-1 to

this Official Statement.

Bank Qualification: The Bonds shall NOT be designated by the District as qualified tax-exempt

obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions 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.

Municipal Advisor: Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.

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 24, 2019.

Delivery of the Bonds will be made against payment in Federal Funds.

Issuer Official: Questions concerning the sale should be addressed to: Wayne McAllister, Director

of Finance and Operations, 67 Washington Avenue, Woodbury, Connecticut 06798.

Phone (203) 263-4330.

Note Issue Summary

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

Date of Sale Wednesday, July 10, 2019 at 11:00 A.M. (Eastern Time)

Location of Sale Regional School District No. 14, Business Office, 67 Washington Avenue,

Woodbury, Connecticut 06798

Issuer: Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem

and Woodbury) (the "District").

Issue: \$3,000,000 General Obligation Bond Anticipation Notes (the "Notes").

Dated Date: Date of Delivery.

Principal and

Interest Due: At maturity on July 23, 2020.

Purpose and Authority: The Note proceeds are being used to finance additional renovations, improvements

and additions to Nonnewaug High School. See "Authorization and Purpose" herein.

Redemption: The Notes are NOT subject to redemption prior to maturity.

Security: The Notes will be general obligations of the District, and its member towns of

Bethlehem and Woodbury (the "Member Towns"), and the District and member towns will pledge their full faith and credit to pay the principal of and interest on the

Notes when due.

Credit Ratings: The Notes have been rated "MIG 1" by Moody's Investors Service ("Moody's").

Bond Insurance: The District does not expect to purchase a credit enhancement facility.

Tax Exemption: See Appendix B-2 "Form of Opinion of Bond Counsel" and "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 Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C-2 to

this Official Statement.

Bank Qualification: The Notes shall NOT be designated by the District as qualified tax-exempt

obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest

expense allocable to the Notes.

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.

Municipal Advisor: Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.

Delivery and Payment: It is expected that delivery of the Notes in book-entry-only form will be made through

the facilities of The Depository Trust Company on or about July 24, 2019. Delivery

of the Notes will be made against payment in Federal Funds.

Issuer Official: Questions concerning the sale should be addressed to: Wayne McAllister, Director

of Finance and Operations, 67 Washington Avenue, Woodbury, Connecticut 06798.

Phone (203) 263-4330.

I. Bond and Note Information

Introduction

This Official Statement is provided for the purpose of presenting certain information relating to Regional School District No. 14 of the State of Connecticut (the "District") comprised of the Towns of Bethlehem and Woodbury (the "Member Towns"), in connection with the original issuance and sale of \$24,655,000 General Obligation Bonds, Issue of 2019 (the "Bonds") and \$3,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the District.

The Bonds and Notes are being offered for sale at public bidding. Notices of Sale dated July 1, 2019 have been furnished to prospective bidders. Reference is made to the Notices of Sale, which are included as Appendices D-1 and D-2 for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds or Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

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

Municipal Advisor

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

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

Description of the Bonds

The Bonds will be dated as of the date of delivery and will mature on August 15 in each of the years and will bear interest at the rate or rates per annum as set forth on the inside cover page of this Official Statement, payable on August 15, 2020, and semiannually thereafter on February 15 and August 15 in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding day if such day is not a business day, by check mailed to the registered owner at the address as shown on the registration books of the District kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the District shall agree.

Optional Redemption

The Bonds maturing on or before August 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing August 15, 2029 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after August 15, 2028 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:

Period During Which Redeemed	Redemption Prices
August 15, 2028 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 bookentry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the District authorizing the issuance of the Bonds and will not be conducted by the District, the Registrar or Paying Agent.

Description of the Notes

The Notes will be dated July 24, 2019 and will be due and payable as to both principal and interest at maturity on July 23, 2020. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System". The Notes are not subject to redemption prior to maturity.

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

Authorization and Purpose

The Bonds and Notes are issued pursuant to the Connecticut General Statutes, as amended, and an appropriation and bond authorization in the aggregate amount of \$63,800,000 for renovations, improvements and additions at Nonnewaug High School which was adopted at referenda held in the District's member towns, Bethelehem and Woodbury, on June 18, 2013.

Use of Proceeds:

Proceeds of the Bonds and Notes will be used as follows:

	Aggregate			This Issue:	
	Amount	Notes			Notes
Project	Authorized	Due: 7/24/19	New Money	Bonds	Due: 7/23/20
Nonnewaug High School Reno. Project	\$ 63,800,000	\$ 18,000,000	\$ 9,655,000	\$24,655,000	\$ 3,000,000
Total	\$ 63,800,000	\$ 18,000,000	\$ 9,655,000	\$24,655,000	\$ 3,000,000

Tax Exemption

Opinion of Bond Counsel – Federal Tax Exemption

In the opinion of Bond Counsel to the District, under existing law, interest on the Bonds and Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

In rendering its opinion, Bond Counsel will rely on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the issuance of the Bonds and Notes, and Bond Counsel will assume continuing compliance by the District with certain ongoing covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") to assure the exclusion of interest on the Bonds and Notes from gross income under the Code. The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and Notes in order that interest on the Bonds and Notes be and remain excludable from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds and Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds and Notes, the District will covenant to comply with such applicable requirements of the Code to assure the exclusion of interest on the Bonds and Notes from gross income under the Code. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and Notes 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 receipt or arrival of interest on, the Bonds and the Notes.

Certain Collateral Federal Tax Consequences

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

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

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

Original Issue Discount

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

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

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

Original Issue Premium

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

State Taxes

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

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

Accrued original issue discount on the Bonds and Notes is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds and Notes is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

General and Post Issuance Events

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

The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions. Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds and Notes. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal or state income tax purposes of interest on the Bonds and Notes.

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

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered Bonds and Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and one Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds or Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and Interest on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds and Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to the District or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

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

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

DTC Practices

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

Replacement Securities

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

Security and Remedies

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

Unless paid from other sources, the Bonds and Notes are payable from general property tax revenues of the Member Towns. The Member Towns have the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Member Towns without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Member Towns the amount of tax revenues which the Member Towns would have received except for the limitation on their power to tax such dwelling houses or the Member Town may place a lien on the property for the amount of tax relief granted plus interest. The District does not have the direct power to levy taxes.

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

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

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

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

The District and its Member Towns are subject to suit on their general obligation bonds and notes and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the District or its Member Towns. Courts of competent jurisdiction also have power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefore or, in the absence thereof, to order the District or its Member Towns to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take

into account all relevant factors including the current operating needs of the District and its Member Towns and the availability and adequacy of other remedies.

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

Qualification for Financial Institutions

The Bonds and the Notes <u>shall NOT</u> be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds or the Notes.

Availability of Continuing Information

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

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

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

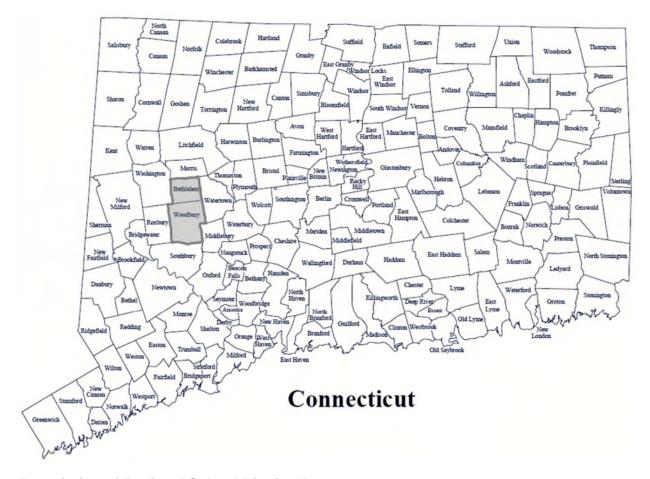
The District intends to file its official statement for primary offerings with Electronic Municipal Market Access, the Municipal Securities Rulemaking Board's electronic continuing disclosure service.

Ratings

The Bonds and the Notes have been rated "Aa2" and "MIG 1", respectively by Moody's Investors Service ("Moody's"). The District furnished to Moody's certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of Moody's and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's should be contacted directly for its rating on the Bonds and the Notes and the explanation of such rating.

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

II. The Issuer



Description of Regional School District No. 14

Organization of the District

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

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

The District annual meeting is the District meeting at which the annual budget is first presented for adoption and is held on the first Monday in May. After adoption of the annual budget of the District, the Regional Board of Education must determine the amount of the total budgetary appropriation that each of the member Towns must pay. The amount each Town is to pay is determined by the number of pupils resident in such Town in average daily membership during the preceding school year. For fiscal year 2019-20, the Town of Bethlehem pays approximately 25.5% of the District's budget, and the Town of Woodbury pays approximately 74.5%. Payments are made to the District on a monthly basis in accordance with cash flow requirements of the District.

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

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

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

Description of Member Towns

Bethlehem

The Town of Bethlehem was incorporated in May 1787 and is located in Litchfield County. The Town has an area of 19.7 square miles and is bordered by the Towns of Morris, Watertown, Woodbury and Washington. Access is provided by Connecticut Routes 132 and 61. Bethlehem's population according to the 2017 U.S. Census Bureau, American Community Survey was 3,490.

Woodbury

The Town of Woodbury was incorporated in 1673 and is located in Litchfield County. The Town has an area of 36.8 square miles and is bordered by the Towns of Bethlehem, Watertown, Middlebury, Southbury and Roxbury. Access is provided by Connecticut Routes 6 and 64. The Town's population according to the 2017 U.S. Census Bureau, American Community Survey was 9,686.

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

Form of Government

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

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

Principal District Officials

		Manner	Term
Office	Name	of Selection	Expires
Board of Education:			
Chairman	Janet Morgan	Elected	6/30/2019
Vice Chairman	Maryanne Van Aken	Elected	6/30/2020
Secretary	Pamela Zmek	Elected	6/30/2020
Treasurer	George Bauer	Elected	6/30/2019
Assistant Secretary / Treasurer	Carol Ann Brown	Elected	6/30/2019
Member	John Chapman	Elected	6/30/2020
Member	Michael Devine	Elected	6/30/2020
Member	Dave Lampart	Elected	6/30/2019
Superintendent of Schools	Dr. Joseph Olzacki	Appointed	6/30/2021
Director of Finance and Operations	Wayne McAllister	Appointed	6/30/2021

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

Regional School District Number 14 has two elementary schools (Bethlehem Elementary and Mitchell Elementary serving grades kindergarten through grade five), a middle school (Woodbury Middle School serving grades six through eight), located in the Town of Woodbury, and one high school (Nonnewaug High School serving grades nine through twelve), located in the Town of Woodbury. Enrollment in the District system as of October 1, 2018 was 1,656 students with a design capacity of 2,345.

District Employees

2019	2018	2017	2016	2015
260	265	265	268	275

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

Current Employee Breakdown

Administration	11.00	
Teachers	162.00	
Clerical	8.50	
Nurses	4.00	
Custodians / Maintenance	22.00	
Cafeteria Aides	15.00	
Para-Professionals	27.50	
Technology Staff	3.00	
Instructional Support	7.00	
Total	260.00	

Employee Bargaining Groups

			Contract
		Number of	Expiration
Bargaining Unit	Organization	Members	Date
Teachers	Nonnewaug Teachers' Association	162.0	6/30/2022
Custodial	Teamsters Local #677	17.0	6/30/2021
Clerical	Secretarial Association of Region 14	8.5	6/30/2021
Nurses	American Federation of State, County and		
	Municipal Employees, Council #4	4.0	6/30/2021
Teachers Aides	American Federation of State, County and		
	Municipal Employees, Council #4	27.5	6/30/2021
Administrators	Administrator's Association of Region 14	9.0	6/30/2020
Cafeteria	Cafeteria Workers' Association of Region 14	15.0	6/30/2021
Instructional Support	AFSCME Municipal Employees, Council 4	7.0	6/30/20191
Total		250.0	

¹ In negotiations.

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

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

School Facilities

Regional School District Number 14 has two elementary schools, a middle school, and one high school. Enrollment in the District system as of October 1, 2018 was 1,656 students with a design capacity of 2,345.

		Date of	Number		
		Construction	of	10/1/2018	Operating
School Grad	des	(Latest Additions)	Classrooms	Enrollment	Capacity
Bethlehem Elementary Pre-l	K-5	1965 (1980s)	24	269	378
Mitchell Elementary Pre-l	K-5	1948 (2002)	28	352	442
Woodbury Middle 6–	-8	1953 (2000)	46	339	650
Nonnewaug High School 9–1	12	1970 (2000)	55	696	875
Total		·	153	1.656	2,345

Average Daily Membership by Town

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

	2018-19	2017-18	2016-17	2015-16	2014-15
Bethlehem	361	358	348	368	383
Woodbury	1.129	1.125	1.187	1.166	1.196

School Enrollment

School Year	Pre-K-5	6–8	9–12	Total 1			
		Historical					
2009-10	793	476	841	2,110			
2010-11	786	445	874	2,105			
2011-12	764	426	830	2,020			
2012-13	708	420	820	1,948			
2013-14	711	376	811	1,898			
2014-15	676	368	764	1,808			
2015-16	671	345	755	1,771			
2016-17	667	376	729	1,772			
2017-18	638	363	717	1,718			
2018-19	621	339	696	1,656			
Projected							
2019–20	637	315	691	1,643			
2020-21	617	309	705	1,631			
2021-22	605	324	670	1,599			

 $^{^{1} {\}it Includes Special Education}.$

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

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III. Economic and Demographic Information

Local Economy

Town of Bethlehem

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

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

Town of Woodbury

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

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

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

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

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

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

Population and Density

Town of Bethlehem				Town of Woodbury			
	Actual		_		Actual		
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2017 ³	3,490	-3.2%	177.2	2017 ³	9,686	-2.3%	263.2
2010	3,607	5.4%	183.1	2010	9,909	7.7%	269.3
2000	3,422	11.4%	173.7	2000	9,198	13.1%	249.9
1990	3,071	19.4%	155.9	1990	8,131	17.1%	221.0
1980	2,573	33.8%	130.6	1980	6,942	18.3%	188.6
1970	1,923	29.4%	97.6	1970	5,869	50.1%	159.5
1960	1,486		75.4	1960	3,910		106.3

¹ U.S. Department of Commerce, Bureau of Census.

Age Distribution of the Population

	Town of Bethlehem		Town of V	Voodbury	State of Connecticut	
Age	Number	Percent	Number	Percent	Number	Percent
Under 5 years	111	3.2%	572	5.9%	186,188	5.2%
5 to 9 years	169	4.8	524	5.4	206,536	5.7
10 to 14 years	277	7.9	657	6.8	225,831	6.3
15 to 19 years	215	6.2	432	4.5	249,777	6.9
20 to 24 years	168	4.8	193	2.0	245,849	6.8
25 to 34 years	306	8.8	1,040	10.7	439,239	12.2
35 to 44 years	405	11.6	1,086	11.2	433,401	12.1
45 to 54 years	534	15.3	1,444	14.9	535,611	14.9
55 to 59 years	309	8.9	1,029	10.6	266,501	7.4
60 to 64 years	418	12.0	752	7.8	229,788	6.4
65 to 74 years	360	10.3	1,152	11.9	318,515	8.9
75 to 84 years	155	4.4	467	4.8	167,133	4.6
85 years and over	63	1.8	338	3.5	90,109	2.5
Total	3,490	100%	9,686	100%	3,594,478	100%
Median Age (Years) 2017	47.7		48.2		40.	8

Source: American Community Survey 2013-2017

² Per square mile: 19.7 square miles for Bethlehem, 36.8 square miles for Woodbury.

³ American Community Survey 2013-2017

Income Distribution

_	Town of E	Bethlehem	Town of \	Noodbury	State of Connecticut		
Income	Families	Percent	Families	Percent	Families	Percent	
\$ 0 - \$ 9,999	7	0.7%	14	0.5%	27,787	3.1%	
10,000 - 14,999	8	0.8	39	1.4	16,143	1.8%	
15,000 - 24,999	38	4.0	83	2.9	41,072	4.6%	
25,000 - 34,999	32	3.4	131	4.6	52,218	5.8%	
35,000 - 49,999	54	5.7	178	6.3	82,371	9.2%	
50,000 - 74,999	110	11.6	494	17.5	134,356	15.0%	
75,000 - 99,999	156	16.4	505	17.9	122,244	13.6%	
100,000 - 149,999	305	32.1	610	21.6	186,352	20.8%	
150,000 - 199,999	139	14.6	330	11.7	100,359	11.2%	
200,000 and over	100	10.5	440	15.6	132,765	14.8%	
Total	949	100.0%	2,824	100.0%	895,667	100.0%	

Source: American Community Survey 2013-2017

Income Levels

	Town of Bethlehem	Town of Woodbury	State of Connecticut
Per Capita Income, 2017		\$48,084	\$41,365
Median Family Income, 2017		\$98,182	\$93,800
Median Household Income, 2017	\$91,712	\$82,923	\$73,781

Source: American Community Survey 2013-2017

Educational Attainment Years of School Completed Age 25 & Over

	Town of L	Bethlehem	Town of	Woodbury	State of Co	nnecticut
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	27	2.3%	211	2.3%	104,623	4.2%
9th to 12th grade	92	2.6	206	2.6	137,877	5.6
High School graduate	691	21.8	1,452	21.8	673,582	27.2
Some college, no degree	537	16.7	1,392	16.7	422,535	17.0
Associate's degree	183	7.7	545	7.7	188,481	7.6
Bachelor's degree	519	25.3	1,648	25.3	532,055	21.5
Graduate or professional degree	501	23.5	1,854	23.5	421,144	17.0
Total	2,550	100.0%	7,308	100.0%	2,480,297	100.0%
Total high school graduate or higher (%)		95.3%		94.3%		90.2%
Total bachelor's degree or higher (%)		40.0%		47.9%		38.4%

Source: American Community Survey 2013-2017

Employment by Industry

	Town of Bethlehem		Town of V	Voodbury	State of Connecticut	
Sector	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting,						_
and mining	61	3.1%	55	1.1%	7,166	0.4%
Construction	140	7.2	347	7.0	104,122	5.8
Manufacturing	278	14.3	431	8.7	191,519	10.6
Wholesale trade	54	2.8	134	2.7	44,741	2.5
Retail trade	78	4.0	482	9.7	193,016	10.7
Transportation warehousing, and utilities	142	7.3	103	2.1	68,926	3.8
Information	31	1.6	230	4.6	42,200	2.3
Finance, insurance, real estate, and leasing	80	4.1	334	6.7	163,810	9.1
Professional, scientific, management,		-		-		
administrative, and waste management	217	11.2	522	10.5	208,130	11.5
Education, health and social services	581	29.9	1,586	32.0	478,083	26.5
Arts, entertainment, recreation,		-		-		
accommodation and food services	73	3.8	269	5.4	153,679	8.5
Other services (except public admin.)	137	7.0	247	5.0	82,538	4.6
Public Administration	73	3.8	224	4.5	67,156	3.7
Total Labor Force, Employed	1,945	100.0%	4,964	100.0%	1,805,086	100.0%

Source: American Community Survey 2013-2017

Employment Data By Place of Residence

			Percentage Unemployed				
				Waterbury	State of		
Period	Employed	Unemployed	Town	Labor Market	Connecticut		
Town of Bethlehem							
April 2019	1,891	64	3.3%	4.1%	3.3%		
2018	1,891	75	3.8	5.1	4.1		
2017	1,896	89	4.5	5.9	4.7		
2016	1,881	91	4.6	6.5	5.3		
2015	1,920	91	4.5	7.1	5.6		
2014	1,913	117	5.8	8.9	6.7		
Town of Woodbury							
April 2019	5,387	160	2.9%	4.1%	3.3%		
2018	5,387	190	3.4	5.1	4.1		
2017	5,349	194	3.5	5.9	4.7		
2016	5,353	224	4.0	6.5	5.3		
2015	5,406	239	4.2	7.1	5.6		
2014	5,304	282	5.1	8.9	6.7		

 $Source:\ State\ of\ Connecticut,\ Department\ of\ Labor.$

Age Distribution of Housing

_	Town of Bethlehem		Town of V	Voodbury	State of Connecticut		
Year Built	Units	Percent	Units	Percent	Units	Percent	
1939 or earlier	203	12.4%	821	18.1%	338,011	22.4%	
1940 to 1969	473	28.8	1,181	26.1	535,477	35.5	
1970 to 1979	208	12.7	1,009	22.3	200,217	13.3	
1980 to 1989	272	16.6	795	17.5	191,939	12.7	
1990 to 1999	189	11.5	414	9.1	114,261	7.6	
2000 or 2009	239	14.6	299	6.6	105,131	7.0	
2010 or later	56	3.4	14	0.3	22,675	1.5	
Total Housing Units	1,640	100.0%	4,533	100.0%	1,507,711	100.0%	

Source: American Community Survey 2013-2017

Housing Inventory

_	Town of	Bethlehem	em Town of Woodbury		State of Co	nnecticut
Housing Units	Units	Percent	Units	Percent	Units	Percent
1-unit, detached	1,504	91.7%	3,074	67.8%	892,621	59.2%
1-unit, attached	25	1.5	422	9.3	81,393	5.4
2 units	59	3.6	184	4.1	123,040	8.2
3 or 4 units	23	1.4	341	7.5	130,914	8.7
5 to 9 units	8	0.5	164	3.6	82,787	5.5
10 to 19 units	9	0.5	179	3.9	56,540	3.8
20 or more units		-	149	3.3	128,477	8.5
Mobile home	12	0.7	-	-	11,564	0.8
Boat, RV, van, etc	-	-	20	0.4	375	0.0
Total Inventory	1,640	100.0%	4,533	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Building Permits

Fiscal Year	Town of	Bethlehem	Town of Woodbury			
Ending 6/30	Number	Value	Number	Value		
2019	246	\$ 7,828,468	596	\$ 17,942,511		
2018	251	5,534,600	648	46,410,643		
2017	285	4,452,000	649	12,783,798		
2016	291	4,324,000	691	11,966,469		
2015	286	4,189,400	619	11,593,050		
2014	318	3,676,000	634	8,935,568		
2013	334	3,987,000	733	10,441,210		
2012	335	3,655,000	717	6,829,803		
2011	333	3,867,000	456	7,565,376		
2010	334	4,015,061	598	9,872,463		

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

Owner-Occupied Housing Values

_	Town of E	Bethlehem	Town of I	Voodbury	State of Connecticut		
Specified Owner-Occupied Units	Number	Percent	Number	Percent	Number	Percent	
Less than \$50,000	-	0.0%	54	1.8%	24,038	2.7%	
\$50,000 to \$99,000	-	-	37	1.2	29,789	3.3	
\$100,000 to \$149,999	38	3.4	193	6.3	83,320	9.2	
\$150,000 to \$199,000	120	10.9	351	11.5	141,024	15.6	
\$200,000 to \$299,999	231	20.9	482	15.8	244,356	26.9	
\$300,000 to \$499,999	473	42.8	1,292	42.4	236,671	26.1	
\$500,000 to \$999,999	192	17.4	596	19.6	106,192	11.7	
\$1,000,000 or more	50	4.5	40	1.3	41,408	4.6	
Total	1,104	100.0%	3,045	100.0%	906,798	100.0%	
Median Value	\$353,300		\$350,800		\$270,100		

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 Bethlehem Grand List as of 10/1/18; the Woodbury Grand List as of 10/1/18. The next revaluations for the member towns are 10/1/23.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Member Towns by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of The Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

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

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

Levy

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

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

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

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Comparative Assessed Valuations

Town of Bethlehem

					J. 200				
		Commercial							
	Residential	& Industrial	Other					Net	
Grand	Real	Real	Real	Personal	Motor	Gross		Taxable	
List	Property	Property	Property	Property	Vehicle	Taxable	Less	Grand	Percent
of 10/1	(%)	(%)	(%)	(%)	(%)	Grand List	Exemption	List	Change
2018 ¹	79.0	7.0	2.1	2.5	9.5	\$ 361,840,890	\$ 3,557,350	\$ 358,283,540	(5.05)
2017	79.0	6.9	2.3	2.5	9.4	409,979,496	32,631,690	377,347,806	0.87
2016	73.6	6.4	2.1	2.3	8.4	406,706,344	32,605,843	374,100,501	1.16
2015	80.8	6.1	2.1	2.1	8.8	402,729,938	32,924,999	369,804,939	0.66
2014	81.1	6.0	2.2	2.0	8.7	399,696,690	32,317,713	367,378,977	0.87
2013 ¹	80.2	6.3	2.4	2.1	9.0	368,355,400	4,149,545	364,205,855	(10.52)
2012	80.9	6.2	3.0	1.9	8.0	411,308,000	4,297,000	407,011,000	0.35
2011	80.7	6.2	3.1	2.0	8.0	410,084,000	4,486,000	405,598,000	(0.01)
2010	81.0	6.1	3.0	2.2	7.7	409,980,000	4,342,000	405,638,000	1.03
2009	81.4	6.1	2.9	1.9	7.7	405,635,000	4,147,000	401,488,000	0.92
1									

1 Revaluation.

Source: Assessor's Office, Town of Bethlehem.

Town of Woodbury

		Commercial								
	Residential	& Industrial	Other						Net	
Grand	Real	Real	Real	Personal	Motor	Gross			Taxable	
List	Property	Property	Property	Property	Vehicle	Taxable		Less	Grand	Percent
of 10/1	(%)	(%)	(%)	(%)	(%)	Grand List	E	xemption	List	Change
2018 ¹	76.0	8.0	4.2	3.7	8.1	\$ 1,075,407,626	\$	8,822,434	\$ 1,066,585,192	(7.46)
2017	79.0	7.5	3.2	2.8	7.5	1,159,733,296		7,174,934	1,152,558,362	0.66
2016	79.0	7.5	3.2	2.8	7.5	1,151,862,943		6,870,152	1,144,992,791	0.61
2015	80.2	7.5	2.4	4.3	5.6	1,145,198,000		7,175,000	1,138,023,000	0.49
2014	80.1	7.5	2.5	4.3	5.6	1,138,861,000		6,350,000	1,132,511,000	0.35
20131	80.0	7.5	2.6	4.4	5.5	1,134,878,000		6,332,000	1,128,546,000	(8.82)
2012	80.1	7.5	2.6	4.4	5.4	1,243,995,000		6,231,000	1,237,764,000	0.53
2011	82.1	6.8	3.0	3.6	4.5	1,237,383,000		6,139,000	1,231,244,000	0.70
2010	82.2	6.8	3.1	3.5	4.4	1,229,996,000		7,270,000	1,222,726,000	0.73
2009	82.0	7.2	3.2	3.5	4.1	1,220,806,000		6,957,000	1,213,849,000	0.32

 1 Revaluation.

Source: Assessor's Office. Town of Woodbury

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

Property Tax Levies and Collections

Town of Bethlehem

Grand	Fiscal Year	Net Taxable		Adjusted	Percent of Annual Levy Collected at	Percent of Annual Levy Uncollected	Percent of Annual Levy Uncollected
List of	Ending	Grand	Mill	Annual	End of	at End of	as of
10/1	6/30	List	Rate	Levy	Fiscal Year	Fiscal Year	6/30/2018
2017 2	2019	\$ 377,347,806	24.15	\$ 9,082,318	I	N COLLECTIO	N
2016	2018	374,100,501	25.38	9,494,671	98.3%	1.7%	1.7%
2015	2017	369,804,939	23.41	8,657,134	98.4%	1.6%	0.9%
2014	2016	367,378,977	22.96	8,435,021	98.1%	1.9%	0.6%
2013^{1}	2015	364,205,855	22.47	8,183,706	97.6%	2.4%	0.4%
2012	2014	407,011,000	20.50	8,343,726	97.4%	2.6%	0.4%
2011	2013	405,598,000	20.50	8,284,463	97.9%	2.1%	0.3%
2010	2012	405,638,000	20.67	8,341,223	97.7%	2.3%	0.2%
2009	2011	401,488,000	21.25	8,517,336	97.2%	2.8%	0.3%
2008^{1}	2010	397,846,000	21.41	8,488,564	97.8%	2.2%	0.1%

 $^{^{1}}$ Revaluation.

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

Town of Woodbury

Grand List of	Fiscal Year Ending	Net Taxable Grand	Mill	Adjusted Annual	Percent of Annual Levy Collected at End of	Percent of Annual Levy Uncollected at End of	Percent of Annual Levy Uncollected as of
2017	6/30 2019 ²	<i>List</i> \$ 1,152,558,362	Rate 26.58	\$ 30,414,388	Fiscal Year	Fiscal Year N COLLECTION	6/30/2018
2017	2019	1,144,992,791	27.16	31,098,004	98.5%	1.5%	1.5%
2015	2017	1,138,023,000	26.29	29,792,838	98.3%	1.7%	1.0%
2014	2016	1,132,511,000	26.07	29,629,544	98.2%	1.8%	0.7%
20131	2015	1,128,546,000	25.69	29,041,986	98.3%	1.7%	0.5%
2012	2014	1,237,764,000	23.40	29,011,852	97.9%	2.1%	0.4%
2011	2013	1,231,244,000	23.00	28,362,557	98.1%	1.9%	0.3%
2010	2012	1,222,726,000	22.46	27,479,740	98.3%	1.7%	0.2%
2009	2011	1,213,849,000	21.45	26,071,554	98.3%	1.7%	0.2%
2008^{1}	2010	1,209,934,000	21.13	25,574,256	98.5%	1.5%	0.1%

¹ Revaluation.

Source: Tax Collector's Office, Town of Woodbury

² Subject to audit.

² Subject to audit.

Property Taxes Receivable Town of Bethlehem

Fiscal Year	Current Year	Total Uncollected
Ending 6/30	Levy Uncollected	(Current & Prior Years)
2018	\$159,978	\$452,623
2017	138,274	469,406
2016	157,771	534,576
2015	197,947	620,668
2014	216,351	546,436

 $Source:\ Annual\ Audit\ Reports,\ Town\ of\ Bethlehem.$

Town of Woodbury

Fiscal Year	Current Year	Total Uncollected
Ending 6/30	Levy Uncollected	(Current & Prior Years)
2018	\$487,656	\$1,545,449
2017	510,838	1,475,540
2016	554,358	1,599,227
2015	488,892	1,523,356
2014	595,956	1,504,840

 $Source:\ Annual\ Audit\ Reports,\ Town\ of\ Woodbury.$

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Ten Largest Taxpayers

Town of Bethlehem

			Percent of
		Taxable	Net Taxable
Name	Nature of Business	Valuation	Grand List 1
Eversource Energy	Personal	\$ 4,585,980	1.28%
Health Real Estate Holdings, LLC	Real Estate	3,113,950	0.87%
Millspaugh Properties	Real Estate	1,402,600	0.39%
Watertown Fire District	Real Estate	1,143,900	0.32%
Monroe Operations	Personal	1,145,300	0.32%
Dufour, John R. Trustees	Real Estate	1,032,450	0.29%
ERK Development	Real Estate	916,900	0.26%
Perricone, Anthony L. and Greenberg	Real Estate	877,820	0.25%
Underwood, Lisa & Barnes Michael	Real Estate	866,150	0.24%
Bethlehem Homes, Inc	Real Estate	850,800	0.24%
Total	- 	\$ 15,935,850	4.45%

 $^{^1} Based\ on\ October\ 1, 2018\ Net\ Taxable\ Grand\ List\ of\ \$358, 283, 540.$

 $Source: Assessor's \ Office, \ Town \ of Bethlehem$

Town of Woodbury

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power Co., Inc.	Utility	\$ 17,621,040	1.65%
O&G Industries	Earth Excavation	13,600,920	1.28%
GCO Enterprises LLC	Office Buildings	4,220,890	0.40%
Woodbury Knoll II LLC	Apartment Complex	4,160,240	0.39%
Little Portion Properties LLC	Super Market	3,810,470	0.36%
SMH Grandview LLC	Retail Commercial	2,805,930	0.26%
Scott James M	Retail Commercial	2,732,580	0.26%
Aisling Meadows LLC	Residential Development	2,354,160	0.22%
Hardisty Gertrude + Et Als	Retail Commercial	1,990,070	0.19%
K&N Properties LLC	Retail Commercial	1,915,930	0.18%
Total		\$ 55,212,230	5.18%

¹Based on October 1, 2018 Net Taxable Grand List of \$1,066,585,192.

Source: Assessor's Office, Town of Woodbury

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V. Debt Summary

Principal Amount of Bonded Indebtedness (the District) As of July 24, 2019 (Pro Forma)

Long-Term	Debt		Amount of Original	Outstanding After	Fiscal Year of
Dated	Purpose	Rate %	Issue	This Issue	Maturity
07/25/18	Schools	2.25-5.00	\$ 12,000,000	\$ 12,000,000	2044
	Total Outstanding		\$ 12,000,000	\$ 12,000,000	
This Issue					
07/24/19	Schools	tbd	24,655,000	24,655,000	2046
	Sub-Total This Issue		24,655,000	24,655,000	
	Grand Total	······	\$ 36,655,000	\$ 36,655,000	
		-			

 $Source:\ Regional\ School\ District\ \#14\ Business\ Of fice.$

Short-Term Debt As of July 24, 2019 (Pro Forma)

	Aggregate Amount	Maturing Notes	This Issue: Notes
Project	Authorized	Due: 7/24/19	Due: 7/23/20
Nonnewaug High School Reno. Project \$	63,800,000	\$ 18,000,000	\$ 3,000,000
Total \$	63.800.000	\$ 18,000,000	\$ 3,000,000

Source: Regional School District #14 Business Office.

Other Long-Term Commitments

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

Overlapping/Underlying Debt As of July 24, 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. 14 has no overlapping debt.

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

Issuer	Debt Outstanding
Town of Bethlehem	\$0
Town of Woodbury	9,195,000
Total	\$9,195,000

Source: Regional School District #14 Business Office.

Principal Amount of Bonded Indebtedness As of July 24, 2019 (Pro Forma)

Town of Bethlehem

The Town of Bethlehem does not have outstanding long-term debt as of July 24, 2019.

Short-Term Debt As of July 24, 2019 (Pro Forma)

The Town of Bethlehem does not have outstanding short-term debt as of July 24, 2019.

Overlapping/Underlying Debt As of July 24, 2019 (Pro Forma)

The Town of Bethlehem is a Member Town along with the Town of Woodbury in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2018, Bethlehem's share is 25.5%. Each Member Town's gross share of the District's debt is as follows:

Entity	D	ebt Amount
Bethlehem (25.5%)	\$	10,112,025
Woodbury (74.5%)		29,542,975
Total District Debt	\$	39,655,000

Source: Regional School District #14 Business Office.

Underlying

The Town of Bethlehem has no underlying debt.

Principal Amount of Bonded Indebtedness As of July 24, 2019 (Pro Forma)

Town of Woodbury

Long-Term Debt		Amount of		Outstanding		Fiscal	
				Original		After	Year of
Dated	Purpose	Rate %		Issue		This Issue	Maturity
11/15/12	General Purpose	2.00-3.00	\$	3,110,000	\$	1,645,000	2031
11/01/16	General Purpose	2.00-2.25		4,350,000		3,750,000	2032
11/01/16	Refunding - General Purpose	2.00-2.25		1,435,000		1,175,000	2027
02/06/19	General Purpose	2.00-5.00		2,625,000		2,625,000	2034
	Total		\$	11,520,000	\$	9,195,000	

Source: Town of Woodbury, Finance Department.

Short-Term Debt As of July 24, 2019 (Pro Forma)

The Town of Woodbury does not have outstanding short-term debt as of July 24, 2019.

Overlapping/Underlying Debt As of July 24, 2019 (Pro Forma)

Overlapping

The Town of Woodbury is a Member Town along with the Town of Bethlehem in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2018, Woodbury's share is 74.5%. Each Member Town's gross share of the District's debt is as follows:

Entity	De	ebt Amount
Bethlehem (25.5%)	\$	10,112,025
Woodbury (74.5%)		29,542,975
Total District Debt	\$	39,655,000

Source: Regional School District #14 Business Office.

Underlying

Woodlake Tax District, a special taxing district located within the Town of Woodbury, has the power to levy taxes and to issue bonds and notes. As of June 30, 2018, Woodlake Tax District has \$717,710 in debt outstanding, which constitutes underlying debt of the Town of Woodbury.

Annual Long-Term Bonded Debt Service, As of July 24, 2019 (Pro Forma)

Regional School District No. 14

Fiscal Year						Cumulative Principal
Ended	Principal	Interest	Total	This Issue	Total	Retired
6/30	Payments	Payments	Payments	Schools	Principal	%
2020	\$ 480,000	\$ 657,760	\$ 1,137,760	\$ -	\$ 480,000	1.31%
2021	480,000	405,600	885,600	950,000	1,430,000	5.21%
2022	480,000	381,600	861,600	950,000	1,430,000	9.11%
2023	480,000	357,600	837,600	950,000	1,430,000	13.01%
2024	480,000	333,600	813,600	950,000	1,430,000	16.91%
2025	480,000	309,600	789,600	950,000	1,430,000	20.82%
2026	480,000	285,600	765,600	950,000	1,430,000	24.72%
2027	480,000	268,200	748,200	950,000	1,430,000	28.62%
2028	480,000	257,100	737,100	950,000	1,430,000	32.52%
2029	480,000	241,800	721,800	950,000	1,430,000	36.42%
2030	480,000	225,000	705,000	950,000	1,430,000	40.32%
2031	480,000	210,600	690,600	950,000	1,430,000	44.22%
2032	480,000	196,200	676,200	950,000	1,430,000	48.12%
2033	480,000	181,800	661,800	950,000	1,430,000	52.03%
2034	480,000	167,100	647,100	950,000	1,430,000	55.93%
2035	480,000	152,100	632,100	950,000	1,430,000	59.83%
2036	480,000	136,800	616,800	950,000	1,430,000	63.73%
2037	480,000	121,200	601,200	950,000	1,430,000	67.63%
2038	480,000	105,600	585,600	945,000	1,425,000	71.52%
2039	480,000	90,000	570,000	945,000	1,425,000	75.41%
2040	480,000	74,100	554,100	945,000	1,425,000	79.29%
2041	480,000	57,900	537,900	945,000	1,425,000	83.18%
2042	480,000	41,700	521,700	945,000	1,425,000	87.07%
2043	480,000	25,200	505,200	945,000	1,425,000	90.96%
2044	480,000	8,400	488,400	945,000	1,425,000	94.84%
2045	-	_	-	945,000	945,000	97.42%
2046	-	-	-	945,000	945,000	100.00%
Total	\$ 12,000,000	\$ 5,292,160	\$ 17,292,160	\$ 24,655,000	\$ 36,655,000	-

Source: Regional School District #14 Business Office.

Annual Long-Term Bonded Debt Service As of July 24, 2019 (Pro Forma)

Town of Bethlehem

The Town of Bethlehem does not have outstanding long-term debt as of July 24, 2019.

Annual Long-Term Bonded Debt Service As of July 24, 2019 (Pro Forma)

Town of Woodbury

Fiscal Year							Cumulative Principal	
Ended		Principal		Interest		Total	Retired	
6/30		Payments		Payments		yments	%	
2020	\$	845,000	\$	219,809	\$ 1	,064,809	9.19%	
2021		840,000		197,931	1	,037,931	18.33%	
2022		825,000		176,031	1	,001,031	27.30%	
2023		825,000		154,281		979,281	36.27%	
2024		710,000		133,681		843,681	43.99%	
2025		705,000		114,281		819,281	51.66%	
2026		700,000		100,231		800,231	59.27%	
2027		695,000		86,063		781,063	66.83%	
2028		560,000		71,763		631,763	72.92%	
2029		560,000		58,750		618,750	79.01%	
2030		560,000		45,675		605,675	85.10%	
2031		560,000		32,181		592,181	91.19%	
2032		460,000		19,394		479,394	96.19%	
2033		175,000		10,938		185,938	98.10%	
2034		175,000		5,469		180,469	100.00%	
Total	\$	9,195,000	\$	1,426,478	\$ 10	,621,478		

 $Source:\ Town\ of\ Woodbury,\ Finance\ Department.$

Debt Statement As of July 24, 2019 (Pro Forma)

Regional School District No. 14

Long-Term Debt:	
Schools (Includes this issue)	\$ 36,655,000
Total Long-Term Debt	36,655,000
Short-Term Debt	3,000,000
Total Direct Debt	39,655,000
Underlying Debt:	
Town of Bethlehem	-
Town of Woodbury	9,195,000
Total Overall Net Debt	\$ 48,850,000

Source: Regional School District #14 Business Office.

Current Debt Ratios As of July 24, 2019 (Pro-Forma)

Population ¹	13,176
Net Taxable Grand List at 70% of Full Value (10/1/18) \$	1,424,868,732
Estimated Full Value\$	2,035,526,760
Equalized Net Taxable Grand List (10/1/16) ² \$	2,062,456,491
Money Income per Capita (2017) ¹	\$ 93,560

	Total Direct Debt	Total Overall Net Debt
	\$39,655,000	\$48,850,000
Debt per Capita	\$3,009.64	\$3,707.50
Ratio to Net Taxable Grand List	2.78%	3.43%
Ratio to Estimated Full Value	1.95%	2.40%
Ratio to Equalized Grand List	1.92%	2.37%
Debt per Capita to Money Income per Capita	3.22%	3.96%

¹ American Community Survey 2013-2017.

² Office of Policy and Management, State of Connecticut.

Debt Statement As of July 24, 2019 (Pro Forma)

Member Towns

		Town of		Town of
	В	ethlehem	Woodbury	
Long-Term Debt Outstanding	\$	-	\$	9,195,000
Short-Term Debt		-		<u> </u>
Total Direct Debt		-		9,195,000
Total Direct Net Debt		-		9,195,000
Overlapping/Underlying Debt:				
Woodlake Taxing District (Woodbury Only - As of June 30, 2018)		-		717,710
Regional School District No. 14:				
Bethlehem (25.5%)		10,112,025		-
Woodbury (74.5%)		-		29,542,975
Total Overall Net Debt	\$	10,112,025	\$	39,455,685

¹ This represents each Member Town's gross share of the District's outstanding long-term and short-term debt. Information from Regional School District #14 Business Office.

Source: Town of Woodbury, Finance Department.

Current Debt Ratios As of July 24, 2019 (Pro Forma)

	Town of			Town of
_	Bethlehem			Woodbury
Population ¹		3,490		9,686
Net Taxable Grand List (10/1/18)	\$	358,283,540	\$	1,066,585,192
Estimated Full Value	\$	511,833,629	\$	1,523,693,131
Equalized Net Taxable Grand List (10/1/16) ²	\$	512,397,019	\$	1,550,059,472
Money Income per Capita (2017) ¹	\$	45,476	\$	48,084

	Town of B	Bethlehem	Town of W	oodbury/
	Total		Total	
	Direct Debt /	Total Overall	Direct Debt /	Total Overall
	Net Direct Debt	Net Debt	Net Direct Debt	Net Debt
	\$0	\$10,112,025	\$9,195,000	\$39,455,685
Debt per Capita	\$0.00	\$2,897.43	\$949.31	\$4,073.48
Ratio to Net Taxable Grand List	0.00%	2.82%	0.86%	3.70%
Ratio to Estimated Full Value	0.00%	1.98%	0.60%	2.59%
Ratio to Equalized Grand List	0.00%	1.97%	0.59%	2.55%
Debt per Capita to Money Income per Capita	0.00%	6.37%	1.97%	8.47%

¹ American Community Survey 2013-2017.

 $^{^2}$ 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 1/20th, or for certain school project financings, 1/30th, of the estimated project cost (CGS Sections 10-56 and 7-378a). The term of any bonds issued shall be reduced by the amount of time temporary financing exceeds four years.

Limitation of Indebtedness – Regional School Districts

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

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

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

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

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

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

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

Limitation of Indebtedness - Municipalities

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

General Purposes: 2.25 times annual receipts from taxation School Purposes: 4.50 times annual receipts from taxation Sewer Purposes: 3.75 times annual receipts from taxation

Urban Renewal Purposes: 3.25 times annual receipts from taxation Pension Benefit Purposes: 3.00 times annual receipts from taxation

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

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

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

Statement of Statutory Debt Limitation As of July 24, 2019 (Pro Forma)

Regional School District No. 14

Total Tax Collections for Bethlehem & Woodbury (including interest and lien for	ees)	
For the year ended June 30, 2018	\$	39,946,652
Reimbursement For Revenue Loss:		
Woodlake Tax District tax and interest collections (Woodbury Only)		1,389,652
Tax relief for elderly (Bethlehem Only)		
Base for Debt Limitation Computation		41,336,304
Debt Limitation:		Schools
4 1/2 times base.1	\$	186,013,368
Indebtedness:		
Bonds Outstanding		12,000,000
Bonds – This Issue		24,655,000
Notes – This Issue		3,000,000
Debt Authorized But Unissued		24,145,000
Total Net Indebtedness		63,800,000
DEBT LIMITATION IN EXCESS		
OF OUTSTANDING INDEBTEDNESS	\$	122,213,368

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

Source: Regional School District #14 Business Office.

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

Statement of Statutory Debt Limitation As of July 24, 2019 (Pro Forma)

Town of Bethlehem

Total Tax Collections (including interest and lien For the year ended June 30, 2018						\$	9,563,301
Reimbursement For Revenue Loss:		 	 			Ψ	>,000,001
Tax relief for elderly		 	 				_
Base for Debt Limitation Computation		 	 			\$	9,563,301
	General						Unfunded
	Purpose	Schools	Sewers	Ur	ban Renewal		Pension
Debt Limitation:	-						
2 1/4 times base	\$ 21,517,427	-	-		-		-
4 1/2 times base	-	\$ 43,034,855	-		-		-
3 3/4 times base	-	-	\$ 35,862,379		-		-
3 1/4 times base	-	-	-	\$	31,080,728		-
3 times base		-	-		-	\$	28,689,903
Total Debt Limitation	\$ 21,517,427	\$ 43,034,855	\$ 35,862,379	\$	31,080,728	\$	28,689,903
Indebtedness:							
Bonds Outstanding	-	-	-		-		-
Notes Outstanding	-	-	-		-		-
Net Overlapping Debt (Share of RSD #14 Debt)	-	10,112,025 ¹	-		-		-
Debt Authorized But Unissued	-	-	-		-		
Total Net Indebtedness	-	 10,112,025	 -		-		-
DEBT LIMITATION IN EXCESS							
OF OUTSTANDING INDEBTEDNESS	\$ 21,517,427	\$ 32,922,830	\$ 35,862,379	\$	31,080,728	\$	28,689,903

¹ Represents Bethlehem's share of the District's Net Direct Indebtedness. The percentage of participation in 25.5%.

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

 $Source:\ Town\ of\ Bethlehem,\ Finance\ Department.$

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

Statement of Statutory Debt Limitation As of July 24, 2019 (Pro Forma)

Town of Woodbury

Total Tax Collections (including interest and lien f	rees)							
For the year ended June 30, 2018								\$ 30,383,351
Reimbursement For Revenue Loss:								
Woodlake Tax District								1,389,652
Tax relief for elderly								-
Base for Debt Limitation Computation								\$ 31,773,003
	General Purpose		Schools		Sewers		ban Renewal	Infunded Pension
Debt Limitation:	•							
2 1/4 times base\$	71,489,257		-		-		-	-
4 1/2 times base	-	\$	142,978,514		-		-	_
3 3/4 times base	-		-	\$	119,148,761		-	-
3 1/4 times base	-		-		-	\$	103,262,260	-
3 times base	-		-		-		-	\$ 95,319,009
Total Debt Limitation	71,489,257	\$	142,978,514	\$	119,148,761	\$	103,262,260	\$ 95,319,009
Indebtedness:								
Bonds Outstanding	9,195,000		-		-		-	-
Notes Outstanding	1,000,000		-		-		-	-
Net Overlapping Debt (Share of RSD #14 Debt)	-		29,542,975 ¹		-		-	-
Underlying Debt	717,710		-		-		-	-
Debt Authorized But Unissued	1,636,667		-		-		-	-
Total Net Indebtedness	12,549,377		29,542,975		-		-	-
DEBT LIMITATION IN EXCESS								
OF OUTSTANDING INDEBTEDNESS	58,939,880	\$	113,435,539	\$	119,148,761	\$	103,262,260	\$ 95,319,009

¹ Represents Woodbury's share of the District's Net Direct Indebtedness. The percentage of participation in 74.5%.

 $Note:\ In\ no\ case\ shall\ total\ indebtedness\ exceed\ seven\ times\ annual\ receipts\ from\ taxation\ or\ \$222,411,021.$

 $Source:\ Town\ of\ Woodbury,\ Finance\ Department.$

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

Authorized but Unissued Debt As of July 24, 2019 (Pro Forma)

Regional School District No. 14

A	ggregate	Maturing			This I	ssue:	Authorized
	Amount	Previously	Notes	·-		Notes	but
Project Au	uthorized	Bonded	Due: 7/24/19	New Money	Bonds	Due: 7/23/20	Unissued
Nonnewaug High School Reno. Project \$ 6	53,800,000	\$ 12,000,000	\$ 18,000,000	\$ 9,655,000	\$24,655,000	\$ 3,000,000	\$24,145,000
Total \$ 6	3,800,000	\$ 12,000,000	\$ 18,000,000	\$ 9,655,000	\$24,655,000	\$ 3,000,000	\$24,145,000
Source: Regional School District #14 Business Office.							

Town of Bethlehem

The Town of Bethlehem does not have any authorized but unissued debt as of July 24, 2019.

Town of Woodbury

Project	Aggregate Amount Authorized		Previously Bonded		C	Grants Received and Priginal Issue Emium Applied		ıthorized but Inissued
Emergency Services Building Roof	\$	255,000	\$	215,000	\$	-	\$	40,000
Window Replacement - Town's								
Emergency Services Building		20,000		-		-		20,000
Senior Community Center		3,415,000		1,665,000		703,983	1	1,046,017
Pumper Fire Truck Acq		450,000		366,550		-		83,450
Street Sweeper Acq		190,000		165,300		-		24,700
Town Hall Rehabilitation		850,000		427,500		-		422,500
Total	\$	5,180,000	\$	2,839,350	\$	703,983	\$	1,636,667

 $Source:\ Town\ of\ Woodbury,\ Finance\ Department.$

Principal Amount of Outstanding Debt Last Five Fiscal Years

Regional School District No. 14

Long-Term Debt	2018	2017	2016	2015		2014	
Bonds	\$ -	\$ -	\$	- \$	-	\$	-
Short-Term Debt							
Bond Anticipation Notes	22,300,000	7,000,000		_	-		_
Totals	\$ 22,300,000	\$ 7,000,000	\$	- \$	-	\$	-

Source: Regional School District #14 Business Office.

Town of Bethlehem

Long-Term Debt	2018		2017		2016		2015		2014	
Bonds	\$	-	\$	-	\$	-	\$	-	\$	-
Short-Term Debt										
Bond Anticipation Notes		-		-		-		-		
Totals	\$	-	\$	-	\$	-	\$	-	\$	-

 $Source:\ Town\ of\ Bethlehem,\ Finance\ Department.$

Town of Woodbury

Long-Term Debt	2018	2017	2016	2015	2014
Bonds	\$ 7,245,000	\$ 7,895,000	\$ 3,895,000	\$ 4,285,000	\$ 4,675,000
Short-Term Debt					
Bond Anticipation Notes	1,000,000	-	2,835,000	-	-
Totals	\$ 8,245,000	\$ 7,895,000	\$ 6,730,000	\$ 4,285,000	\$ 4,675,000

Source: Town of Woodbury, Finance Department.

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

Regional School District No. 14

			Ratio of
			General Fund
			Debt Service
	Total	Total	To Total
Fiscal Year	Debt	General Fund	General Fund
Ended 6/30	Service	Expenditures 1	Expenditures
2019 ²	\$ 212,000	\$ 33,616,092	0.63%
2018	-	39,667,391	0.00%
2017	-	38,880,341	0.00%
2016	-	35,828,161	0.00%
2015	-	35,314,364	0.00%
2014	-	36,557,461	0.00%

¹ GAAP basis of accounting. Includes Transfers out.

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

Town of Bethlehem

					Ratio of
					General Fund
					Debt Service
	T	otal		Total	To Total
Fiscal Year	D	ebt	G	eneral Fund	General Fund
Ended 6/30	Se	rvice	E	xpenditures ¹	Expenditures
2019 ²	\$	-	\$	11,104,128	0.00%
2018		-		10,340,685	0.00%
2017		-		10,711,860	0.00%
2016		-		10,664,298	0.00%
2015		-		10,357,460	0.00%
2014		-		10,314,786	0.00%

¹ GAAP basis of accounting. Includes Transfers out.

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

Town of Woodbury

			Ratio of
			General Fund
			Debt Service
	Total	Total	To Total
Fiscal Year	Debt	General Fund	General Fund
Ended 6/30	Service	Expenditures 1	Expenditures
2019 ²	\$ 1,632,000	\$ 33,880,737	4.82%
2018	808,875	33,273,639	2.43%
2017	514,988	32,110,603	1.60%
2016	514,250	31,820,096	1.62%
2015	528,750	30,928,191	1.71%
2014	643,960	31,261,515	2.06%

^{2014 643,960 31,261} GAAP basis of accounting. Includes Transfers out.

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

² Budgetary basis.

² Budgetary basis.

² Budgetary basis.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

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

Annual Audit

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

Annual Town Assessments

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

Budget Adoption Procedure

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

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

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

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

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

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

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

Pension Plans

Regional School District Number 14

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

All full-time non-certified District employees are covered under a contributory single-employer defined benefit plan. Benefits and contributions are established by the District and may be amended only by the Board of Education. The District's funding policy is to fund its pension contributions at actuarially determined rates sufficient to accumulate assets needed to pay benefits when due. The actuarially determined contribution for the year ended June 30, 2018 was computed to be \$369,039, and the District's actual contribution was \$315,000. Based on a valuation as of July 1, 2017, the Plan Fiduciary Net Position was \$4,772,491, and the Net Position Liability was \$812,910. The funded ratio was 85.45%.

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

Town of Bethlehem

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

Funding is provided through individual whole life insurance and a variable annuity for each participant. The contribution requirement for the year ended June 30, 2018 was \$35,756 and was funded by the General Fund.

Town of Woodbury

The Town administers the Town of Woodbury Employees' Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time employees of the Town, including elected and appointed officials who receive a salary from the Town and work more than twenty weeks for the Town, and police officers. Employees are required to contribute 2% of their annual base compensation (excluding overtime and any other extra compensation). Costs of administering the plan are paid by the earnings of the Pension Trust Fund. Based on a valuation as of July 1, 2017, the Plan Fiduciary Net Position was \$6,802,363, and the Net Position Liability was \$4,872,333. The funded ratio was 58.27%.

Contribution

Fiscal Year	Det	tuarially termined ntribution	Co	Actual entribution	E	ntribution Excess ficiency)	Percentage Funded	Covered Payroll	as a % of Covered Payroll
2019 1.2	\$	630,000	\$	630,000	\$	-	100.0%	N/A	N/A
2018		596,038		626,038		30,000	105.0%	\$ 2,534,830	24.7%
2017		538,868		575,000		36,132	106.7%	2,785,050	20.6%
2016		469,632		469,632		-	100.0%	2,705,248	17.4%
2015		397,969		397,969		-	100.0%	2,506,767	15.9%
2014		397,969		400,000		2,031	100.5%	2,365,952	16.9%

² The Town plans to contribute 100% of the actuarially determined contribution as they have done so in previous years. Source: Town of Woodbury, Finance Department.

The July 1, 2017 actuarial valuations were prepared using the following actuarial assumptions, among others:

Inflation 1.625%
Salary Increase 1.625%, average
Investment Rate of Return 7.25%, net of pension plan investment expense, including inflation

Actuarial Cost Method Entry age normal Amortization Method Level dollar

GASB 67 Disclosure

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

The Town of Woodbury has received from its actuary a report containing information to assist the Town in meeting the requirements of GASB 67. This report indicated the following results as of June 30, 2018 in accordance with GASB 67:

Total Pension Liability \$11,674,696
Fiduciary Net Position \$6,802,363
Net Pension Liability \$4,872,333
Ratio of Fiduciary Net Position to
Total Pension Liability 58.27%

The report as of June 30, 2018 used the retirement plans long term investment rate of 7.25% as the SEIR since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR 1% in excess and 1% less than the SEIR used, which would decrease the NPL to \$3,736,334, or increase the NPL to \$6,216,731.

Compensated Absences

Employees are paid by various prescribed formulas for absence due to vacation. The District's policy is to recognize vacation costs at the time payment is made. The amount of accumulated unpaid vacation as of June 30, 2018 is not significant; therefore, it is not reflected in the District's financial statements.

Other Post-Employment Benefits

The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation was performed July 1, 2018. The Net OPEB Liability as of July 1, 2018 is \$6,973,455. The District's contributions represent payments made for premiums for insured individuals.

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

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

Regional School District No. 14 Adopted Estimated

	Adopted	Estimated			
	Budget 1,2	Actual 1,2	Actual	Actual	Actual
_	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Revenues:					
Participating Towns	\$ 31,806,758	\$ 30,260,637	\$ 30,407,851	\$ 30,022,622	\$ 29,666,900
Federal & State Grants	934,868	1,330,698	7,424,991	6,956,383	4,923,281
Investment Income	8,000	8,438	8,609	14,217	5,479
Tuition	1,943,405	1,889,480	1,960,644	1,993,022	1,816,998
Other Fees and Contributions	563,529	152,040	1,999	56,720	1,250
Total	35,256,560	33,641,293	39,804,094	39,042,964	36,413,908
Expenditures:					
Salaries - Certified	16,327,547	15,960,182	15,560,279	15,457,182	15,474,460
Salaries - Classified	3,760,210	3,666,473	3,707,727	3,650,868	3,818,769
Employee Benefits	5,669,793	5,416,280	11,396,006	10,448,962	8,525,731
Purchased Services	6,442,146	6,128,034	6,215,202	5,658,200	4,697,842
Supplies and Materials	1,003,034	1,009,788	839,621	1,229,381	890,530
Liability and Property Insurance	170,015	161,930	156,223	157,879	150,616
Dues and Fees	64,759	67,111	66,404	86,134	71,238
Debt Service	1,137,870	212,000	-	-	-
Capital Outlay	681,186	994,294	873,531	1,203,991	1,543,154
Total	35,256,560	33,616,092	38,814,993	37,892,597	35,172,340
Excess (Deficiency) of Revenues					
Over Expenditures	-	25,201	989,101	1,150,367	1,241,568
Other Financing Sources (Uses):					
Capital Lease Proceeds	250,000	250,000	250,000	449,120	144,900
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	(852,398)	(987,744)	(655,821)
Total Other Financing Sources (Uses)	250,000	250,000	(602,398)	(538,624)	(510,921)
Excess (Deficiency) of Revenues and Other					
Financing Sources (Uses) Over (Under)					
Expenditures and Other Financing Uses	250,000	275,201	386,703	611,743	730,647
Fund Equity, Beginning of Year	2,736,421	2,461,220	2,074,517	1,462,774	732,127 ³
Fund Equity, End of Year		\$ 2,736,421	\$ 2,461,220	\$ 2,074,517	\$ 1,462,774

 $^{^1\,}Budgetary\,basis.$

² Subject to audit.

³ As Restated.

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

Town of Bethlehem

	Adopted	Estimated			
	Budget ¹ 6/30/2020	Actual ¹ 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:	0/30/2020	0/30/2019	0/30/2018	0/30/2017	0/30/2010
Property Taxes	9,912,413	\$ 9,343,040	\$ 9,469,878	\$ 8,718,495	\$ 8,440,271
Interest and Lien Fees	90,000	110,143	88,367	131,585	115,414
Intergovernmental Revenues	1,463,365	1,490,100	1,353,805	1,634,796	1,609,445
Investment Income	64,000	69,978	161,977	52,982	15,092
Departmental	200,210	220,162	290,534	217,428	164,798
Use of Fund Balance	344,790	-	· <u>-</u>	-	-
Other Revenue	48,420	44,501	33,994	77,457	53,116
Total	12,123,198	\$ 11,277,924	\$ 11,398,555	\$ 10,832,743	\$ 10,398,136
Expenditures:					
General Government	\$ 911,577	\$ 864,386	\$ 792,843	\$ 817,577	\$ 724,090
Public Safety	485,432	488,659	402,520	385,969	442,127
Public Works	1,028,923	1,027,647	959,742	955,787	988,846
Health and Welfare	97,723	75,441	69,978	63,434	62,306
Culture and Recreation	144,603	139,165	127,917	127,247	126,790
Education	8,156,430	7,331,604	6,868,828	7,155,551	7,187,029
Other	-	-	70,936	69,100	69,978
Debt Service	10	-	-	-	-
Capital Outlay	1,143,000	912,550	-	-	<u>-</u> _
Total	11,967,698	\$ 10,839,452	\$ 9,292,764	\$ 9,574,665	\$ 9,601,166
Excess (Deficiency) of Revenues					
Over Expenditures	155,500	438,472	2,105,791	1,258,078	796,970
Other financing sources (uses):					
Operating transfers in	4,000	4,000	4,000	4,000	405,000
Operating transfers out	(159,500)	(264,676)	(1,047,921)	(1,137,195)	(1,063,132)
Total Other financing sources (uses)	(155,500)	(260,676)	(1,043,921)	(1,133,195)	(658,132)
Excess (Deficiency) of Revenues and Other					
Financing Sources (Uses) Over (Under)					
Expenditures and Other Financing Uses	-	177,796	1,061,870	124,883	138,838
Fund Equity, Beginning of Year	3,860,601	3,682,805	2,620,935	2,496,052 ³	1,627,058
Fund Equity, End of Year	3,860,601	\$ 3,860,601	\$ 3,682,805	\$ 2,620,935	\$ 1,765,896

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

 $^{^2}$ Explain Deficiency.

³ As restated.

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

Town of Woodbury

	Adopted Budget ¹ 6/30/2020	Estimated Actual ¹ 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:					
Property taxes	\$ 31,289,103	\$ 30,962,364	\$ 31,357,748	\$ 30,374,812	\$ 29,858,650
Intergovernmental revenues	1,832,113	1,716,536	1,504,762	1,920,535	1,681,290
Charges for services	574,500	605,609	873,287	631,164	632,512
Investment income	227,000	267,000	139,734	48,614	25,246
Other revenue	1,002,926	956,454	116,138	44,950	49,290
Total	\$ 34,925,642	\$ 34,507,963	\$ 33,991,669	\$ 33,020,075	\$ 32,246,988
Expenditures:					
General Government	1,865,338	1,887,713	1,726,783	1,670,156	1,640,666
Public Safety	1,883,706	1,837,410	1,755,400	1,691,176	1,663,714
Public Works	2,032,561	2,002,005	1,879,157	1,978,529	1,883,553
Health and Welfare	140,922	127,524	120,455	108,664	116,292
Parks and Recreation	430,303	417,437	416,547	396,234	371,466
Library	647,194	653,234	629,557	669,347	629,233
Education	23,739,486	22,929,033	23,623,083	22,867,071	22,479,871
Fringe Benefits	2,084,460	2,091,069	1,987,976	1,886,171	1,886,906
Other	326,005	174,232	175,930	174,340	162,771
Debt Service	1,064,809	1,632,000	808,875	514,988	514,250
Capital Outlay	710,858	129,080	149,876	97,927	150,715
Total	\$ 34,925,642	\$ 33,880,737	\$ 33,273,639	\$ 32,054,603	\$ 31,499,437
Excess (Deficiency) of Revenues Over Expenditures	-	627,226	718,030	965,472	747,551
Other financing sources (uses):					
Sale of Town Property	-	-	-	_	1,300
Bond Premium	-	-	-	18,059	-
Operating transfers in	-	-	-	300,000	22,000
Operating transfers out	-	-	-	(56,000)	(320,659)
Total Other financing sources (uses)	-	-	-	262,059	(297,359)
Excess (Deficiency) of Revenues and Other					
Financing Sources (Uses) Over (Under)					
Expenditures and Other Financing Uses	-	627,226	718,030	1,227,531	450,192
Fund Equity, Beginning of Year	6,961,619	6,334,393	5,616,363	4,388,832	3,938,640
Fund Equity, End of Year	N/A	\$ 6,961,619	\$ 6,334,393	\$ 5,616,363	\$ 4,388,832

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

Comparative Balance Sheet

Regional School District #14

	6/30/2018		6/30/2017	6/30/2016	6/30/2015	6/30/2014
Assets						
Cash and cash equivalents \$	16,494,113	\$	9,552,728	\$ 2,497,125	\$ 1,192,365	\$ 796,531
Due From Other Funds	446,021		106,512	564,826	608,607	194,449
Due from St. of CT	-		242,314	242,314	147,699	-
Accounts Receivables	84,882		5,148	94,643	49,792	11,387
Total Assets	17,025,016		9,906,702	3,398,908	1,998,463	1,002,367
Liabilities and Fund Balances						
Accounts payable	25,358		251,657	332,941	507,981	271,510
Employment Termination Benefits	277,827		169,396	94,501	-	-
Accrued payroll	43,377		46,947	182,414	-	-
Due to other funds	14,217,234		7,364,185	1,071,278	986,016	550,374
Due to Pension Trust	-		-	255,000	-	-
Deferred revenue	-		-	-	-	_
Total Liabilities	14,563,796		7,832,185	1,936,134	1,493,997	821,884
Fund Balances						
Nonspendable	-		-	-	-	-
Restricted	149,960		149,960	95,620	70,159	84,694
Committed	1,508,260		1,484,913	807,206	-	-
Assigned	-		-	-	-	-
Unassigned	803,000		439,644	559,948	434,307	95,789
Total Fund Balance	2,461,220		2,074,517	1,462,774	504,466	180,483
Total Liabilities and Fund Balance \$	17,025,016	\$	9,906,702	\$ 3,398,908	\$ 1,998,463	\$ 1,002,367
Analysis of General Fund Balance						
Operating Revenues \$	39,804,094	\$	39,042,964	\$ 36,413,908	\$ 35,388,347	\$ 36,017,889
Fund Balance as a percent of						
Operating Revenues	6.18%		5.31%	4.02%	1.43%	0.50%
Unassigned Fund Balance as						
a Percent of Operating Revenues	2.02%		1.13%	1.54%	1.23%	0.27%
$Source: Regional\ School\ District\ \#14\ Annual\ Audited$	Financial Stateme	ents,	2014-2018.			

Comparative Balance Sheet

Town of Bethlehem

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Assets					
Cash and cash equivalents \$	3,142,703	\$ 2,269,735	\$ 2,387,192	\$ 2,267,860	\$ 2,781,866
Investments	2,355,411	1,926,160	1,091,962	1,341,188	566,292
Due From Other Funds	621	1,092	1,096	1,231	950
Receivables:					
Property Taxes	682,478	735,295	822,308	914,353	456,436
Interest and Lien Fees on Taxes	-	-	-	-	163,734
State of Connecticut	-	-	25,844	-	34,116
Other	-	9,620	1,639	6,834	34,116
Total Assets	6,181,213	4,941,902	4,330,041	4,531,466	4,037,510
Liabilities and Fund Balances					
Accounts Payable	149,051	109,353	239,236	270,599	129,595
Accrued Pension Contribution	-	-	-	112,188	-
Due to Other Funds	1,688,609	1,505,571	1,532,569	1,698,373	1,485,604
Deposits	-	-	-	-	22,287
Performance Bonds	20,037	18,787	18,287	19,287	-
Deferred Grant Revenue	-	-	-	-	-
Total Liabilities	1,857,697	1,633,711	1,790,092	2,100,447	1,637,486
Deferred Inflows of Resources					
Unavailable Revenue	640,711	687,256	774,053	803,961	584,972
Total Deferred Inflows of Resources	640,711	687,256	774,053	803,961	584,972
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	1,001,897	823,607	-	-	-
Committed	1,184,170	400,000	300,000	-	-
Assigned	-	-	-	250,000	250,000
Unassigned	1,496,738	1,397,328	1,465,896	1,377,058	1,530,936
Total Fund Balance	3,682,805	2,620,935	1,765,896	1,627,058	1,780,936
Total Liabilities and Fund Balance \$	6,181,213	\$ 4,941,902	\$ 4,330,041	\$ 4,531,466	\$ 4,003,394
Analysis of General Fund Balance					
Operating Revenues	11,398,555	\$ 10,832,743	\$ 10,398,136	\$ 10,203,582	\$ 10,283,754
Fund Balance as a percent of					
Operating Revenues	32.31%	24.19%	16.98%	15.95%	17.32%
Unassigned Fund Balance as					
a Percent of Operating Revenues	13.13%	12.90%	14.10%	13.50%	14.89%

 $Source: Town\ of\ Bethlehem\ Annual\ Audited\ Financial\ Statements,\ 2014-2018.$

Comparative Balance Sheet

Town of Woodbury

	6/30/2018		6/30/2017	6/30/2016	6/30/2015	6/30/2014
Assets						
Cash and cash equivalents \$	72,473	\$	7,671,103	\$ 7,394,635	\$ 4,102,613	\$ 4,383,033
Investments	9,247,687		36,255	22,418	703,849	11,637
Restricted Investments	210,359		-	-	270,681	-
Due From Other Funds	690,000		-	-	53,691	-
Receivables:						
Property Taxes	1,545,449		1,475,540	1,599,227	1,523,356	1,504,840
Intergovernmental	-		92,808	118,000	369,787	178,379
Other	88,637		-	129,401	90,771	46,498
Total Assets	11,854,605		9,275,706	9,263,681	7,114,748	6,124,387
Liabilities and Fund Balances						
Accounts Payable	791,378		695,547	291,879	350,317	155,098
Accrued Payroll	66,802		84,853	83,269	56,739	36,000
Due to Other Funds	2,964,395		1,276,472	2,833,931	732,147	856,511
Unearned revenue	-		-	-	338,963	162,535
Performance Bonds	210,359		181,790	166,265	270,680	85,935
Deferred revenue	-		-	-	1,427,262	1,383,468
Total Liabilities	4,032,934		2,238,662	3,375,344	3,176,108	2,679,547
Deferred Inflows of Resources						
Unavailable Revenue	1,487,278		1,420,681	1,499,505	-	-
Total Deferred Inflows of Resources	1,487,278		1,420,681	1,499,505	-	-
Fund Balances						
Nonspendable	-		-	-	-	-
Restricted	-		-	-	-	-
Committed	100,000		100,000	-	-	-
Assigned	1,490,000		1,190,000	504,224	559,943	356,733
Unassigned	4,744,393		4,326,363	3,884,608	3,378,697	3,088,107
Total Fund Balance	6,334,393		5,616,363	4,388,832	3,938,640	3,444,840
Total Liabilities and Fund Balance \$	10,367,327	\$	7,855,025	\$ 9,263,681	\$ 7,114,748	\$ 6,124,387
Analysis of General Fund Balance						
Operating Revenues \$	33,991,669	\$	33,020,075	\$ 32,246,988	\$ 31,352,868	\$ 31,067,032
Fund Balance as a percent of						
Operating Revenues	18.64%		17.01%	13.61%	12.56%	11.09%
Unassigned Fund Balance as						
a Percent of Operating Revenues	13.96%		13.10%	12.05%	10.78%	9.94%
Source: Town of Woodbury Annual Audited Financial	Statements, 2014	-2018	3.			

VII. Legal and Other Information

Litigation

The District

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

The Member Towns

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

Documents Accompanying Delivery of the Bonds

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

- 1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
- 2. A certificate on behalf of the District, signed by the Chairman of the Board of Education, the Treasurer and the Director of Finance and Operations of the District, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Official Statement.
- 3. A receipt for the purchase price of the Bonds and the Notes.
- 4. The approving opinions of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendices B-1 and B-2 to the Official Statement.
- 5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.
- 6. The District has prepared an Official Statement for the Bonds and the Notes which is dated July __, 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 twenty-five (25) copies of the final Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the District's 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 and the Notes are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds and Notes. 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 and the Notes will be kept on file at the office of U.S. Bank National Association, and may be examined upon reasonable request.

Concluding Statement

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

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

REGIONAL SCHOOL DISTRICT NO. 14

Janet Morgan,	Chairman of the Board of Education
George Bauer,	Treasurer

Dated: July ___, 2019

Appendix A

The following includes the General Purpose Financial Statements of Regional School District No. 14, Connecticut for the fiscal year ended June 30, 2018. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Barry J. Bernabe, Managing Director, Phoenix Advisors, 53 River Street, Suite 1, Milford, CT 06460 Telephone (203) 283-1110.



NONNEWAUG REGIONAL SCHOOL DISTRICT #14 TOWNS OF BETHLEHEM AND WOODBURY

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL DATA

JUNE 30, 2018

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury June 30, 2018

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Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury June 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nonnewaug Regional School District #14, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Nonnewaug Regional School District #14's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nonnewaug Regional School District #14, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, during the fiscal year ended June 30, 2018, Nonnewaug Regional School District #14 adopted new accounting guidance, GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The net position of Nonnewaug Regional School District #14 has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 4 through 9 the budgetary comparison schedule on page 49, and supplementary pension information on pages 50 through 53 and supplementary OPEB information on Pages 54 and 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2019, on our consideration of Nonnewaug Regional School District #14's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nonnewaug Regional School District #14's internal control over financial reporting and compliance.

February 14, 2019

Charles Haund Co

Introduction

Our discussion and analysis of Nonnewaug Regional School District #14 (District) financial performance provides the reader an overall narrative review of the School District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the district performance as a whole; however, readers should also review the notes to the financial statements to enhance their understanding of the district's performance. Information contained in this section is explained by the more detailed information contained elsewhere in the financial statements, notes to the financial statements and accompanying material.

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

Financial Highlights

The following are some of the financial highlights for the June 30, 2018 fiscal year.

- Total net position is \$9,235,473. This is a decrease of \$3,539,399 over the prior year net position of \$12,774,872.
- Overall net expenditures of \$29,669,610 were less than gross revenue of \$30,479,451 by \$809,841.
- Long-term debt obligations as of June 30, 2018 were \$32,259,174, which compares to the June 30, 2017 debt obligations of \$9,803,022; an increase of \$22,456,152 primarily due to a 22,300,000 Bond Anticipation Note directly related to the Nonnewaug High School Renovation Project.
- Pension Plan fiduciary net position as a percentage of the total pension liability improved to 85.45% as of June 30, 2018. That is a 12.28% improvement from the 73.17% net position as of June 30, 2014.
- Capital Assets increased \$12,443,081 due in large part to the high school building renovation in progress.
- The District's compliance with GASB 75, Post Retirement Benefit Obligations, is \$6,973,455 at June 30th. Although no actual cash payments will be needed for meeting the actuarial computed value of the post retirement benefit, this calculation is based upon certified teachers who retire under the State Teacher Retirement system but are able to purchase medical insurance through the District's group medical plan. All premiums are paid by the retiree with no cost to the District.

Overview of Financial Statements

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

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

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

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

Financial Analysis of the Entity as a Whole

Net Assets

The District's combined net position was \$9,235,473 at June 30, 2018.

<u>Total</u>	
Governmen	tal
Activities	

Assets	Balance June 30, 2018	Balance June 30, 2017
Cash and cash equivalents	\$ 16,606,005	\$ 9,619,877
Receivable - miscellaneous fees	123,304	
Inventory	3,580	•
Due from State of Connecticut	440,061	•
Capital Assets, Net of	,	,_
Accumulated Depreciation	29,167,386	17,162,910
Total Assets	\$ 46,340,336	\$ 27,304,904
Total Deferred Outflows of Resources	\$94,849	\$
<u>Liabilities</u>		
Accounts Payable & Accrued Expenses	\$ 3,721,038	\$ 806,398
Accrued interest	537,854	34,654
Net Pension Obligation		1,111,908
Other Post Retirement Benefit Obligation		2,572,340
Unearned Revenue	80,445	99,580
Long-Term Debt	32,259,174	9,803,022
Total Liabilities	\$ <u>36,598,511</u>	\$ <u>14,427,902</u>
Total Deferred Inflows of Resources	\$601,201	\$ <u>102,130</u>
Net Position		
Invested in Capital Assets, Net		
of Related Debt	\$ 28,464,244	\$ 16,459,768
Restricted	5,228,392	, ,
Unrestricted		(5,481,268)
Total Net Position	\$ <u>9,235,473</u>	\$ <u>12,774,872</u>

Changes in Net Position

The District's total revenues were \$41,435,993. A summary of the changes in net assets follows. Other General Fund Revenues were more or less than expected as follows:

The total cost of all programs and services was \$40,626,152. The District's expenses are predominately related to educating and caring for students and were \$27,433,553 or 67.5% of the total. Operations and maintenance of the facilities (plant services), general administrative, debt service, ancillary services and unallocated items accounted for the remaining expenses.

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

Changes in Net Assets
For the Year Ended
Governmental Activities

	June 30, 2018	June 30, 2017
Revenues		
Program Revenues:		
Charges for Services	\$ 2,511,438	\$ 2,600,929
Operating Grants & Contributions	8,184,533	7,757,705
Capital Grants & Contributions	260,571	42.265
General Revenues		
Participating towns	30,407,851	30,022,622
Local Revenues	<u>71,600</u>	99,549
Total Revenues	\$ 41,435,993	\$ 40,523,070
Program Expenses		
Instruction	\$ 17,806,143	\$ 18,640,381
Instruction – Supporting Services	1,385,313	2,191,940
General Administration	2,707,239	2,548,044
Plant Services	2,847,452	1,927,277
Transportation	1,965,414	1,821,430
School Lunch Services	721,992	739,611
Debt Service	391,603	47,417
Depreciation - unallocated	942,843	856,296
Capital Outlay - unallocated	297,604	397,202
Employee benefits - unallocated	11,560,549	10,656,342
Total Expenses	\$ <u>40,626,152</u>	\$ 39,825,940
Increase/(Decrease) in Net Assets	\$ 809,841	\$ 697,130
Net Position – Beginning of Year*	\$ <u>8,425,632</u>	\$ <u>12,077,742</u>
Net Position – End of Year	\$ <u>9,235,473</u>	\$ <u>12,774,872</u>

^{*}As Restated

Governmental Activities

The net cost of all governmental activities this year was \$29,669,610.

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

	Net Cost of	of Service	ces
	<u>2018</u>		<u>2017</u>
Instructional services	\$ 13,668,323	\$	14,462,008
Instruction – supporting services	1,385,313		2,191,940
General Administration	2,707,239		2,548,044
Plant Services	2,847,452		1,927,277
Transportation	1,965,414		1,821,430
School Lunch Services	(4,129)		10,589
Debt Service	391,603		47,417
Depreciation	942,843		856,296
Capital outlay	297,604		397,202
Employee benefits	<u>5,467,948</u>		5,162,838
<u>Total</u>	\$ 29,669,610	\$_	29,425,041

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$13,031,392 which compares to last year's ending fund balance of \$9,236,016. This was an increase in the fund balance of \$3,795,376.

General Fund Budgetary Expenditure Highlights

A schedule of the District's original and final budget amounts compared with actual revenues and expenses are provided in the supplemental section of the audited financial report. General fund expenditures for the fiscal year ended June 30, 2018 totaled \$33,319,422 and was \$26,358 less than the approved budget.

Variance include the following key items:

Salaries - certified - Favorable to budget by \$102,264

Salaries - classified - Unfavorable to budget by \$172,468 additional sped paraprofessionals

Employee Benefits - Favorable to budget by \$495,592.

<u>Purchased Services</u> – Unfavorable to the budget by \$286,185 Repairs to building

<u>Capital Outlay</u> – Unfavorable to the budget by \$156,134 Building Improvements

Transfers to other funds – The state legislature established the ability to transfer to a capital reserve fund up to 1% of its approved appropriation. The Board of education again voted to transfer to this fund \$127,370 for future capital or non-recurring expenditures. This fund can be carried forward each year and is subject to Board of Education approval for expenditures made from it and the balance at the end of the year is \$1,280,682.

A summary of interfund transfers follows:

	<u>Iransfers Received</u>	Transfers To
Major Funds:	From Other Funds	Other Funds
General Fund	\$	\$ 852,398
Capital Reserve Fund	127,370	
High School Renovation Fund	725,028	
	\$ <u>852,398</u>	\$ 852,398

Economic Factors and Next Year's Budgets and Rates

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

- The Towns of Woodbury and Bethlehem continue to be concerned with the effect the current economic climate may have on their ability to generate revenue while holding taxes steady. The First Selectman from each town has raised concerns about increases in town budgets and the likely decreases in state funding and possible exposure to fund a significant portion of the annual contribution to the CT Teachers Retirement System formerly funded by CT State Government.
- The uncertainty of state funding may well have an impact on the financial operations of the District. The State of Connecticut is again reviewing changes to their biennial budget that which may impact funding to local schools and towns.

Contacting the District's Financial Management

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

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury Statement of Net Position June 30, 2018

June 30, 2016	Governmental Activities
Assets:	\$
Cash and cash equivalents	16,606,005
Receivable - miscellaneous fees	123,304
Inventory	3,580
Due from State of Connecticut	440,061
Non Current Assets:	
Capital assets - net	29,167,386
Total Assets	46,340,336
Deferred Outflows of Resources:	
Deferred pension/OPEB related items	94,849
Liabilities:	
Accounts payable	3,399,834
Accrued expenses	321,204
Accrued interest	537,854
Unearned revenue	80,445
Non Current Liabilities:	
Due within one year	22,646,459
Due in more than one year	9,612,715
Total Liabilities	36,598,511
Deferred Inflows of Resources:	
Deferred pension/OPEB related items	601,201
Net Position:	
Investment in capital assets, net of related debt	28,464,244
Restricted for:	
Member towns	149,960
Special accounts	27,667
Food service	12,033
Nonnewaug H.S. renovation	2,211,647
Debt service	38,143
Other post-employment benefits	1,508,260
Reserve for Specific Capital Improvements	1,280,682
Unrestricted	(24,457,163)
Total Net Position	\$ 9,235,473

Nonnewaug Regional School District #14
Towns of Bethlehem and Woodbury
Statement of Activities
Year Ended June 30, 2018

Net (Expense)

				Prog	Program Revenues			Net Position
		1			Operating		Capital	Total
			Charges for		Grants and		Grants and	Governmental
Functions		Expenses	Services		Contributions	٥	Contributions	Activities
Governmental activities:								
	6/3	17,806,143 \$	1,960,644 \$	∽	1,916,605 \$	69	260,571 \$	(13,668,323)
Supporting services:							ž.	
Instructional staff		1,385,313	1		1		1	(1,385,313)
Administrative		2,707,239	1		ı		1	(2,707,239)
Operation and maintenance of facilities		2,847,452	•		1		ı	(2,847,452)
Transportation		1,965,414	•		•		ı	(1,965,414)
School lunch services		721.992	550,794		175,327		1	4,129
Interest expense - unallocated		391,603	•		1		i	(391,603)
Depreciation - unallocated		942,843	•		1		1	(942,843)
Capital outlay - unallocated		297,604	I				ı	(297,604)
Employee benefits - unallocated		11,560,549	1		6,092,601		ı	(5,467,948)
	 ∽	40,626,152	\$ 2,511,438	 	8,184,533	 \$	260,571	(29,669,610)

\$ 9,235,473	Net position - ending
8,425,632	Net position - beginning as restated
809,841	Change in net position
30,479,451	Total general revenues
31,451	Miscellaneous
40,149	Unrestricted earnings on investments
6,868,828	Town of Bethlehem
23,539,023	Town of Woodbury
	Participating towns:

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

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury

Balance Sheet		Major Funds			
Governmental Funds		Capital Project	Reserve for	Other	Total
June 30, 2018		High School	Specific Capital	Governmental	Governmental
	General	Renovation	Improvements	Funds	Funds
Assets: \$	8	\$		\$	
Cash and cash equivalents	16,494,113	1	1	111,892	16,606,005
Inventory	1	1	1	3,580	3,580
Due from other funds	446,021	12,836,724	1,351,581	28,929	14,663,255
Due from St. of Connecticut	:	-	i	440,061	440,061
Accounts receivable	84,882	1	1	38,422	123,304
Total Assets \$ =	17,025,016 \$	12,836,724 \$	1,351,581	\$ 622,884 \$	31,836,205
Liabilities: \$	€>	€9	σ,	€9	
Accounts payable	25,358	3,285,002	70,899	18,575	3,399,834
Employment termination benefits	277,827	l	-	1	277,827
Accrued interest	1	340,075	i	-	340,075
Due to other funds	14,217,234	ļ	!	446,021	14,663,255
Accrued payroll	43,377	1	-	1	43,377
Uneamed revenue	i	1	1	80,445	80,445
Total Liabilities	14,563,796	3,625,077	70,899	545,041	18,804,813
Fund Balances:					
Nonspendable:					
Inventories	1	!	!	3,580	3,580
Restricted for:					
Capital and nonrecurring	1	1	1,280,682	1	1,280,682
Member towns	149,960	1	1	I	149,960
Committed for:					
Other post-retirement benefits	1,508,260	1	1	1	1,508,260
Debt service	1	1	1	38,143	38,143
Special activities		1	1	27,667	27,667
Nonnewang HS Renovation	1	9,211,647	1	1	9,211,647
Unassigned	803,000	!	1	8,453	811,453
Total Fund Balances	2,461,220	9,211,647	1,280,682	77,843	13,031,392
Total Liabilities				·	
and Fund Balances	17,025,016 \$	12,836,724 \$	1,351,581 \$	622,884 \$	31,836,205

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

Nonnewaug Regional School District #14
Towns of Bethlehem and Woodbury
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds	***		\$	13,031,392
Total net position reported for governmental activities				
in the statement of net position is different because:				
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Capital assets, net of \$16,846,881 accumulated depreciation				29,167,386
Other long-term assets and deferred outflows of resources are not average pay for current period expenditures, and therefore, are unavailable in	ailab	le to funds:		25,107,300
Deferred inflows/outflows related to pension/OPEB				(506,352)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:				
Net pension liability Bond Anticipation Note payable Accrued interest payable Net OPEB Liability Leases payable Termination benefits payable Early retirement payable and other compensated absences	\$	(812,910) (22,300,000) (197,779) (6,973,455) (602,139) (186,377) (1,384,293)	_	(32,456,953)
Total net position of governmental activities			\$_	9,235,473

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

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

Statement of Revenue, Expenditures and Changes in Fund Balances

Governmental 8,445,104 40,149 550,794 5,968,310 297,323 1,960,644 31,451 988,309 66,404 41,435,993 4,090,347 6,385,858 30,407,851 1,403,450 156,223 Funds Total Governmental 550,794 1,020,113 29,452 382,620 7,444 93,506 48,688 297,323 1,600,432 408,031 Other Funds Specific Capital Improvements Reserve for Major Funds Capital Project 31,467 31,467 High School Renovation 8,609 30,407,851 1,960,644 15,560,279 11,396,006 839,621 156,223 66,404 7,424,991 39,804,094 3,707,727 6,215,202 General Liability and property insurance Sales of lunches, milk, and other Other fees and contributions Cost of food purchased Supplies and materials Year Ended June 30, 2018 Federal & state grants **Total Revenues** Salaries - classified Purchased services Employee benefits Salaries - certified **Governmental Funds** Participating towns Investment income Dues and fees **Expenditures:** Tuition Revenue:

250,000 15,463,125 37,640,617 3,795,376 9,236,016 13,031,392 (1,407)77,843 1,601,839 79,250 1,601,839 127,370 (25,144)25,144 1,255,538 1,280,682 (3,353,469)15,463,125 725,028 3,384,936 5,826,711 9,211,647 250,000 (852,398) 386,703 39,417,391 2,074,517 2,461,220 38,814,993 Sources over Expenditures and Other Uses Excess (Deficiency) of Revenues and Other Proceeds from Bond Anticipation Note Total Expenditures and Other Fund Balance - beginning of year Other Financing Sources (Uses): Financing Sources (Uses) Operating transfers in (out) Total Expenditures Fund Balance - end of year Capital lease proceeds

3,605,915

264,227

12,443,081

873,531

Capital outlay Debt Service:

Principal Interest

391,603 53,353,742

102,226

391,603

1

12,834,684

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

Nonnewaug Regional School District #14

Towns of Bethlehem and Woodbury

Reconciliation of the Statement of Revenues, Expenditures, and Changes in

Fund Balances of Government Funds to the Statement of Activities

Year End June 30, 2018

Net change in fund balances-total governmental funds

\$ 3,795,376

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

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

Capital outlays 13,197,319
Depreciation expense (942,843)

12,254,476

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

Bond proceeds	(15,300,000)
Repayment of capital leases	101,003
Interest expense - Bond anticipation note, leases	(163,125)
Capital lease proceeds	(250,000)
	(15,612,122)

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

Compensated absences and termination benefits	529,210
Net OPEB Liability	(51,875)
Net pension liability	298,998
Change in deferred inflows/outflows related to pension/OPEB	(404,222)

Change in net position of governmental activities

809,841

Nonnewaug Regional School District #14
Towns of Bethlehem and Woodbury
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension Trust Fund	F	Private Purpos Trust Fund	e	Agency Fund
Assets	\$ 	\$		\$	
Cash and cash equivalents			442,466		225,953
Investments	4,772,491				
Total Assets	\$ 4,772,491	\$	442,466	\$	225,953
Liabilities and Net Position:					
Liabilities: Due to student groups	\$ 	\$		\$	225,953
Net Position:					
Held in trust for pension benefits and scholarships	\$ 4,772,491	\$	442,466	\$	

Nonnewaug Regional School District #14
Towns of Bethlehem and Woodbury
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	Pension Tru Fund	ust Private Purpose Trust Fund
Additions:	\$	\$
Contributions		61,080
Investment income	123,28	7 4,058
Appreciation in market value	331,44	9
Employer contributions	315,00	0
Total additions	769,73	6 65,138
Deductions:		
Pension benefits	257,13	5
Administrative costs	27,41	4
Scholarships		57,100
Total deductions	284,54	9 57,100
Net change	485,18	8,038
Net Position held in Trust for Pension		
Benefits and Scholarships:		
Beginning of Year	4,287,30	434,428
End of Year	\$ 4,772,49	01 \$ 442,466

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

Note "1" - Summary of Significant Accounting Policies:

A. Basis of Presentation:

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

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

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

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

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund, which is the only fund with a legally adopted budget. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures (including encumbrances). The Pension Trust Fund presents additional schedules as required by GASB 67, 68 and 73, and the OPEB Plan presents additional schedules as required by GASB 75.

B. Reporting Entity:

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

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

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

C. Government-wide and Fund Financial Statements

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

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

Fund Financial Statements

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

Governmental-Funds:

General Fund:

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

Special Revenue Funds:

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

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

Capital Projects Fund:

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

Debt Service Fund:

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

Fiduciary Funds:

Trust and Agency Funds:

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

Pension Trust Funds:

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

Private Purpose Trust Funds:

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

D. Measurement Focus and Basis of Accounting:

Measurement Focus:

Government-wide Statements

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

Fund Financial Statements

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

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

Basis of Accounting:

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

Revenues, Exchange and Non-exchange Transactions

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

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

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

Expenditures/Expenses

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

E. Fund Equity and Net Assets – Governmental Funds:

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

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

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

F. Deposits and Investments:

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

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

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

District Investments are reported at fair value.

G. Inventories:

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

H. Prepayments:

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

I. Capital Assets and Depreciation

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

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

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

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

Description	Useful Life
Land	not depreciated
Land improvements	15 - 20
Buildings & Improvements	20 - 50
Furniture and Equipment	5 – 15

J. Interfund Activity

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

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

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-term Debt

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

M. Restricted Resources

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

N. Estimates

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

O. <u>Deferred Outflows and Deferred Inflows of Resources</u>

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

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

P. Unearned Revenues

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

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

Q. Net Pension Liability

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

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

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

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

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

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

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

	<u>General Fund</u>			
	<u>Expenditures</u>			
		and Other		
	Revenue	Financing Uses	Fund Balance	
Budgetary/GAAP Reporting Reconciliation:				
Budgetary statement – June 30, 2018	\$ 33,319,422	\$ 33,319,422	\$ 149,960	
Encumbrances – June 30, 2018		(224,552)	224,552	
Encumbrances – June 30, 2017		100,853		
Payments made on the Districts' behalf				
described in Note "11" and "15"	6,092,601	6,092,601		
Consolidation of the other post-employment				
benefit fund into the general fund		(23,347)	1,508,260	
Employment termination benefits payable not			,	
treated as liability and expense		152,414	186,377	
Revenue budgeted as an offset to expenditures:			,	
State of Connecticut special education grant	392,071		392,071	
Balance (GAAP) Balance Sheet and			,	
Statement of Revenue and Expenditures –				
June 30, 2018	<u>\$ 39,804,094</u>	<u>\$ 39,417,391</u>	\$ 2,461,220	

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

No formal budget is adopted.

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

A. Cash and Cash Equivalents

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

Governmental Funds	
Demand Accounts	\$ 16,606,005
Fiduciary Fund - Demand Accounts	668,419
Total Cash and Cash Equivalents	\$ 17,274,424

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

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

B. Deposits

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$20,683,442 of the District's bank balance of \$21,036,302 was exposed to custodial credit risk as follows:

Uninsured and uncollaterialized	\$ 18,590,140
Uninsured and collaterialized held by pledging	
Bank's trust department not in the District's name	2,093,302
Total amount subject to custodial credit risk	\$ <u>20,683,442</u>

C. Investments

At June 30, 2018, the District's investments consisted of the following:

		<u>Average</u>	Investment
Types of Investments	Fair Value	Credit Rating	Maturity
Fiduciary Fund			
Money market funds **	\$ 202,487	AAA	N/A
Equity mutual funds **	3,120,738	unrated	N/A
Fixed income mutual funds **	<u>1,449,266</u>	unrated	N/A
Total Fiduciary Funds	<u>\$ 4,772,491</u>		

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

D. Investments

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

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

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

As of June 30, 2018, the District's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The District does not hold any investments on June 30, 2018 whose fair value was determined using Level 2 or Level 3 inputs.

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

Receivables and amounts due from State of Connecticut at June 30, 2018 consisted of various fees, interest and intergovernmental grants and entitlements. All receivables are considered collectible in full based on prior years experience and the stable condition of State programs.

Note "6" - Interfund Accounts Due to/from Other Funds:

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

	Due from	Due to
Major Governmental Funds:	Other Funds	Other Funds
General Fund	\$ 446,021	\$ 14,217,234
Capital Project - High School Renovation	12,836,724	
Reserve for Specific Capital Improvement	1,351,581	
Non-Major Governmental Funds:		
Food Service		60,335
State and Federal Grant Fund		385,686
E-rate Program	22,730	
Debt Service	6,199	
Total	\$ <u>14,663,255</u>	\$14,663,255

Note "7" - Employment Termination Benefits:

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

Note "8" - Long-Term Debt:

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

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due in One Year
Bond Anticipation Notes Issued October 26, 2017 and maturing on July 25, 2018, Interest due at maturity is \$374,919	\$ 7,000,000	\$ 22,300,000	\$ 7,000,000	\$ 22,300,000	\$ 22,300,000
Compensated Absences & Other Leave Benefits					
Vested or accumulated severance and sick leave.	2,099,880	572,965	1,102,175	1,570,670	
Net Pension Liability	1,111,908	969,760	1,268,758	812,910	
Net OPEB Liability*	6,921,580	521,268	469,393	6,973,455	
Technology Leases Totals	\$\frac{703,142}{17,836,510}\$	250,000 \$24,613,993	351,003 \$10,191,329	602,139 \$32,259,174	346,459 \$ 22,646,459

^{*}The Net OPEB obligation as updated to the total OPEB liability with the implementation of GASB 75.

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

Technology Leases:

Year Ending June 30	Principal	<u>In</u>	terest]	Γotal
2019	\$ 346,459	\$	26,230	\$	372,689
2020	100,322		8,575		108,897
2021	49,935		5,691		55,626
2022	51,764		3,862		55,626
2023	53,659		1,966		55,625
	\$ 602,139	\$	46,324	\$_	648,463

Note "9" - Capital Assets:

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

	Balance July 1, 2017	<u>Increases</u>	Deletions and Reclasses	Balance June 30, 2018
Governmental activities	\$	\$	\$	\$
Capital assets, not being depreciated				
Land	494,814			494,814
Building in Progress	1,846,789	12,443,081		14,289,870
Capital assets, being depreciated:				
Buildings and improvements	28,332,996			28,332,996
Furniture and equipment	2,392,349	504,238		<u>2,896,587</u>
Total capital assets, being depreciated	30,725,345	504,238		31,229,583
Accumulated depreciation for:				
Buildings and improvements	14,400,561	507,895		14,908,456
Furniture and equipment	1,503,477	434,948		1,938,425
Total accumulated depreciation	<u>15,904,038</u>	942,843		<u>16,846,881</u>
Total capital assets, being depreciated, net	14,821,307	<u>(438,605</u>)		14,382,702
Governmental activities capital assets, net	\$ <u>17,162,910</u>	\$ <u>12,004,476</u>	\$	\$ <u>29,167,386</u>

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

A: Plan Description and Benefits Provided

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

As of July 1, 2018, the date of the last actuarial valuation, the plan's membership consisted of the following:

Retirees, disabled and beneficiaries currently receiving benefits	25
Terminated employees entitled to benefits but not yet receiving them	2
Current plan members	<u>44</u>
Total	<u>_71</u>

The plan is a contributory single employer, defined benefit plan and covers substantially all full-time non-certified employees. In order to be eligible for the plan, the employee must complete 1 year of service and attain a minimum age of 21. Under the plan, all 10 months salaried employees or full-time hourly employees at least 25 years of age and having completed one year of service are eligible. There were no major plan changes for the July 1, 2018 actuarial valuation.

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

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

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

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

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

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

B: <u>Contributions and Funding Policy:</u>

Contribution requirements of the plan members and the District are established and may be amended by the Board of Education. Plan members are required to contribute 5% of their earnings to the plan. The District is required to contribute at an actuarially determined rate. The District's contribution for the year ended June 30, 2018 represented 12.43% of covered payroll. Administrative costs of the plan are financed through investment earnings of the plan's assets.

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

C: Investments

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

	<u>Target</u>
Asset Class	<u>Allocation</u>
Cash	5.00%
US Govt/Credit Fixed Income	25.50%
High Yield Bonds	4.50%
US Large and Mid Cap	51.00%
US Small Cap	4.50%
Int'l Equity- Developed	6.00%
Int'l Equity – Emerging	3.50%
	100.00%

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

Rate of Return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D: Net Pension Liability of the District

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

Total pension liability	\$ 5,585,401
Plan fiduciary net position	4,772,491
Net Pension Liability	\$ <u>812,910</u>
Plan fiduciary net position as a percentage	
of the total pension liability	85.45%

Actuarial Assumptions

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

Inflation	2.60%
Salary increases	3.35%
Investment rate of return	7.25%

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

		Long-Term
	<u>Target</u>	Expected Real
Asset Class	Allocation	Rate of Return
Cash	5.00%	2.00%
US Govt/Credit Fixed Income	25.50%	3.25%
High Yield Bonds	4.50%	5.25%
US Large and Mid Cap	51.00%	6.25%
US Small Cap	4.50%	7.00%
Int'l Equity- Developed	6.00%	6.75%
Int'l Equity- Emerging	3.50%	9.25%

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the local pension liability.

E: Net Pension Liability of the District

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 5,399,212	\$ 4,287,304	\$ 1,111,908
Changes for the Year:			
Service cost	217,067		217,067
Interest on total pension liability	406,261		406,261
Changes of assumptions	61,883		61,883
Differences between expected and actual experience	(241,887)		(241,887)
Employer contributions		315,000	(315,000)
Net investment income		454,736	(454,736)
Administrative expense		(27,414)	27,414
Benefit payments	(257,135)	<u>(257,135</u>)	
Net changes	186,189	485,187	(298,998)
Balances as of June 30, 2018	\$ <u>5,585,401</u>	\$ <u>4,772,491</u>	\$ <u>812,910</u>

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate of 7.25%, as well as what the District's pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

		Current	
	1% Decrease	Discount Rate	1% Increase
	<u>(6.25%)</u>	<u>(7.25%)</u>	(8.25%)
Total Net Pension Liability	\$ 1,335,487	\$ 812,910	\$ 359,407

F: <u>Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related</u> to Pensions

For the year ended June 30, 2018, the District recognized pension expense of \$192,434. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferr</u>	ed Outflows	<u>Def</u>	erred Inflows
	of F	Resources	<u>o</u>	f Resources
Differences between expected and actual experiences	\$	8,672	\$(241,618)
Changes of assumptions		86,177		
Net difference between projected and actual earnings of plan investments			(131,793)
plan investments	\$	94,849	\$ <u>(</u>	373,411)

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

Year Ending June 30,		
2019	\$(44,096)
2020	(63,054)
2021	(94,434)
2022	(54,869)
2023	(22,109)
	\$(_	278,562)

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

A. General Information about the Pension Plan

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

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

B. Summary of Significant Accounting Policies

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

C. Benefit Provision

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

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

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

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

D. Contributions

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

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

Employees: Effective July 1, 1992, each teacher is required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

E. <u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

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

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

District's proportionate share of the net pension liability \$ --

State's proportionate share of the net pension liability associated with the District

47,747,856

Total \$\(\frac{47,747,856}{}\)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2016. At June 30, 2018, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the District recognized pension expense and revenue of \$5,523,032 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

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

Inflation 2.75%

Salary increases 3.25-6.50%, including inflation

Investment rate of return 8.0%, net of pension plan investment expense,

including inflation

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

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

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

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

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

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

G. Discount Rate

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

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

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

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

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

J. Other Information

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

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for all risks of loss, including workers' compensation and employee health and accident insurance.

Note "13" - Commitments and Contingencies:

Litigation:

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

Grant Programs:

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note "14" - Post Retirement Benefits Plan

A. General Information about the Post Retirement Plan

Nonnewaug Regional School District #14 has a single-employer defined benefit plan that provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses. The post-retirement plan does not issue stand-alone financial statements

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

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

Actives	189
Retirees	16
Beneficiaries	1
Spouses & Retirees	_8
Total	214

B. Authority and Funding Policy:

The Board of Education has established the benefit provisions and contribution to the plan. The contribution requirements of plan members and the District are established and may be amended by the District. The District determines the required contribution using the Entry Age Normal Method. The Board is also authorized to make changes to the plan provisions through the budgetary process.

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

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

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

Total OPEB liability	\$ 6,973,455
Plan fiduciary net position	
Net OPEB liability	\$ <u>6,973,455</u>

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

0 %

Note "14" - Post Retirement Benefits Plan (continued)

D. Actuarial Assumptions

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

Measurement Date:

June 30, 2018

Actuarial Cost Method:

Entry Age Normal

Inflation:

2.70%

Salary Increases:

Graded by Service for Teachers and Administrators; 3.5%

for all others

Medical Trend Rate:

5.80% - 4.60% over 58 years

Mortality Rate:

1994 GAR

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

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

The following presents the net OPEB liability of the District, calculated using the discount rate of 3.87%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.87%</u>	<u>3.87%</u>	4.87%
Total OPEB Liability	\$ 7,922,622	\$ 6,973,455	\$ 6,181,664
Plan Fiduciary Net Position	\$	\$	\$
Net OPEB Liability	\$ 7,922,622	\$ 6,973,455	\$ 6,181,664

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

	1% Decrease	Current Trend Rate	1% Increase
	<u>4.80%</u>	<u>5.80%</u>	6.80%
Total OPEB Liability	\$ 5,918,086	\$ 6,973,455	\$ 8,297,747
Plan Fiduciary Net Position	\$	\$	\$
Net OPEB Liability	\$ 5,918,086	\$ 6,973,455	\$ 8,297,747

Note "14" - Post Retirement Benefits Plan (continued)

F. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2017	\$ 6,921,580	\$	\$ 6,921,580
Changes for the Year:			
Service cost	267,655		267,655
Interest cost	253,613		253,613
Benefits paid	(212,020)		(212,020)
Changes of assumptions	(257,373)		(257,373)
Net changes	51,875		51,875
Balances as of June 30, 2018	\$ <u>6,973,455</u>	\$	\$ <u>6,973,455</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$29,583. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deterred Outflows</u>	<u>Deferred Inflows</u>
	of Resources	of Resources
Differences between expected and actual experiences	\$	\$
Changes of assumptions		$(\underline{227,790})$
	\$	\$(<u>227,790)</u>

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

Year Ending June 30,		
2019	\$(29,583)
2020	(29,583)
2021	(29,583)
2022	(29,583)
2023	(29,583)
Thereafter		79,875)
	\$(227,790)

Note "15" - State of Connecticut Teachers' Retirement System: Other Postemployment Benefits

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

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

B. Summary of Significant Accounting Policies

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

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

C. Benefit Provision

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

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

Note "15" - State of Connecticut Teachers' Retirement System: OPEB (continued):

C. Benefit Provision (continued):

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

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

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

Normal Retirement: Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility.

D. Contributions

State of Connecticut: Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

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

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

Note "15" - State of Connecticut Teachers' Retirement System: OPEB (continued):

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

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

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

District's proportionate share of the net OPEB liability State's proportionate share of the net OPEB liability	\$ 	-
associated with the District Total	 2,289,755 2,289,755	_

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2016. At June 30, 2018, the District has no proportionate share of the net OPEB liability. For the year ended June 30, 2018, the District recognized OPEB expense and revenue of \$569,569 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

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

Inflation Real wage growth Wage inflation Salary increases Long-term investment rate of return	2.75% 0.50% 3.25% 3.25-6.50%, including inflation 2.75%, net of OPEB plan investment expense, including inflation
Municipal bond index rate: Measurement date Prior measurement date	3.56% 3.01%
Single equivalent interest rate: Measurement date Prior measurement date	3.56%, net of OPEB plan investment expense, including price inflation 3.01%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates: Pre-Medicare Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022 7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

Note "15" - State of Connecticut Teachers' Retirement System: OPEB (continued):

D. Actuarial Assumptions (continued):

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

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

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

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

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

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

Asset Class	Target Allocation		Standard Deviation	
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%	2.79%	

G. Discount Rate

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

Note "15" - State of Connecticut Teachers' Retirement System: OPEB (continued):

G. <u>Discount Rate (continued)</u>:

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

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

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

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

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

I. Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

J. Other Information

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

Note "16" - Subsequent Events:

In connection with the preparation of the financial statements of Nonnewaug Regional School District #14, subsequent events were evaluated through February 14, 2019, which is the date the financial statements were available to be issued.

On July 11, 2018, the District obtained permanent financing for the capital project. A \$12,000,000 General Obligation Bond was issued, maturing in 2043 with an interest rate ranging from 3.5-5%. Also the District obtained a \$18,000,000 general bond obligation note (BAN). The BANs will mature on July 24, 2019 and bear interest at 3%.

Note "17" - Prior Period Adjustment and Restatement:

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

Net Position balance at June 30, 2017, as originally reported	Governmental Activities \$12,774,872
Adjustments: Eliminate net other post retirement obligation, reported per GASB No. 45 Record starting total OPEB liability, reported per GASB No. 75	2,572,340 (6,921,580)
Net Position balance at July 1, 2017, as restated	\$ <u>8,425,632</u>

Note "18" - Interfund Account - Transfers:

Interfund transfers during the year ended June 30, 2018 were as follows:

	<u>Amount</u>
Transfers from the General Fund to:	\$
Reserve for Specific Capital Improvement	127,370
High School Renovation Fund	725,028
Total	\$ 852,398

Eliminations

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

Purpose of Transfers

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

Note "19" - Operating Deficiencies and Fund Deficits:

At June 30, 2018 the following individual funds had deficiencies of revenue over expenditures and/or fund deficits for the year then ended:

	<u>Operating</u> <u>Deficiency</u>	<u>Fund</u> <u>Deficit</u>
Special Accounts	<u>\$ 5,536</u>	<u>\$</u>

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury Notes to Financial Statements

Note "20" - Recently Issued Accounting Standards:

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

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

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 to 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.

Nonnewaug Regional School District #14

Towns of Bethlehem and Woodbury

Schedule of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual (NON-GAAP BUDGETARY BASIS)	Original		Variance
General Fund	and Final		Over
Year Ended June 30, 2018	Budget	Actual	(Under)
Revenue:			<u> </u>
Participating towns	\$	\$	\$
Town of Bethlehem	6,868,828	6,868,828	
Town of Woodbury	23,539,023	23,539,023	
State of Connecticut			
Adult education grant	5,745	5,451	(294)
Agri-Science/tech grant	989,956	934,868	(55,088)
Other			
Investment income	6,000	8,609	2,609
Tuition income	1,935,228	1,960,644	25,416
Other income	1,000	1,999	999
Total Revenues	33,345,780	33,319,422	(26,358)
Expenditures:			
Current			
Salaries - certified	15,848,920	15,746,656	102,264
Salaries - classified	3,602,778	3,775,246	(172,468)
Employee benefits	5,483,553	4,987,961	495,592
Purchased services	5,885,022	6,171,207	(286,185)
Supplies and materials	996,115	868,838	127,277
Liability and property insurance	173,088	156,223	16,865
Dues and fees	91,627	66,404	25,223
Capital outlay	538,355	694,489	(156,134)
Total Expenditures	32,619,458	32,467,024	152,434
Operating Transfers out:			
Reserve for Specific Capital Improvements	100	127,370	(127,270)
Capital Project - High School Renovation fund	673,500	725,028	(51,528)
Debt Service	52,722		52,722
Total Expenditures and		 	
Operating Transfers Out	33,345,780	 33,319,422	26,358
Excess of Revenue			
Over Expenditures and Transfers			
Fund Balance - beginning of year	149,960	149,960	
Prior year surplus returned			
as budgeted revenue			
Fund Balance - end of year	\$ 149,960	\$ 149,960	\$

Nonnewaug Regional School District #14

Employee Retirement System, Non-certified Employee Plan
Schedule of Changes in Net Pension Liability and Related Ratios

Last Five Fiscal Years					
	2018	2017	2016	2015	2014
Total pension liability:					
Service Cost \$	217,067 \$	208,741 \$	235,893 \$	223,630 \$	216,068
Interest	406,261	375,388	363,266	340,255	313,875
Differences between expected and actual experience	(241,887)	13,928	(90,824)	27,648	•
Changes of assumptions	61,883	56,455		,	ı
Benefit payments, including refunds of member contributions	(257,135)	(234,551)	(397,294)	(192,023)	(170,419)
Net change in total pension liability	186,189	419,961	111,041	399,510	359,524
Total pension liability - beginning	5,399,212	4,979,251	4,868,210	4,468,700	4,109,176
Total pension liability - ending	5,585,401	5,399,212	4,979,251	4,868,210	4,468,700
Plan fiduciary net position:					
Contributions - employer	315,000	315,000	597,600	311,452	318,806
Net investment income	454,736	466,694	68,222	150,722	479,234
Benefit payments, including refunds of member contributions	(257,135)	(234,551)	(397,294)	(192,023)	(170,419)
Administrative expenses	(27,414)	(24,804)	(22,030)	(21,386)	(18,968)
Net change in plan fiduciary net position	485,187	522,339	246,498	248,765	608,653
Plan fiduciary net position - beginning	4,287,304	3,764,965	3,518,467	3,269,702	2,661,049
Plan fiduciary net position - ending	4,772,491	4,287,304	3,764,965	3,518,467	3,269,702
Net Pension Liability - Ending	812,910 \$	1,111,908 \$	1,214,286 \$	1,349,743 \$	1,198,998
Plan fiduciary net position as a percentage of the total pension liability	85.45%	79.41%	75.61%	72.27%	73.17%
Covered employee payroll	2,534,857 \$	2,662,340 \$	2,498,132 \$	2,504,616 \$	2,400,883
Net pension liability as a percentage of covered employee payroll	32.07%	41.76%	48.61%	53.89%	49.94%

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

	2018	2017			2014	2013		2011	2010	2009
Actuarially determined contribution	369,039 \$	332,247	ا جم	ู่ ∽	311,452 \$	318,806 \$	`•>	333,574 \$	349,679 \$	281,975
Contributions in relation to the actuarially determined contribution	315,000	315,000	597,600	311,452	318,806	308,833	308,833	350,000	281,975	213,000
Contribution Deficiency (Excess)	\$ 54,039 \$	\$ 17,247	(282,480) \$	(4,120) \$	(7,354) \$	9,973 \$, 	(16,426) \$	67,704 \$	68,975
Covered employee payroll \$	2,534,857 \$	2,662,340	2,498,132 \$	2,504,616 \$	2,400,883 \$	2,229,091 \$	2,404,920 \$	2,414,691 \$	2,278,949 \$	1,943,588
Contributions as a percentage of covered employee payroll	12.43%	11.83%	23.92%	12.44%	13.28%	13.85%	12.84%	14.49%	12.37%	10.96%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Is years from July 1, 1998.
Asset valuation method
Asset valuation method
Inflation
Salary increases
Investment rate of return
Remaining and forcum
Asset valuation method
Asset valuation
Asset

RP-2000 Mortality Table with separate male and female rates, with Total Dataset adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. 65 years Retirement age Mortality

Change of benefit terms None
Changes of assumptions Since the July 1, 2016 valuation the investmen

Other:

Since the July 1, 2016 valuation the investment rate of return decreased to 7.25% from 7.4%, the rate of compensation decreased to 3.35% from 3.5% and the inflation rate decreased to 2.6% from 2.75%.

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

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	10.61%	12.02%	1.95%	4.43%	16.55%

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

	_	2018	2017	2016	_	2015
District's proportion of the net pension liability		0.00%	0.00%	0.00%		0.00%
District's proportionate share of the net pension liability	\$	-	- \$	-	\$	-
State's porportionate share of the net pension liability associated with the District		47,747,856	50,374,354	39,553,506		36,559,289
Total	\$ _	47,747,856	50,374,354 \$	39,553,506	\$ <u>_</u>	36,559,289
District's covered-employee payroll	\$	N/A	N/A \$	N/A	\$	N/A
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		0.00%	0.00%	0.00%		0.00%
Plan fiduciary net position as a percentage of the total pension liability		55.93%	52.26%	59.50%		61.51%

Notes to Schedule

Actuarial cost method

Entry age

Amortization method

Level percent of salary, closed

Remaining amortization method

20.4 years

Asset valuation method

4-year smoothed market

Changes in benefit terms

None

Changes of assumptions

During 2016, the inflation, salaryincrease, and investment rate of return rates

increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study

for the System for the five-year period ended June 30, 2015.

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

Nonnewaug Regional School District #14
Schedule of the District's Proportionate Share of the Net OPEB Liability
State of Connecticut Teachers' Retirement System
Last Fiscal Year

	<u></u>	2018
District's proportion of the net OPEB liability		0.00%
District's proportionate share of the net OPEB liability	S	≅.
State's porportionate share of the net OPEB liability associated with the District		12,289,755
Total	\$=	12,289,755
District's covered-employee payroll	\$	N/A
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		1.79%

Notes to Schedule

Actuarial cost method

Entry age

Amortization method

Level percent of payroll

Remaining amortization method

30 years

Asset valuation method Investment rate of return Market value of assets 4.25%, net of investment-related expense including price inflation

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 also made to the assumed initial per capita healthcare costs, rates of healthcare inflation used to project the per capital costs, and the rates of Plan participation based upon recent experience and current expectations. In addition, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Lastly, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the TRB. The assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the

period July 1, 2010-June 30, 2015.

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

Nonnewaug Regional School District #14 Schedule of Changes in Net OPEB Liability and Related Ratios Other Post Employment Benefits (OPEB) Last Fiscal Year

		2018
Total OPEB liability:		
Service Cost	\$	267,655
Interest Cost		253,613
Benefit payments		(212,020)
Changes of assumptions	_	(257,373)
Net change in total OPEB liability	_	51,875
Total OPEB liability - beginning		6,921,580
Total OPEB liability - ending		6,973,455
Plan fiduciary net position: Plan fiduciary net position at end of the year	_	
Net OPEB Liability	\$	6,973,455
·	=	
Plan fiduciary net position as a percentage of the total OPEB liability	_	0.00%
Covered employee payroll	_	N/A
Net OPEB liability as a percentage of covered employee payroll	_	N/A

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury Combining Balance Sheet

Combining Balance Sheet			Suga	Cacais Devenue Funde	a Paris		Total
Nonmajor Governmental Funds	ı			Tonia voca rein			Nonmajor
June 30, 2018		7	[0; 0 0 m N	T Dote	State Foderal	Deht	Governmental
		Service	Accounts	E-rate Program	and other Grants	Service	Funds
Accete	€	69	69		\$	89	
Cash and cash equivalents	•	52.281	27,667	•		31,944	111,892
Inventory		3,580		1	1	1	3,580
Due from other finds			:	22,730	1	6,199	28,929
Due from St. of Connecticut		30,340	•	1	409,721	1	440,061
Accounts receivable				38,422	1	1	38,422
Total Assets	ا جو	86,201 \$	27,667 \$	61,152	\$ 409,721 \$	38,143 \$	622,884
	II 6	6	æ		¥	€	
Liabilities:	*	A		1		•	19 575
Accounts payable		!	-	18,575	!	1	5/5,01
Due to other funds		60,335	1	•	385,686	•	446,021
[Ineamed revenile		13,833	ļ	42,577	24,035		80,445
Total Liabilities	•	74,168		61,152	409,721		545,041
Fund Balances:							
Nonspendable:							683 6
Inventories		3,580	1	1	•	!	095,5
Committed for:						20 1 42	20 1/3
Debt service		-	1	!	1)	38,143	30,143
Special activities		1	27,667		:		7,00/
Unassigned		8,453	1		1		8,455
Total Fund Balances	•	12,033	27,667	1	1	38,143	77,843
Total Liabilities			!	3		20 1 43	738 669
and Fund Balances	9	86,201 \$	27,667 \$	61,152 \$	\$ 409,721 \$	38,143 3	T00,440

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

Combining Statement of Revenue, Expenditures and Changes in Fund Balances	ditures	and Changes in	Fund Balances Sneci	es Special Revenue Funds	nds		Total
Nonmajor Governmental Funds	1	!	and C				Nonmaior
Year Ended June 30, 2018		Food	Special	E-Rate	State, Federal	Debt	Governmental
		Service	Accounts	Program	and other Grants	Service	Funds
Revenue:	9	\$ 105.321	<i>\$</i>	6,333	\$ 838,453 \$	1	\$ 1,020,113
Federal, state and other grants)		73	1	1	-	73
Investment income		850 704	2	1	!	1	550,794
Sales of lunches, milk, and other		330,794	29,452	1	1	1	29,452
Miscenations aces and contributions Total Revenues		726,121	29,525	6,333	838,453	-	1,600,432
Expenditures:							400 031
Salaries - certified		!	1		408,031	•	400,031
Salaries - classified		382,620	2 8	1	!	•	382,620
Employee benefits		1	-	-	7,444	1	7,444
Dischased services		!	-	1	93,506	1	93,506
Sumplies and materials		32.060	35,061	6,333	75,234	1	148,688
Supplies and materials		297,323		1	1	1	297,323
Control purchased		686.6	1	1	254,238	-	264,227
Capital Outray Total Expenditures		721,992	35,061	6,333	838,453	1	1,601,839
Other Financing Sources (Uses) Operating transfers in (out)		I	-		1	1	1
Total Expenditures and Operating Transfers In		721,992	35,061	6,333	838,453		1,601,839
Excess of Revenues over Expenditures		4,129	(5,536)	1	I	1	(1,407)
Fund Balance - beginning of year	İ	7,904	33,203		1	38,143	79,250
E.m.d Delence and of year	€	12.033 \$	27,667 \$	ł	\$ \$	38,143 \$	77,843
Fund balance - end of year	•						

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury

Detail Statement of Scholarship Net Position

Private Purpose Trust Funds

		Total	Net Position	
	Unreserved	and	Undesignated	9
NET ASSETS	Designated	for	Scholarships	9
		Reserved for	Endowment	4
LIABILITIES		Accounts	Payable	
ASSETS	Cash	Invested Cash	and Receivables	9
Frivate Furpose Trust Funds June 30, 2018				

June 30, 2018	41	ASSETS	LIMBILITES		OTTOOL TON		
		Cash			Designated	Unreserved	
	Inv	Invested Cash	Accounts	Reserved for	for	and	Total
	and	and Receivables	Payable	Endowment	Scholarships	Undesignated	Net Position
	₩	\$		€9	S	\$	
Non-Expendable Funds							
Blechner		54,035		54,035	•		54,035
Sanford		44,891	1	44,891	-		44,891
Expendable Funds							
Albert		2,861	-	!	1	2,861	2,861
Bailey		1,094	-	-	1	1,094	1,094
Besancon		6,173	1	1	l	6,173	6,173
Blinstrubas		3,562	1	;	1	3,562	3,562
Bloss		277,224	1	1	129,975	147,249	277,224
Burger		86	1	1	1	86	86
Cummings		5,801	1	-	1 1	5,801	5,801
Gagne		1,658	1	* *	1	1,658	1,658
Lovett		5,562	1	1	•	5,562	5,562
Meeker		1,169	-	1		1,169	1,169
Mirfield		10,510		1	!	10,510	10,510
Oxbury 4-H		5,239	1	;	!	5,239	5,239
Pierroint		3,279	1	1	!	3,279	3,279
Pomperang Grange		1,324	1	1		1,324	1,324
Ruggiero		3,436	1	1	1	3,436	3,436
Sprano		1,609		1	•	1,609	1,609
Tateo		3,312	1	1	1	3,312	3,312
Vaszauskas		4,055				4,055	4,055
Zane		5,574	1	!	;	5,574	5,574
	€9	442,466 \$		\$ 98,926	\$ 129,975 \$	\$ 213,565 \$	442,466

Nonnewaug Regional School District #14
Towns of Bethlehem and Woodbury
Detail Statement of Changes in Scholarship Net Position
Private Purpose Trust Funds
Year Ended June 30, 2018

		A	dditions	ĺ	Dec	Deductions			
				ì			Net	Net	Net
					Scł	Scholarship	Increase	Position	Position 7
	ວັ	Contributions	Interest	Total	-	Payments	(Decrease)	June 30, 2017	June 30, 2018
	s	\$	€		↔	⇔	€	€	
Non-Expendable Funds			70	703		1 000	(496)	54 531	54.035
Blechner			504 411	304 411		1,000	411	44,480	44,891
SAIIIOILE		6	016	015	 	1 000	\$ (88)	99.011 \$	98.926
l otal Non - Expendable	A a	9	Ш	CIL	•			II .	
Expendable Funds									
Albert	¥.	€	26 \$	26	69	\$	26 \$		2,861
Bailey	,	,		10		1	10	1,084	1,094
Dancy		1	95	26			99	6,117	6,173
Dissimiles		i	37	37		200	(463)	4,025	3,562
Dinistrudas Bloss		59.000	2.539	61,539		51,950	6,289	267,635	277,224
Director			_			1	_	97	86
Duigei		08	37	117		200	(383)	6,184	5,801
Culturings		3	15	15		1	15	1,643	1,658
Cagno		ļ	51	51			51	5,511	5,562
Moder		1	: =	11		ì	11	1,158	1,169
Mi-fold		!	96	96		1	96	10,414	10,510
Overing A II		ļ	48	48		1	48	5,191	5,239
Diomoint		ļ	30	30		!	30	3,249	3,279
Domerana Grance		1	12	12		1	12	1,312	1,324
Dumiero		1	31	31		1	31	3,405	3,436
Orangany		į	16	16		150	(134)	1,743	1,609
Sprano			35	35		200	(465)	3,777	3,312
Tareo			41	41		200	(459)	4,514	4,055
V aszauskas		2 000	:	2.000		2.000		ł	1
Miscellaneous		7,000	1 5	2001)) (51	5 523	5.574
Zane	1	1	21	16		<u> </u>	10	3	
Total Exnendable	6 9	61.080 \$	3,143 \$	64,223	69	56,100 \$	8,123 \$	335,417 \$	343,540
	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\								

Nonnewaug Regional School District #14 Towns of Bethlehem and Woodbury Agency Funds Statement of Changes in Assets and Liabilities Year Ended June 30, 2018

School Activity Funds		Balance July 1, 2017	 Additions		Deductions	Balance June 30, 2018
Assets: Cash and investments	\$	230,387	\$ 498,792	s	503,226	\$ 225,953
	=		 			
Liabilities:						
Due to student groups	\$ _	230,387	\$ 498,792	\$	503,226	\$ 225,953



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nonnewaug Regional School District #14, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Nonnewaug Regional School District #14's basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nonnewaug Regional School District #14's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nonnewaug Regional School District #14's internal control. Accordingly, we do not express an opinion on the effectiveness of Nonnewaug Regional School District #14's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nonnewaug Regional School District #14's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

February 14, 2019

Chales Hecen & Co

NONNEWAUG REGIONAL SCHOOL DISTRICT #14 TOWNS OF BETHLEHEM AND WOODBURY CONNECTICUT

STATE SINGLE AUDIT SECTION



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTENCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Board of Education
Nonnewaug Regional School District No. 14
Bethlehem and Woodbury Connecticut

Report on Compliance for Each Major State Program

We have audited Nonnewaug Regional School District #14's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of Nonnewaug Regional School District #14's major state programs for the year ended June 30, 2018. Nonnewaug Regional School District #14's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Nonnewaug Regional School District #14's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Nonnewaug Regional School District #14's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Nonnewaug Regional School District #14's compliance.

Opinion on Each Major State Program

In our opinion, Nonnewaug Regional School District #14 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Nonnewaug Regional School District #14 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Nonnewaug Regional School District #14's internal control over compliance with types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nonnewaug Regional School District #14's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Nonnewaug Regional School District #14 as of and for the year ended June 30, 2018, and have issued our report thereon dated February 14, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

February 14, 2019

Chieles Keen & Co

Nonnewaug Regional School District #14
Towns of Bethlehem and Woodbury
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2018

	State Grant Program Core-CT Number		Expenditures	
Department of Education:				
Vocational Agriculture	11000-SDE-64370-17017	\$	934,868	
Child Nutrition Program (School Lunch State Match)	11000-SDE-64370-16211		5,938	
Health Foods Initiative	11000-SDE-64370-16212		11,293	
School Breakfast Program	11000-SDE-64370-17046		11,576	
Adult Education	11000-SDE-64370-17030	 -	5,451	
Total Department of Education			969,126	
Department of Public Safety:				
School Security Infastructure	12052-DPS-32161-43546		144,198	
Total State Financial Assistance before Exempt Prog		1,113,324		
EXEMPT PE	ROGRAMS			
Department of Education:				
Excess Costs Student Based and Equity	11000-SDE-64370-17047		392,071	
School Construction - principal	11000-DAS-27636-40901		97,858	
School Construction - interest	11000-DAS-27636-40896		257	
Total Department of Education			490,186	
Total Exempt Programs			490,186	
Total State Financial Assistance		\$	1,603,510	

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

Nonnewaug Regional School District #14 Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2018

The State of Connecticut Department of Education has provided financial assistance to Nonnewaug Regional School District #14 through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund children's education, transportation, school lunch and school building renovations and construction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Nonnewaug Regional School District #14 conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for General Obligation bond principal and interest which are reported as expenditures in the year due.

Under the accrual basis of accounting revenue is recorded when earned, and expenses are recorded when the liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-5), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Nonnewaug Regional School District #14 Audit Results of Expenditures of State Financial Assistance Year Ended June 30, 2018

I. SUMMARY OF AUDIT RESULTS

Financial Statements

We audited the basic financial statements of Nonnewaug Regional School District #14 as of and for the year ended June 30, 2018 and issued our unmodified report thereon dated February 14, 2019

Internal control over financial reporting: Material weaknesses identified? Significant deficiency identified that	yes <u>X</u> no	
are not considered to be material weaknesses? Noncompliance material to financial statements noted?	yes <u>X</u> no	
	yesX_ no	
State Financial Assistance		
Internal control over major programs: Material weaknesses identified? Significant deficiency identified that are not considered to be material	yes X_ no	
weaknesses?	yesX none	reported
We have issued an unmodified opinion relating	g to compliance for major State p	rograms.
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	yesX no	
The following schedule reflects the major prog	grams included in the audit:	
State Grantor and Program	State Grant Program Identification Number	Expenditures
CT Department of Education		
Vocational Agriculture	11000-SDE-64370-17017	\$ <u>934,868</u>
Dollar Threshold used to distinguish Type	e A and Type B Programs	\$ <u>200,000</u>
II. FINANCIAL STATEMENT FINDING	S	
No matters were reported.		

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

No matters were reported in the current year or prior year.

Appendix B-1

Form of Legal Opinion for the Bonds

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

Re: \$24,655,000 General Obligation Bonds, Issue of 2019 dated July ___, 2019

We have acted as Bond Counsel in connection with the issuance by the Regional School District No. 14 (the "District"), in the State of Connecticut, of its \$24,655,000 General Obligation Bonds, Issue of 2019 (the "Bonds") dated July ___, 2019. In such capacity, we have examined a record of proceedings of the District authorizing the Bonds, a Tax Regulatory Agreement of the District dated July ___, 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, they will be valid and legally binding general obligations of the District and its member towns of Bethlehem and Woodbury payable as to both principal and interest from ad valorem taxes which may be levied by each member town on all the taxable property subject to taxation by the member town in the District within such town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the District and was duly authorized by the District.

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

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

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

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

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

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

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

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

Respectfully,

PULLMAN & COMLEY, LLC

Appendix B-2

Form of Legal Opinion for the Notes

July ___, 2019

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

Re: \$3,000,000 General Obligation Bond Anticipation Notes dated July , 2019; due July , 2020

We have acted as Bond Counsel in connection with the issuance by the Regional School District No. 14 (the "District"), in the State of Connecticut, of its \$3,000,000 General Obligation Bond Anticipation Notes (the "Notes") dated July 24, 2019 and maturing July 23, 2020. In such capacity, we have examined a record of proceedings of the District authorizing the Notes, a Tax Regulatory Agreement of the District dated July ___, 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 Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the District and its member towns of Bethlehem and Woodbury payable as to both principal and interest from ad valorem taxes which may be levied by each member town on all the taxable property subject to taxation by the member town in the District within such town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the District and was duly authorized by the District.

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

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

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

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

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

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated July ___, 2019 and other offering material relating to the Notes.

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

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

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C-1

Form of Continuing Disclosure Agreement for the Bonds

CONTINUING DISCLOSURE AGREEMENT

In Connection With The Issuance and Sale of \$24,655,000 General Obligation Bonds, Issue of 2019, dated July ___, 2019

This Continuing Disclosure Agreement ("Agreement") is executed and delivered as of July __, 2019, by the Regional School District No. 14 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of its \$24,655,000 General Obligation Bonds dated July __, 2019 (the "Bonds").

- **Section 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:
- "Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.
- "EMMA" means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.
- "Final Official Statement" means the official statement of the Issuer dated July ____, 2019, prepared in connection with the issuance of the Bonds.
 - "Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.
- "Listed Events" shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.
- "MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.
- "Rule" means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.
- "SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. <u>Annual Reports</u>.

- (a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2019):
 - (i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the

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

- (ii) To the extent not included in the audited financial statements described in (i) above, financial information and operating data as of and for the year ending on its Fiscal Year End of the following type:
 - (A) the amounts of the gross and net taxable grand list of each of the Issuer's member towns applicable to the fiscal year;
 - **(B)** the percentage and amount of the annual property tax levy collected and uncollected of each of the Issuer's member towns;
 - (C) a listing of the ten largest taxpayers on the grand list of each of the Issuer's member towns, together with each such taxpayer's taxable valuation thereon;
 - **(D)** a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year;
 - **(E)** a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt) of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year;
 - (**F**) the total direct debt, total net direct debt and total overall net debt of the Issuer and each of the Issuer's member towns per capita;
 - (G) the ratios of total direct debt and total overall net debt of the Issuer and of each of the Issuer's member towns to the applicable net taxable grand list;
 - **(H)** a statement of statutory debt limitations and debt margins of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year, and;
 - (I) the funding status of the pension benefit obligations of the Issuer and of each of the member towns.
- (b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.
- (c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to

municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

- (a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:
 - (i) principal and interest payment delinquencies;
 - (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (iv) substitution of credit or liquidity providers, or their failure to perform;
 - (v) adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the security;
 - (vi) tender offers;
 - (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
 - (viii) Bond defeasances;
 - (ix) rating changes; and
 - (x) 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 clause (x): For the purposes of the events identified in clause (x), 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.

- (b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:
 - (i) non-payment related defaults;
 - (ii) modifications to rights of Bond holders;
 - (iii) Bond calls;
 - (iv) release, substitution, or sale of property securing repayment of the Bonds;
 - (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms:
 - (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
 - (vii) 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.

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

- **Section 5.** <u>Notice of Failure.</u> The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.
- **Section 6.** <u>Termination of Reporting Obligation</u>. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.
- **Section 7.** Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.
- **Section 8.** Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially

adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Regional School District No. 14, 67 Washington Avenue, PO Box 469, Woodbury, Connecticut 06798-0469, ATTN: Janet Morgan, Chairman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 11. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 12. <u>Method of Filing</u>. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at http://emma.msrb.org/ or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

REGIONAL SCHOOL DISTRICT NO. 14
Janet Morgan, Chairman of the Board of Education
George Bauer, Treasurer

Appendix C-2

Form of Continuing Disclosure Agreement for the Notes

CONTINUING DISCLOSURE AGREEMENT

In Connection With The Issuance and Sale of \$3,000,000 General Obligation Bond Anticipation Notes, dated July ___, 2019

This Continuing Disclosure Agreement ("Agreement") is executed and delivered as of July ___, 2019, by the Regional School District No. 14 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of its \$3,000,000 General Obligation Bond Anticipation Notes dated July ___, 2019 (the "Notes").

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

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

"Final Official Statement" means the official statement of the Issuer dated July ____, 2019, prepared in connection with the issuance of the Notes.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 2 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Rule" means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Event Notices.

- (a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:
 - (i) principal and interest payment delinquencies;
 - (ii) unscheduled draws on debt service reserves reflecting financial difficulties:
 - (iii) unscheduled draws on credit enhancements reflecting financial difficulties:

- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the security;
 - (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
 - (viii) Bond defeasances;
 - (ix) rating changes; and
- (x) 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 clause (x): For the purposes of the events identified in clause (x), 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.

- **(b)** The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:
 - (i) non-payment related defaults;
 - (ii) modifications to rights of Bond holders;
 - (iii) Bond calls;
 - (iv) release, substitution, or sale of property securing repayment of the Notes;
 - (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
 - (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
 - (vii) 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.

Note to clause (vii): For the purposes of the events identified in clause (vii), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with,

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

- **Section 3.** <u>Termination of Reporting Obligation</u>. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.
- **Section 4.** Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.
- Section 5. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.
- Section 6. <u>Additional Information</u>. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.
- **Section 7.** Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Regional School District No. 14, 67 Washington Avenue, PO Box 469, Woodbury, Connecticut 06798-0469, ATTN: Janet Morgan, Chairman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.
- **Section 8.** Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 12. <u>Method of Filing</u>. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at http://emma.msrb.org/ or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

REGIONAL SCHOOL DISTRICT NO. 14
Janet Morgan, Chairman of the Board of Education
George Bauer, Treasurer

Appendix D-1

Notice of Sale for the Bonds

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

\$24,655,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019 BOOK ENTRY ONLY (the "Bonds")

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

July 10, 2019

(the "Bid Date") for the purchase of all (but not less than all) of \$24,655,000 General Obligation Bonds, Issue of 2019, of the District (the "Bonds"), when issued, at not less than par, which mature on August 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	Amount
2020	\$950,000	2033	\$950,000
2021	\$950,000	2034	\$950,000
2022	\$950,000	2035	\$950,000
2023	\$950,000	2036	\$950,000
2024	\$950,000	2037	\$945,000
2025	\$950,000	2038	\$945,000
2026	\$950,000	2039	\$945,000
2027	\$950,000	2040	\$945,000
2028	\$950,000	2041	\$945,000
2029	\$950,000	2042	\$945,000
2030	\$950,000	2043	\$945,000
2031	\$950,000	2044	\$945,000
2032	\$950,000	2045	\$945,000

The Issue

The Bonds will be general obligations of the District and its member towns, Bethlehem and Woodbury (the "Member Towns"). The District and its Member Towns will pledge their full faith and credit to pay the principal of and the interest on the Bonds. Unless paid from other sources, the Bonds are payable from general property tax revenues of the Member Towns. The Member Towns have the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in said Member Towns without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on August 15, 2020 and semiannually thereafter on each February 15 and August 15 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated July 1, 2019.

Optional Redemption

The Bonds maturing on August 15, 2029 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after August 15, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

Redemption Period

Redemption Price

August 15, 2028 and thereafter

100%

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

Ratings

The Bonds have been rated "Aa2" by Moody's Investor Service ("Moody's"). The District's Member Town of Woodbury, Connecticut has an outstanding bond rating from Moody's of "Aa1." The District's other Member Town of Bethlehem, Connecticut does not have any outstanding debt.

Official Statement and Continuing Disclosure Agreement

The District has prepared a Preliminary Official Statement for the Bonds which is dated July 1, 2019, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The District will provide the winning purchaser 25 copies of the Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the District's municipal advisor no later than seven (7) 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 date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The winning purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser.

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

The District will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the District to provide the required annual financial information. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its

receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Electronic Bidding Procedures

Electronic bids for the purchase of the Bonds must be submitted electronically via *PARITY*®, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Wednesday, July 10, 2019, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in *PARITY*® shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about *PARITY*®, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The District neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of *PARITY*[®] is communicated to the District, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. By submitting a bid for the Bonds via *PARITY*[®], the bidder represents and warrants to the District that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the District will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of *PARITY*[®], 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.

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

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

Bid Requirements

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

Establishment of Issue Price

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

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

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

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

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

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

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

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

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

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

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

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the District. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 24, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the District will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

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

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

Closing Documents and Legal Opinion

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B-1 to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the District to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of District Officials relating to the accuracy and completeness of the Official Statement.

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

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

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

Settlement of the Bonds

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about July 24, 2019 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the municipal advisor to obtain CUSIP numbers for the Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the municipal advisor to obtain such numbers and to supply them to the District in a timely manner. The municipal advisor will provide CUSIP Global Services with the final details of the sale, including the identity of the winning purchaser. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

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

Postponement; Change of Terms

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

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the District or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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

Additional Information

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

Janet Morgan Chairman of the Board of Education

George Bauer Treasurer

July 1, 2019

Appendix D-2

Notice of Sale for the Notes

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

\$3,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES Dated July 24, 2019: Due July 23, 2020

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

July 10, 2019

for the purchase of \$3,000,000 Regional School District No. 14, General Obligation Bond Anticipation Notes (the "Notes"). Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the District's municipal advisor (See "Telephone Bidding Procedures"). Electronic bids must be submitted via *PARITY*® (See "Electronic Bidding Procedures").

The Issue

The Notes will be general obligations of the District and its member towns, Bethlehem and Woodbury (the "Member Towns"). The District and its Member Towns will pledge their full faith and credit to pay the principal of and the interest on the Notes. Unless paid from other sources, the Notes are payable from general property tax revenues of the Member Towns. The Member Towns have the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in said Member Towns without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. The Notes are expected to be dated July 24, 2019 and will mature and be payable to the registered owner on July 23, 2020 as further described in the Preliminary Official Statement for the Notes dated July 1, 2019 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes are NOT subject to redemption prior to maturity.

Ratings

The Notes have been rated "MIG-1" by Moody's Investor Service.

Official Statement and Continuing Disclosure Agreement

The District has prepared a Preliminary Official Statement for the Notes which is dated July 1, 2019, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The District will provide the winning underwriter 25 copies of the Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning underwriter at the office of the District's municipal advisor no later than seven (7) business days of the bid opening. If the District's municipal advisor is provided with the necessary information from the winning underwriter by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, and the name of the

managing underwriter, the name of the insurer, if any, and any changes on the Notes. The winning purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser.

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

The District will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Electronic Bidding Procedures

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

An electronic bid made through the facilities of *PARITY*® shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. By submitting a bid for the Notes via *PARITY*®, the bidder represents and warrants to the District that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the District will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of *PARITY*®, 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.

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

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

Disclaimer. Each **PARITY**® prospective electronic bidder shall be solely responsible to make

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

Telephone Bidding Procedures

Telephone bids will be received until 11:00 A.M. (Eastern Time) by an authorized agent of Phoenix Advisors, LLC, the District's municipal advisor. All telephone bids must be made to (203) 283-1110 and be completed by 11:00 A.M. (Eastern Time) on Wednesday, July 10, 2019.

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

Bid Specifications/Basis of Award

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

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

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

Establishment of Issue Price

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

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

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

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

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

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

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

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

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

Settlement of the Notes

It is expected that the Notes will be delivered to DTC in New York City on or about July 24, 2019 against payment in immediately available Federal Funds. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning underwriter to obtain CUSIP numbers for the Notes prior to delivery and the District will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning underwriter to obtain such numbers and to supply them to the District in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect

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

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

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

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

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

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

Right to Reject Bids; Waiver

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

Postponement; Change of Terms

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

Book-Entry-Only

Except as set forth below under Direct Placement Bidders, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on

the Notes will be payable by the District or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the District fails to identify another qualified securities depository to replace DTC, or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the District will authenticate and deliver replacement Notes in the form of fully registered Note certificates directly to the beneficial owners of the Notes or their nominees.

Direct Placement Bidders

Financial institutions desiring to submit a bid to purchase the Notes for the purpose of investment ("Direct Placement Bidders") may submit bids as set forth herein. In the event a Direct Placement Bidder is awarded the Notes, the Notes will be issued without CUSIP identification. A Direct Placement Bidder, if awarded the Notes, must execute a letter addressed to the District acknowledging, among other things, that (1) the purchaser has knowledge and experience in financial and business affairs and that it is capable of evaluating the merits and risks of the purchase of the Note; (2) the purchaser is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property at all times be under its control) within the meaning of the federal securities laws; (3) the purchaser is acquiring the Note solely for its own account and no other undisclosed person now has any direct or indirect ownership or interest therein.

Additional Information

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

Janet Morgan Chairman of the Board of Education

George Bauer Treasurer

July 1, 2019

