

Preliminary Official Statement Dated March 24, 2020

New Money Issue: Book-Entry-Only

Ratings: See "Ratings" herein.

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 Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum taxes; the notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Opinion of Bond Counsel and Tax Status" herein.)



\$4,000,000

Regional School District Number 12

of the State of Connecticut

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

General Obligation Bond Anticipation Notes

(Bank Qualified)

Dated: April 9, 2020

Due: April 8, 2021

CUSIP: ¹ 759134

Rate: ___%

Yield: ___%

Underwriter: tbd

The General Obligation Bond Anticipation Notes (the "Notes") will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale dated March 24, 2020. 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 11:30 A.M. (Eastern) on Tuesday, March 31, 2020 at the Offices of Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460. Telephone bids will be received by an authorized agent of Phoenix Advisors, LLC, the District's Municipal Advisor, until 11:30 A.M. on the day of the sale at (203) 283-1110.

The Notes will be general obligations of Regional School District Number 12 of the State of Connecticut (the "District") and its member towns of Bridgewater, Roxbury and Washington (the "Member Towns"), and the District will pledge its full faith and credit to pay principal and interest on the Notes when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103, unless the winning bidder is so designated. See "Option for No Book Entry" in the Notice of Sale.

The Notes are offered for delivery when, as and if issued, subject to the approving opinion of Day Pitney, LLP of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made through the facilities of DTC on or about April 9, 2020.

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 District and are included solely for the convenience of the holders of the Notes. The District is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes. It shall be the responsibility of the Municipal Advisor to obtain CUSIP numbers for the Notes prior to delivery.

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

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

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

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

The independent auditors of Bridgewater, Roxbury, and Washington have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The independent auditors for the District are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A “2019 General Purpose Financial Statements” herein, and they make no representation that they have independently verified the same.

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

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Appendix A - 2019 General Purpose Financial Statements

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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	Tuesday, March 31, 2020 at 11:30 A.M. (Eastern Time)
Location of Sale	Offices of Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460
Issuer:	Regional School District Number 12 of the State of Connecticut (Towns of Bridgewater, Roxbury, and Washington) (the “District”).
Issue:	\$4,000,000 General Obligation Bond Anticipation Notes (the “Notes”).
Dated Date:	Date of Delivery.
Principal and Interest Due:	At maturity on April 8, 2021.
Purpose and Authority:	The Note proceeds are being used to redeem a portion of bond anticipation notes which were issued to finance renovations to Shepaug High School and to finance additional renovations to Shepaug High School. See “Authorization and Purpose” herein.
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 Bridgewater, Roxbury, and Washington (the “Member Towns”), and the District will pledge its full faith and credit to pay the principal of and interest on the Notes when due.
Credit Ratings:	No application was made for a rating on the Notes. The District’s outstanding bonds are rated “Aa1” 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 “Opinion of Bond Counsel and Tax Status” 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 to this Official Statement.
Bank Qualification:	The Notes <u>SHALL</u> be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Registrar, Transfer Agent, Certifying Agent & Paying Agent:	U.S. Bank National Association, Goodwin Square, 23rd Floor, 225 Asylum Street, Hartford, Connecticut 06103, unless the winning bidder is so designated. See “Option for No Book Entry” in the Notice of Sale.
Legal Opinion:	Day Pitney LLP 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 April 9, 2020. Delivery of the Notes will be made against payment in Federal Funds.
Option for No Book Entry:	A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See “Option for No Book Entry” in the Notice of Sale.
Issuer Official:	Questions concerning the District should be addressed to: Nicole Grant, Director of Finance, 11A School Street, Washington Depot, Connecticut 06794. Phone (860) 868-6107.

I. Note Information

Introduction

This Official Statement is provided for the purpose of presenting certain information relating to Regional School District Number 12 of the State of Connecticut (the “District”) comprised of the Towns of Bridgewater, Roxbury, and Washington (the “Member Towns”), in connection with the original issuance and sale of \$4,000,000 General Obligation Bond Anticipation Notes (the “Notes”) of the District.

The Notes are being offered for sale at public bidding. A Notice of Sale dated March 24, 2020 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D 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 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 Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of 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 Notes, unless the winning bidder is so designated. See “Option for No Book Entry” in the Notice of Sale.

Municipal Advisor

Phoenix Advisors, LLC of Milford, Connecticut serves as Municipal Advisor to the District (the “Municipal Advisor”) with respect to the issuance of the 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.

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Description of the Notes

The Notes will be dated April 9, 2020 and will be due and payable as to both principal and interest at maturity on April 8, 2021. 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 Notes. The legal opinions for the Notes will be rendered by Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. See Appendix B.

Authorization and Purpose

An appropriation and bond authorization in the aggregate amount of \$39,491,387 for the construction of a new agriscience STEM academy and renovations to the science wing of and other facilities improvements to Shepaug Valley School was adopted by the District Board of Education on October 5, 2015, and approved at referenda of the Member Towns held on November 10, 2015.

Use of Proceeds:

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>Maturing Notes Due: 4/9/20</i>	<i>This Issue: Notes Due: 4/8/21</i>
Agriscience STEM Academy / Shepaug Valley School Renovation Project	\$ 39,491,387	\$ 4,000,000	\$ 4,000,000
Total	\$ 39,491,387	\$ 4,000,000	\$ 4,000,000

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered 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 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for 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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all 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 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the 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 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 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 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 Notes, and the District fails to identify another qualified securities depository for the Notes 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 issue fully-registered Bond and Note certificates directly to the Beneficial Owner. A Beneficial Owner of the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Notes.

Security and Remedies

The Notes will be general obligations of the District and the Member Towns of Bridgewater, Roxbury, and Washington. The District will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

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

Payment of the 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 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 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 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 pursuant to the provisions of Section 10-63a *et seq.* of said General Statutes will not impair the obligation of the withdrawing member town or the district to the holders of bonds or other indebtedness issued prior to the withdrawal or dissolution.

There 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 Notes, or judgments thereon, in priority to other claims.

The District and its Member Towns are subject to suit on their general obligation 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 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 Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws effecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough and metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations. **The District does not have the direct power to levy taxes.**

Qualification for Financial Institutions

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

Availability of Continuing Information

The District will enter into a Continuing Disclosure Agreement with respect to the Notes ("Continuing Disclosure Agreement"), substantially in the form set out in Appendix C 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"), timely notice of the occurrence of certain events with respect to the Notes not in excess of 10 business days of the occurrence of such events. 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.

The District has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and notices of material events pursuant to Rule 15c2-12 (b)(5). In the past five years, 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.

Ratings

No application was made for a rating on the Notes. The District's outstanding bonds are rated "Aa1" 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 Notes. Moody's should be contacted directly for its rating on the Notes and the explanation of such rating.

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

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II. The Issuer



Description of Regional School District Number 12

Regional School District Number 12 (the "District") was established under the provisions of Part III of Chapter 164 of the Connecticut General Statutes upon approval of the voters of the Towns of Bridgegewater, Roxbury and Washington in 1967.

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

The District's annual meeting is the District meeting at which the annual budget is presented for adoption and is held on the first Monday in May. After adoption of the annual budget of the District, the Board determines the amount of the total budgetary appropriation that each of the member Towns must pay. The amount each Town is to pay is determined by the number of pupils resident in such Town as reported to the State of Connecticut through the public school information system on October 1 of the preceding school year. For 2019-20, the Town of Bridgegewater pays approximately 19.50%, Roxbury 34.00% and Washington 46.50% of the District's budget. Payments are made to the District on a monthly basis in accordance with cash flow requirements of the District.

The District serves the Member Towns and operates three elementary schools: the Burnham School located in Bridgegewater, Booth Free School located in Roxbury and Washington Primary School located in Washington Depot. The Shepaug Valley Middle/High School, for grades six through twelve, is located in Washington. The Early Childhood Education Center, a pre-school program, is located within the Washington Primary School. The student population served is stratified as follows: Elementary Schools (grades PK-5) 269 students, Middle School (grades 6-8) 160 students, High School (grades 9-12) 272 for a total of 701 students enrolled this year.

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

The withdrawal of a town from the district or the dissolution of the district would not affect the obligation of the withdrawing town or the district to the holders of any outstanding indebtedness issued prior to such withdrawal or dissolution.

Description of Member Towns

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

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

Town of Bridgewater

The Town of Bridgewater was settled in 1722, as part of New Milford, and incorporated in May 1856. Bridgewater is a residential and agricultural community with a land area of 16.3 square miles. It is located in western Connecticut and east of Lake Lillinonah and the Housatonic River. The Town is approximately eighteen miles west of Waterbury and eight miles north of Danbury and has a current population estimated at 1,706.

Town of Roxbury

The Town of Roxbury was settled about 1713, as part of Woodbury, and incorporated in 1796. In the early days, a silver mine was opened on Mine Hill. When iron was found in the mine, a smelting furnace was built. Today, the Town is a residential and agricultural community with a land area of 26.4 square miles. Roxbury is located in western Connecticut in the watershed of the lower Shepaug River and it is approximately twelve miles west of Waterbury and fourteen miles northeast of Danbury with a current population estimated at 2,103.

Town of Washington

The Town of Washington was incorporated in January 1779. Washington is a residential and agricultural community and is the location of a number of private schools, including The Gunnery, Rumsey Hall, Glenholme, and Washington Montessori. Washington's land area totals 38.7 square miles, making it the largest of the three Towns. Washington is approximately eighteen miles northwest of Waterbury and fourteen miles northeast of Danbury and has a current population estimated at 3,472.

Form of Government

The Towns of Bridgewater, Roxbury and Washington operate under the Town Meeting form of government with three-member Boards of Selectmen elected to four-year staggered terms of office biennially and six-member Boards of Finance elected to six-year staggered terms. The Town Meeting is the legislative body of each Town and must approve the annual budget, supplemental appropriations over \$20,000, and all bond and note authorizations. The First Selectman of each Town serves as the chief executive and administrative officer. The First Selectman presides over the Board of Selectmen and is an ex-officio member of all Town boards, commissions and committees.

Principal District Officials

Office	Name	Manner of Selection	Term Expires
Board of Education:			
Chairman	Gregory J. Cava	Elected	6/30/2021
Vice Chairman	Michael Sinatra	Elected	6/30/2021
Secretary	Lisa Roush	Elected	6/30/2023
Treasurer	John Buonaiuto	Elected	6/30/2021
Member	Joseph Abdella	Elected	6/30/2023
Member	James Hirschfield	Elected	6/30/2021
Member	Alex McNaughton	Elected	6/30/2023
Member	Justin Ongley	Elected	6/30/2023
Member	Jennifer Pote	Elected	6/30/2021
Member	Julie Stuart	Elected	6/30/2023
Member	Peter Tagley	Elected	6/30/2021
Member	Mary Weber	Elected	6/30/2023
Superintendent of Schools	Megan Bennett	Appointed	N/A
Director of Finance	Nicole Grant	Appointed	N/A

Source: Director of Finance, Regional School District Number 12

Summary of Municipal Services

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

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

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

Solid waste disposal and recycling: The Town of Bridgewater has a 26-year contract with the Housatonic Resources Recovery Authority ("HRRA") signed July 1993 for disposal of its solid waste. Waste is currently handled by Wheelabrator Environmental Systems at its Bridgeport facility. Effective January 1, 2020, the fee is \$93.75 per ton which includes transport, disposal and administration fees. Bridgewater also has contracted with HRRA for the handling of its recyclables. It is currently handled by Recycling Technologies, Inc. in Danbury, after private subscription collection.

Roxbury has a ten-year contract with the Materials Innovation and Recycling Authority, formerly known as Connecticut Resources Recovery Authority commencing in February of 1993 for disposal of its solid waste. The solid waste is delivered to the Watertown Transfer Station and taken to the Mid-Connecticut facility in Hartford. The tipping fee for Fiscal Year 2019-20 is \$60.00 per ton.

Washington has contracted with Covanta Bristol, Inc. of Bristol, Connecticut for the disposal of its solid waste. The Fiscal Year 2019-20 fee is \$64.31 per ton. Washington is a member of the Tunxis Recycling Operating Committee which implemented a curbside recycling program in 1991. Recyclables are transported from the Town's landfill to an intermediate processing center in Berlin. The Town of Washington does not pay a fee for recycling.

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

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

Roxbury's Hodge Memorial Library & Museum reopened in 1999. The construction of the \$1.2 million building for the Minor Memorial Library was completed in 1994. The building was completely funded with grants, endowments and contributions. In 2019, the two libraries had over 28,000 patron visits and circulated over 43,000 volumes.

Washington's Gunn Memorial Library offers a wide variety of reading and research materials, as well as activities and programs for patrons of all ages. In 2019, its circulation reached an all-time high of over 44,000 volumes. The construction of a \$2.3 million addition to the library was completed in 1994.

District's Educational System

Regional School District Number 12 has three elementary schools serving grades kindergarten through five and Shepaug Valley Middle/High School serving grades six through twelve. Enrollment in the District as of October 1, 2019 was 701 students with a design capacity of 1,425.

Regional School District Number 12 School Facilities

<i>School</i>	<i>Grades</i>	<i>Date of Construction (Latest Additions)</i>	<i>Number of Classrooms</i>	<i>10/1/2019 Enrollment</i>	<i>Operating Capacity</i>
Booth Free School	K-5	1909 (1989)	6	71	175
Burnham School	K-5	1929 (1989)	6	60	175
Washington Primary	PK-5	1909 (1989)	12	138	325
Shepaug Valley Middle / High School	6-12	1972 (2020)	46	432	910
<i>Total</i>			70	701	1,585

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

District Employees

<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
192	193	191	188	189

Source: Director of Finance, Regional School District Number 12

Current Employee Breakdown

Administration	8
Teachers	91
Clerical	15
Nurses	4
Custodians / Maintenance	18
Cafeteria	3
Para-Professionals	26
Technology Staff	6
Instructional Support	14
School Resource Office	1
Facilities Manager	1
Farm Manager.....	1
Library Clerks.....	4
<i>Total</i>	192

Employee Bargaining Groups

Bargaining Unit	Organization	Number of Members	Contract Expiration Date
Teachers	Shepaug Valley Education Association	89	6/30/2023
Custodial/Cafeteria	Shepaug Valley Custodial and Cafeteria Employees, Local 1303, Council #4, AFSCME, AFL-CIO	16	6/30/2021
Clerical	Shepaug Valley Clerical Employees, Local 1303, Council #4, AFSCME, AFL-CIO	39	6/30/2021
Administrators	Shepaug Valley Administrators Association	6	6/30/2022
Nurses.....	Connecticut Health Care Associates, National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO	4	6/30/2020 ¹
Total		154	

Source: Director of Finance, Regional School District Number 12

¹ In negotiations.

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

Average Membership by Town

	2019-20	2018-19	2017-18	2016-17	2015-16
Bridgewater.....	121	117	110	124	133
Roxbury.....	190	204	222	227	219
Washington.....	285	279	281	308	332
Total	596	600	613	659	684

School Enrollment

School Year	Pre-K-5	6-8	9-12	Total ¹
Historical				
2010-11	378	227	326	931
2011-12	367	213	306	886
2012-13	322	199	320	841
2013-14	304	200	292	796
2014-15	286	194	267	747
2015-16	289	177	262	728
2016-17	298	157	252	707
2017-18	266	160	262	688
2018-19	264	158	260	682
2019-20	269	160	272	701
Projected				
2020-21	260	147	289	696
2021-22	271	139	306	716
2022-23	278	128	326	732
2023-24	277	121	323	721
2024-25	276	120	299	695

¹ Includes Special Education.

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

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III. Economic and Demographic Information

Population and Density

Town of Bridgewater				Town of Roxbury			
Actual				Actual			
Year	Population ¹	% Increase	Density ²	Year	Population ¹	% Increase	Density ²
2018 ³	1,706	-1.1%	104.7	2018 ³	2,103	-6.8%	54.3
2010	1,725	-5.7%	105.8	2010	2,257	4.7%	58.3
2000	1,830	10.6%	112.3	2000	2,156	18.1%	55.7
1990	1,654	5.8%	101.5	1990	1,825	24.3%	47.2
1980	1,563	22.4%	95.9	1980	1,468	18.6%	37.9
1970	1,277	42.2%	78.3	1970	1,238	35.7%	32.0
1960	898	--	55.1	1960	912	--	23.6

Town of Washington			
Actual			
Year	Population ¹	% Increase	Density ²
2018 ³	3,472	-2.9%	89.7
2010	3,577	-2.2%	92.4
2000	3,657	-6.4%	94.5
1990	3,905	6.8%	100.9
1980	3,657	17.2%	94.5
1970	3,121	19.9%	80.6
1960	2,603	--	67.3

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

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

³ American Community Survey 2014-2018

Age Distribution of the Population

Age	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 5 years	31	1.8%	43	2.0%	138	4.0%	184,983	5.2%
5 to 9 years	65	3.8	78	3.7	117	3.4	201,006	5.6
10 to 14 years	75	4.4	160	7.6	147	4.2	224,135	6.3
15 to 19 years	113	6.6	172	8.2	223	6.4	247,182	6.9
20 to 24 years	67	3.9	74	3.5	171	4.9	245,490	6.9
25 to 34 years	102	6.0	83	3.9	300	8.6	439,848	12.3
35 to 44 years	114	6.7	140	6.7	235	6.8	427,023	11.9
45 to 54 years	287	16.8	418	19.9	388	11.2	522,138	14.6
55 to 59 years	178	10.4	145	6.9	460	13.2	266,170	7.4
60 to 64 years	149	8.7	186	8.8	322	9.3	235,949	6.6
65 to 74 years	324	19.0	412	19.6	655	18.9	327,414	9.1
75 to 84 years	153	9.0	140	6.7	251	7.2	170,979	4.8
85 years and over	48	2.8	52	2.5	65	1.9	89,187	2.5
Total.....	1,706	100.0%	2,103	100.0%	3,472	100.0%	3,581,504	100.0%

Median Age (Years) 2018 55 52.8 55.2 40.8

Source: American Community Survey 2014-2018

Income Distribution

Income	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	5	1.0%	-	0.0%	11	1.2%	26,021	2.9%
10,000 - 14,999.....	-	0.0	5	0.8	-	0.0	16,472	1.8%
15,000 - 24,999.....	6	1.2	5	0.8	36	4.0	38,804	4.3%
25,000 - 34,999.....	9	1.7	21	3.4	29	3.2	50,215	5.6%
35,000 - 49,999.....	22	4.2	24	3.9	68	7.6	80,042	9.0%
50,000 - 74,999.....	79	15.2	72	11.7	64	7.1	127,676	14.3%
75,000 - 99,999.....	86	16.5	86	14.0	170	18.9	118,848	13.3%
100,000 - 149,999....	122	23.5	92	15.0	207	23.0	186,154	20.8%
150,000 - 199,999....	65	12.5	91	14.8	82	9.1	105,285	11.8%
200,000 and over.....	126	24.2	218	35.5	233	25.9	143,423	16.1%
Total.....	520	100.0%	614	100.0%	900	100.0%	892,940	100.0%

Source: American Community Survey 2014-2018

Income Levels

	Town of Bridgewater	Town of Roxbury	Town of Washington	State of Connecticut
Per Capita Income, 2018.....	\$70,043	\$88,797	\$73,969	\$43,056
Median Family Income, 2018.....	\$115,417	\$152,885	\$122,586	\$97,310
Median Household Income, 2018.....	\$106,429	\$137,656	\$97,604	\$76,106

Source: American Community Survey 2014-2018

Educational Attainment Years of School Completed Age 25 & Over

	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	8	0.6%	5	0.3%	8	0.3%	101,068	4.1%
9th to 12th grade.....	45	3.3	21	1.3	62	2.3	134,758	5.4
High School graduate.....	252	18.6	253	16.1	490	18.3	670,519	27.1
Some college, no degree.....	202	14.9	224	14.2	547	20.4	416,267	16.8
Associate's degree	76	5.6	83	5.3	147	5.5	190,869	7.7
Bachelor's degree.....	390	28.8	600	38.1	802	30.0	538,924	21.7
Graduate or professional degree.....	382	28.2	390	24.7	620	23.2	426,303	17.2
Total.....	1,355	100.0%	1,576	100.0%	2,676	100.0%	2,478,708	100.0%
Total high school graduate or higher (%).....		96.1%		98.4%		97.4%		90.5%
Total bachelor's degree or higher (%).....		57.0%		62.8%		53.1%		38.9%

Source: American Community Survey 2014-2018

Employment by Industry

Sector	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	1	0.1%	25	2.2%	19	1.1%	7,195	0.4%
Construction.....	70	7.7	98	8.7	113	6.8	107,331	5.9
Manufacturing.....	98	10.7	147	13.0	202	12.1	190,995	10.5
Wholesale trade.....	44	4.8	12	1.1	34	2.0	44,714	2.5
Retail trade.....	93	10.2	76	6.7	198	11.8	191,939	10.6
Transportation warehousing, and utilities.....	26	2.8	56	5.0	34	2.0	72,806	4.0
Information.....	17	1.9	51	4.5	88	5.3	41,839	2.3
Finance, insurance, real estate, and leasing..	99	10.8	115	10.2	144	8.6	164,607	9.1
Professional, scientific, management, administrative, and waste management.....	122	13.3	178	15.8	214	12.8	207,632	11.5
Education, health and social services.....	209	22.9	190	16.8	425	25.4	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	79	8.6	82	7.3	77	4.6	150,852	8.3
Other services (except public admin.).....	16	1.8	74	6.6	100	6.0	83,686	4.6
Public Administration.....	40	4.4	25	2.2	25	1.5	67,172	3.7
Total Labor Force, Employed.....	914	100.0%	1,129	100.0%	1,673	100.0%	1,810,445	100.0%

Source: American Community Survey 2014-2018

Employment Data By Place of Residence

Period	Employed	Unemployed	Percentage Unemployed		
			Town	Waterbury Labor Market	State of Connecticut
Town of Bridgewater					
December 2019.....	822	17	2.0%	4.1%	3.2%
2019.....	816	27	3.2%	4.6%	3.7%
2018.....	823	28	3.3%	5.3%	4.4%
2017.....	832	32	3.7%	5.9%	4.7%
2016.....	830	31	3.6%	6.5%	5.3%
2015.....	836	39	4.4%	7.1%	5.6%
Town of Roxbury					
December 2019.....	1,317	19	1.4%	4.1%	3.2%
2019.....	1,327	28	2.1%	4.6%	3.7%
2018.....	1,302	42	3.2%	5.3%	4.4%
2017.....	1,294	46	3.4%	5.9%	4.7%
2016.....	1,295	45	3.3%	6.5%	5.3%
2015.....	1,298	44	3.3%	7.1%	5.6%
Town of Washington					
December 2019.....	2,040	41	2.0%	4.1%	3.2%
2019.....	2,056	46	2.2%	4.6%	3.7%
2018.....	2,012	51	2.5%	5.3%	4.4%
2017.....	1,995	66	3.2%	5.9%	4.7%
2016.....	1,997	67	3.2%	6.5%	5.3%
2015.....	1,996	79	3.8%	7.1%	5.6%

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	251	29.1%	237	20.3%	783	34.6%	337,795	22.3%
1940 to 1969.....	246	28.5	193	16.5	442	19.5	533,321	35.3
1970 to 1979.....	110	12.7	190	16.3	345	15.3	201,360	13.3
1980 to 1989.....	100	11.6	139	11.9	306	13.5	191,306	12.6
1990 to 1999.....	87	10.1	147	12.6	141	6.2	115,459	7.6
2000 or 2009.....	67	7.8	210	18.0	206	9.1	103,632	6.9
2010 or later.....	3	0.3	52	4.5	39	1.7	29,432	1.9
Total Housing Units	864	100.0%	1,168	100.0%	2,262	100.0%	1,512,305	100.0%

Source: American Community Survey 2014-2018

Housing Inventory

Housing Units	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
1-unit, detached.....	833	96.4%	1,101	94.3%	1,967	87.0%	892,608	59.0%
1-unit, attached.....	-	-	7	0.6	34	1.5	80,684	5.3
2 units.....	13	1.5	7	0.6	129	5.7	123,908	8.2
3 or 4 units.....	-	-	23	2.0	67	3.0	130,948	8.7
5 to 9 units.....	6	0.7	-	-	26	1.1	84,021	5.6
10 to 19 units.....	12	1.4	24	2.1	-	-	57,153	3.8
20 or more units.....	-	-	6	0.5	39	1.7	130,872	8.7
Mobile home.....	-	-	-	-	-	-	11,734	0.8
Boat, RV, van, etc.....	-	-	-	-	-	-	377	0.0
Total Inventory.....	864	100.0%	1,168	100.0%	2,262	100.0%	1,512,305	100.0%

Source: American Community Survey 2014-2018

Building Permits

Fiscal Year Ending 6/30	Town of Bridgewater		Town of Roxbury		Town of Washington	
	Number	Value	Number	Value	Number	Value
2019	230	\$ 5,593,961	299	\$ 7,532,745	665	\$ 61,639,107
2018	222	12,309,464	279	7,977,699	661	39,289,613
2017	225	12,960,515	266	6,605,176	651	25,586,781
2016	239	5,990,233	296	5,924,567	671	41,499,371
2015	238	7,057,711	298	7,690,074	994	43,179,881
2014	187	3,635,064	305	6,820,534	691	25,916,270
2013	191	3,899,689	279	5,707,238	685	35,619,619
2012	260	5,070,769	350	5,494,793	833	37,246,939
2011	169	2,528,561	238	7,634,405	642	34,321,811
2010	184	3,364,262	211	5,621,772	606	33,127,535

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

Owner-Occupied Housing Values

Owner-Occupied Units	Town of Bridgewater		Town of Roxbury		Town of Washington		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	2	0.3%	14	1.9%	16	1.4%	21,254	2.3%
\$50,000 to \$99,000.....	6	1.0	-	-	6	0.5	29,211	3.2
\$100,000 to \$149,999....	3	0.5	-	-	17	1.5	81,446	9.0
\$150,000 to \$199,000....	9	1.4	4	0.5	53	4.7	139,715	15.4
\$200,000 to \$299,999....	82	13.0	25	3.4	185	16.4	245,801	27.1
\$300,000 to \$499,999....	239	37.9	220	29.9	386	34.3	240,706	26.5
\$500,000 to \$999,999....	221	35.1	288	39.1	237	21.0	106,993	11.8
\$1,000,000 or more.....	68	10.8	186	25.2	226	20.1	42,008	4.6
Total.....	630	100.0%	737	100.0%	1,126	100.0%	907,134	100.0%
Median Value.....	\$480,300		\$629,300		\$421,300		\$272,700	

Source: American Community Survey 2014-2018

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

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

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

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

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

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

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

Levy

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

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

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

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

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**Comparative Assessed Valuations
(in thousands)**

Town of Bridgewater

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
2019	93.4	1.5	5.1	\$ 382,143	\$ 1,448	\$ 380,696	0.14
2018	93.4	1.5	5.1	381,967	1,786	380,181	2.67
2017	93.9	1.5	4.8	371,510	1,201	370,309	0.61
2016 ¹	94.0	1.5	4.9	369,317	1,263	368,054	(5.95)
2015	94.6	1.1	4.6	392,557	1,219	391,338	0.18
2014	94.3	1.0	4.7	391,931	1,297	390,634	0.30
2013	94.4	1.0	4.6	390,736	1,286	389,450	0.61
2012	94.6	1.0	4.4	388,278	1,191	387,087	0.39
2011 ¹	94.6	0.9	4.5	386,751	1,179	385,572	(7.43)
2010	95.1	0.9	4.0	417,659	1,137	416,522	0.35

¹ Revaluation.

Source: Assessor's Office, Town of Bridgewater.

Town of Roxbury

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
2019	94.3	1.8	3.9	\$ 672,255	\$ 1,129	\$ 671,127	0.76
2018	94.3	1.7	4.0	702,206	36,174	666,032	0.63
2017	94.2	1.7	4.1	662,720	858	661,862	(6.39)
2016 ¹	94.9	1.2	3.9	707,873	858	707,015	0.95
2015	95.1	1.0	3.9	701,241	877	700,364	0.22
2014	95.1	0.9	4.0	699,663	833	698,830	0.62
2013	95.1	1.0	3.9	695,392	847	694,545	0.07
2012	95.3	0.9	3.8	695,023	979	694,044	(8.24)
2011 ¹	95.7	0.8	3.5	757,324	964	756,360	1.14
2010	95.8	0.8	3.4	748,661	837	747,824	0.56

¹ Revaluation.

Source: Assessor's Office, Town of Roxbury.

Town of Washington

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Change
2019	94.2	2.3	3.5	\$ 1,235,212	\$ 2,537	\$ 1,232,675	1.32
2018 ¹	94.4	2.3	3.3	1,219,170	2,550	1,216,620	6.69
2017	94.1	2.3	3.6	1,142,802	2,450	1,140,352	1.38
2016	94.3	2.0	3.7	1,127,335	2,525	1,124,810	1.10
2015	94.3	2.1	3.6	1,114,923	2,321	1,112,602	1.43
2014	94.9	1.5	3.6	1,099,143	2,209	1,096,934	0.19
2013 ¹	94.7	1.8	3.5	1,096,988	2,179	1,094,809	(12.64)
2012	95.5	1.6	2.9	1,254,795	1,650	1,253,145	(0.14)
2011	95.5	1.5	3.0	1,256,595	1,727	1,254,868	0.22
2010	95.5	1.6	2.9	1,253,874	1,772	1,252,102	0.68

¹ Revaluation.

Source: Assessor's Office, Town of Washington.

Property Tax Levies and Collections

Town of Bridgewater

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2019
2018 ²	2020	\$ 380,181,000	17.50	\$ 6,653,168	IN COLLECTION		
2017	2019	370,309,435	17.20	6,325,017	99.4%	0.6%	0.6%
2016 ¹	2018	368,054,000	17.20	6,318,755	99.7%	0.3%	0.0%
2015	2017	391,338,000	16.45	6,424,915	99.8%	0.2%	0.0%
2014	2016	390,634,000	17.25	6,727,869	99.7%	0.3%	0.0%
2013	2015	389,450,000	17.25	6,692,876	99.7%	0.3%	0.0%
2012	2014	387,087,000	17.50	6,759,555	99.8%	0.2%	0.0%
2011 ¹	2013	385,572,000	17.50	6,744,343	99.5%	0.5%	0.0%
2010	2012	416,522,000	16.25	6,759,286	99.5%	0.5%	0.0%
2009	2011	415,085,000	15.50	6,422,588	99.5%	0.5%	0.0%

¹ Revaluation.

² Subject to audit.

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

Town of Roxbury

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2019
2018 ²	2020	\$ 666,032,000	15.85	\$ 10,556,607	IN COLLECTION		
2017	2019	661,862,000	15.85	10,490,513	99.3%	0.7%	0.7%
2016 ¹	2018	707,015,000	14.20	10,039,613	98.9%	1.1%	0.2%
2015	2017	700,364,000	13.70	9,594,987	99.1%	0.9%	0.0%
2014	2016	698,830,000	13.70	9,573,971	99.4%	0.6%	0.0%
2013	2015	694,545,000	13.40	9,306,902	99.5%	0.5%	0.0%
2012	2014	694,044,000	13.30	9,230,785	99.2%	0.8%	0.0%
2011 ¹	2013	756,360,000	12.10	9,129,764	99.2%	0.8%	0.0%
2010	2012	747,824,000	11.90	8,866,630	99.5%	0.5%	0.0%
2009	2011	743,681,000	11.40	8,458,503	99.5%	0.5%	0.0%

¹ Revaluation.

² Subject to audit.

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

Town of Washington

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/2019
2018 ^{1,2}	2020	\$1,216,620,000	14.25	\$ 17,336,835	IN COLLECTION		
2017	2019	1,140,352,000	14.25	16,185,334	99.5%	0.5%	0.50%
2016	2018	1,124,810,000	14.25	16,049,565	99.7%	0.3%	0.19%
2015	2017	1,112,602,000	14.25	15,864,091	99.3%	0.7%	0.00%
2014	2016	1,096,934,000	13.75	15,153,139	99.2%	0.8%	0.00%
2013 ¹	2015	1,094,809,000	13.50	14,779,932	99.0%	1.0%	0.00%
2012	2014	1,253,145,000	11.75	14,724,454	98.8%	1.2%	0.00%
2011	2013	1,254,868,000	11.50	14,415,527	99.2%	0.8%	0.00%
2010	2012	1,252,102,000	11.00	13,734,945	99.5%	0.5%	0.00%
2009	2011	1,243,702,000	11.00	13,611,532	99.5%	0.5%	0.00%

¹ Revaluation.

² Subject to audit.

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

Property Taxes Receivable

Town of Bridgewater

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2019	\$36,798	\$41,516
2018	16,341	32,259
2017	13,435	26,294
2016	19,040	33,082
2015	21,617	30,173
2014	35,620	47,706

Source: Annual Audit Reports, Town of Bridgewater.

Town of Roxbury

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2019	\$71,862	\$100,398
2018	110,854	125,031
2017	86,191	103,777
2016	52,831	78,213
2015	45,912	67,078
2014	76,820	95,203

Source: Annual Audit Reports, Town of Roxbury.

Town of Washington

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
2019	\$79,173	\$114,980
2018	84,581	123,657
2017	114,114	155,093
2016	125,039	263,787
2015	143,624	287,100
2014	178,607	293,839

Source: Annual Audit Reports, Town of Washington.

Ten Largest Taxpayers

Town of Bridgewater

<i>Name</i>	<i>Nature of Business</i>	<i>Taxable Valuation</i>	<i>Percent of Net Taxable Grand List</i> ¹
May, Peter.....	Residential Property	\$ 6,521,950	1.71%
Mnuchin, Robert.....	Residential Property	3,903,400	1.03%
Iron Ore Hill Rd.....	Residential Property	3,743,500	0.98%
Connecticut Light & Power.....	Utility	3,090,200	0.81%
Courtney, Joseph & Laura.....	Residential Property	2,936,700	0.77%
Bertram, Kathleen.....	Residential Property	2,739,940	0.72%
Delaney, Charles J. & Theresa.....	Residential Property	2,727,240	0.72%
Young, Roy & Virginia.....	Residential Property	2,715,090	0.71%
Young, Shannon & Danielle.....	Residential Property	2,636,530	0.69%
Ramarax Holdings LLP.....	Real Estate	2,564,350	0.67%
Total.....		\$ 33,578,900	8.82%

¹ Based on October 1, 2019 Net Taxable Grand List of \$380,695,629.

Source: Assessor's Office, Town of Bridgewater.

Town of Roxbury

<i>Name</i>	<i>Nature of Business</i>	<i>Taxable Valuation</i>	<i>Percent of Net Taxable Grand List</i> ¹
Connecticut Light & Power.....	Utility	\$ 8,263,620	1.23%
Davis Farm Holdings.....	Residential Property	6,684,050	1.00%
Booth, Mark Trustee.....	Residential Property	6,048,700	0.90%
Arnhold, John and Jody as Trustee.....	Residential Property	5,108,270	0.76%
Wiener, Zena and Steingart, Jennifer.....	Residential Property	5,036,370	0.75%
Crom Ram & McDuck Management, Inc.....	Residential Property	4,035,930	0.60%
Adams, Stephen and Denise Trustee.....	Residential Property	3,503,610	0.52%
Lovac Allen.....	Residential Property	3,077,830	0.46%
Sweeny Patrick & Michele.....	Residential Property	3,049,350	0.45%
Morgado Mary Lou & Robert.....	Residential Property	3,029,860	0.45%
Total.....		\$ 47,837,590	7.13%

¹ Based on October 1, 2019 Net Taxable Grand List of \$671,126,530.

Source: Assessor's Office, Town of Roxbury.

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Town of Washington

<i>Name</i>	<i>Nature of Business</i>	<i>Taxable Valuation</i>	<i>Percent of Net Taxable Grand List</i> ¹
Eversource.....	Electric Company	\$ 14,956,260	1.21%
MFINN2013, LLC.....	Health Spa	9,991,270	0.81%
Mackesy, Scott & Jennifer.....	Residential	9,800,000	0.80%
Jackson Farms Inc.	Inn	9,358,260	0.76%
Spring Hill Farms LLC.....	Vineyard	9,128,360	0.74%
MFSPA2013 LLC.....	Health Spa	7,724,790	0.63%
24 ONR LLC.....	Real Estate	6,937,040	0.56%
Riano, Brian & Eileen.....	Real Estate	6,492,570	0.53%
Cantor, Richard A. & Pamela.....	Real Estate	5,993,920	0.49%
Benveniste Jean-Paul & Heather.....	Real Estate	5,404,100	0.44%
Total.....		\$ 85,786,570	6.96%

¹ Based on October 1, 2019 Net Taxable Grand List of \$1,232,674,530.

Source: Assessor's Office, Town of Washington.

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V. Debt Summary

Principal Amount of Bonded Indebtedness (the District) As of April 9, 2020 (Pro Forma)

Long-Term Debt			Amount of	Outstanding	Fiscal
Dated	Purpose	Rate %	Original	After	Year of
			Issue	This Issue	Maturity
04/10/19	Schools.....	2.00 - 5.00	\$ 8,250,000	\$ 7,925,000	2040
Grand Total.....			\$ 8,250,000	\$ 7,925,000	

Source: Regional School District Number 12 Business Office

Short-Term Debt As of April 9, 2020 (Pro Forma)

	Aggregate	Maturing	This Issue:
Project	Amount	Notes	Notes
	Authorized	Due: 4/9/20	Due: 4/8/21
Agriscience STEM Academy / Shepaug			
Valley School Renovation Project	\$ 39,491,387	\$ 4,000,000	\$ 4,000,000
Total	\$ 39,491,387	\$ 4,000,000	\$ 4,000,000

Overlapping/Underlying Debt As of April 9, 2020 (Pro Forma)

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

Overlapping Debt: Regional School District Number 12 has no overlapping debt.

Underlying Debt: The following municipalities, municipal subdivisions, or Special Tax Districts have the authority to issue debt which constitutes underlying debt for analytical but not legal, purposes of Regional School District Number 12.

Issuer	Debt Outstanding
Town of Bridgewater	\$0
Town of Roxbury	0
Town of Washington	0
Total	\$0

Principal Amount of Bonded Indebtedness
As of April 9, 2020
(Pro Forma)
Town of Bridgewater

The Town of Bridgewater does not have outstanding long-term debt as of April 9, 2020.

Short-Term Debt
As of April 9, 2020
(Pro Forma)

The Town of Bridgewater does not have outstanding short-term debt as of April 9, 2020.

Overlapping/Underlying Debt
As of April 9, 2020
(Pro Forma)

Overlapping

The Town of Bridgewater is a Member Town along with the Town of Roxbury and Town of Washington in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2019, Bridgewater's share is 19.50%. Each Member Town's gross share of the District's debt is as follows:

<u>Entity</u>	<u>Debt Amount</u>
Bridgewater (19.50%)	\$ 2,325,375
Roxbury (34.00%)	4,054,500
Washington (46.50%)	5,545,125
Total District Debt.....	\$ 11,925,000

¹ Includes \$4,000,000 G.O. Bond Anticipation Notes maturing April 8, 2021.

Source: Regional School District Number 12 Business Office.

Underlying

The Town of Bridgewater has no underlying debt.

Principal Amount of Bonded Indebtedness
As of April 9, 2020
(Pro Forma)

Town of Roxbury

The Town of Roxbury does not have outstanding long-term debt as of April 9, 2020.

Short-Term Debt
As of April 9, 2020
(Pro Forma)

The Town of Roxbury does not have outstanding short-term debt as of April 9, 2020.

Overlapping/Underlying Debt
As of April 9, 2020
(Pro Forma)

Overlapping

The Town of Roxbury is a Member Town along with the Town of Bridgewater and Town of Washington in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2019, Roxbury's share is 34.00%. Each Member Town's gross share of the District's debt is as follows:

<u>Entity</u>	<u>Debt Amount</u>
Bridgewater (19.50%)	\$ 2,325,375
Roxbury (34.00%)	4,054,500
Washington (46.50%)	5,545,125
Total District Debt.....	\$ 11,925,000

¹ Includes \$4,000,000 G.O. Bond Anticipation Notes maturing April 8, 2021.

Source: Regional School District Number 12 Business Office.

Underlying

The Town of Roxbury has no underlying debt.

Principal Amount of Bonded Indebtedness
As of April 9, 2020
(Pro Forma)

Town of Washington

The Town of Washington does not have outstanding long-term debt as of April 9, 2020.

Short-Term Debt
As of April 9, 2020
(Pro Forma)

The Town of Washington does not have outstanding short-term debt as of April 9, 2020.

Overlapping/Underlying Debt
As of April 9, 2020
(Pro Forma)

Overlapping

The Town of Washington is a Member Town along with the Town of Bridgewater and Town of Roxbury in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2019, Washington's share is 46.50%. Each Member Town's gross share of the District's debt is as follows:

<i>Entity</i>	<i>Debt Amount</i>
Bridgewater (19.50%)	\$ 2,325,375
Roxbury (34.00%)	4,054,500
Washington (46.50%)	5,545,125
Total District Debt.....	\$ 11,925,000

¹ Includes \$4,000,000 G.O. Bond Anticipation Notes maturing April 8, 2021.

Source: Regional School District Number 12 Business Office.

Underlying

The Town of Washington has no underlying debt.

**Annual Long-Term Bonded Debt Service,
As of April 9, 2020
(Pro Forma)**

Regional School District Number 12

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	Total Principal	Cumulative Principal Retired %
2020 ¹	\$ -	\$ -	\$ -	\$ -	0.00%
2021	350,000	263,744	613,744	350,000	4.42%
2022	400,000	246,244	646,244	400,000	9.46%
2023	400,000	226,244	626,244	400,000	14.51%
2024	400,000	206,244	606,244	400,000	19.56%
2025	400,000	186,244	586,244	400,000	24.61%
2026	400,000	166,244	566,244	400,000	29.65%
2027	400,000	154,244	554,244	400,000	34.70%
2028	400,000	146,244	546,244	400,000	39.75%
2029	400,000	137,744	537,744	400,000	44.79%
2030	400,000	128,744	528,744	400,000	49.84%
2031	400,000	118,744	518,744	400,000	54.89%
2032	400,000	107,744	507,744	400,000	59.94%
2033	400,000	95,744	495,744	400,000	64.98%
2034	400,000	83,744	483,744	400,000	70.03%
2035	400,000	71,744	471,744	400,000	75.08%
2036	395,000	59,744	454,744	395,000	80.06%
2037	395,000	47,894	442,894	395,000	85.05%
2038	395,000	36,044	431,044	395,000	90.03%
2039	395,000	24,194	419,194	395,000	95.02%
2040	395,000	12,344	407,344	395,000	100.00%
Total.....	\$ 7,925,000	\$ 2,519,880	\$ 10,444,880	\$ 7,925,000	

Source: Regional School District Number 12 Business Office.

¹ Excludes \$325,000 in principal payments and \$272,994 in interest payments from July 1, 2019 through April 9, 2020.

**Annual Long-Term Bonded Debt Service
As of April 9, 2020
(Pro Forma)**

Town of Bridgewater

The Town of Bridgewater does not have outstanding long-term debt as of April 9, 2020.

Town of Roxbury

The Town of Roxbury does not have outstanding long-term debt as of April 9, 2020.

Town of Washington

The Town of Washington does not have outstanding long-term debt as of April 9, 2020.

**Debt Statement
As of April 9, 2020
(Pro Forma)**

Regional School District Number 12

Long-Term Debt:

Schools	\$ 7,925,000
Total Long-Term Debt	7,925,000
Short-Term Debt (Includes this issue - due 4/8/21)	4,000,000
Total Direct Debt	11,925,000
Less: School Construction Grants Receivable (6/30/19) ¹	-
Total Net Direct Debt	11,925,000

Underlying Debt:

Town of Bridgewater	-
Town of Roxbury	-
Town of Washington	-
Total Overall Net Debt	\$ 11,925,000

¹ The State of Connecticut will reimburse the District for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996.

Source: Regional School District Number 12 Business Office.

**Current Debt Ratios
As of April 9, 2020
(Pro-Forma)**

Population ¹	7,401
Net Taxable Grand List at 70% of Full Value (10/1/19)	\$ 2,284,496,689
Estimated Full Value	\$ 3,263,566,699
Equalized Net Taxable Grand List (10/1/17) ²	\$ 3,149,286,155
Money Income per Capita (2018) ¹	\$ 77,603

	Total Direct Debt \$11,925,000	Total Overall Net Debt \$11,925,000
Debt per Capita	\$1,611.27	\$1,611.27
Ratio to Net Taxable Grand List	0.52%	0.52%
Ratio to Estimated Full Value	0.37%	0.37%
Ratio to Equalized Grand List	0.38%	0.38%
Debt per Capita to Money Income per Capita	0.69%	0.69%

¹ American Community Survey 2014-2018.

² Office of Policy and Management, State of Connecticut.

**Debt Statement
As of April 9, 2020
(Pro Forma)**

Member Towns

	Town of Bridgewater	Town of Roxbury	Town of Washington
Long-Term Debt Outstanding	\$ -	\$ -	\$ -
Short-Term Debt	-	-	-
Total Direct Debt	-	-	-
Less: School Construction Grants Receivable (As of June 30, 2019) ¹	-	-	-
Total Direct Net Debt	-	-	-
Overlapping/Underlying Debt:			
Regional School District Number 12:			
Bridgewater (19.50%) ²	2,325,375	-	-
Roxbury (34.00%) ²	-	4,054,500	-
Washington (46.50%) ²	-	-	5,545,125
Less: Amount due from State of Connecticut ¹	-	-	-
Total Overall Net Debt	\$ 2,325,375	\$ 4,054,500	\$ 5,545,125

¹ The State of Connecticut will reimburse the Towns and District for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996.

² This represents each Member Town's gross share of the District's outstanding long-term and short-term debt. Information from Regional School District Number 12 Business Office.

**Current Debt Ratios
As of April 9, 2020
(Pro Forma)**

	Town of Bridgewater	Town of Roxbury	Town of Washington
Population ¹	1,706	2,103	3,472
Net Taxable Grand List (10/1/19)	\$ 380,695,629	\$ 671,126,530	\$ 1,232,674,530
Estimated Full Value	\$ 543,850,899	\$ 958,752,186	\$ 1,760,963,614
Equalized Net Taxable Grand List (10/1/17) ²	\$ 554,540,922	\$ 944,954,329	\$ 1,649,790,904
Money Income per Capita (2018) ¹	\$ 70,043	\$ 88,797	\$ 73,969

	Town of Bridgewater		Town of Roxbury		Town of Washington	
	Total		Total		Total	
	Direct Debt / Net Direct Debt	Total Overall Net Debt	Direct Debt / Net Direct Debt	Total Overall Net Debt	Direct Debt / Net Direct Debt	Total Overall Net Debt
	\$0	\$2,325,375	\$0	\$4,054,500	\$0	\$5,545,125
Debt per Capita.....	\$0.00	\$1,363.06	\$0.00	\$1,927.96	\$0.00	\$1,597.10
Ratio to Net Taxable Grand List.....	0.00%	0.61%	0.00%	0.60%	0.00%	0.45%
Ratio to Estimated Full Value.....	0.00%	0.43%	0.00%	0.42%	0.00%	0.31%
Ratio to Equalized Grand List.....	0.00%	0.42%	0.00%	0.43%	0.00%	0.34%
Debt per Capita to Money Income per Capita...	0.00%	1.95%	0.00%	2.17%	0.00%	2.16%

¹ American Community Survey 2014-2018.

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 4.5 times the annual receipts from taxation of its member towns for the prior fiscal year;

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

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

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

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

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

Limitation of Indebtedness - Municipalities

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

General Purposes: 2.25 times annual receipts from taxation

School Purposes: 4.50 times annual receipts from taxation

Sewer Purposes: 3.75 times annual receipts from taxation

Urban Renewal Purposes: 3.25 times annual receipts from taxation

Pension Benefit Purposes: 3.00 times annual receipts from taxation

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

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

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

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**Statement of Statutory Debt Limitation
As of April 9, 2020
(Pro Forma)**

Regional School District Number 12

Total Tax Collections for the Member Towns (including interest and lien fees)	
For the year ended June 30, 2019	\$ 33,206,096
Reimbursement For Revenue Loss:	
Tax relief for elderly	-
Base for Debt Limitation Computation	\$ 33,206,096
Debt Limitation:	
	Schools
4 1/2 times base.. ¹	\$ 149,427,432
Indebtedness:	
Bonds Outstanding.....	7,925,000
Notes – This Issue.....	4,000,000
Debt Authorized But Unissued	6,369,477
Total Indebtedness	18,294,477
Less:	
State School Grants Receivable.. ²	-
Total Net Indebtedness	18,294,477
DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS	
	\$ 131,132,955

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 its members towns.

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

Source: Regional School District Number 12 Business Office.

**REGIONAL SCHOOL DISTRICT NUMBER 12 HAS NEVER DEFAULTED IN THE
PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

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**Statement of Statutory Debt Limitation
As of April 9, 2020
(Pro Forma)**

Town of Bridgewater

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2019 \$ 6,381,382

Reimbursement For Revenue Loss:

Tax relief for elderly..... -

Base for Debt Limitation Computation..... \$ 6,381,382

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$14,358,110	-	-	-	-
4 1/2 times base.....	-	\$ 28,716,219	-	-	-
3 3/4 times base.....	-	-	\$ 23,930,183	-	-
3 1/4 times base.....	-	-	-	\$ 20,739,492	-
3 times base.....	-	-	-	-	\$ 19,144,146
Total Debt Limitation.....	\$14,358,110	\$ 28,716,219	\$ 23,930,183	\$ 20,739,492	\$ 19,144,146

Indebtedness:

Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #12 Debt)...	-	2,325,375 ¹	-	-	-
Debt Authorized But Unissued	-	-	-	-	-
Total Indebtedness.....	-	2,325,375	-	-	-
Less:					
State School Grants Receivable ²	-	-	-	-	-
Total Net Indebtedness.....	-	2,325,375	-	-	-

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS.....	\$14,358,110	\$ 26,390,844	\$ 23,930,183	\$ 20,739,492	\$ 19,144,146
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¹ Represents Bridgewater's share of the District's Net Direct Indebtedness. The percentage of participation is 19.50%.

² The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$44,669,674.

Source: Town of Bridgewater, Finance Department.

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

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**Statement of Statutory Debt Limitation
As of April 9, 2020
(Pro Forma)**

Town of Roxbury

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2019 \$ 10,557,344

Reimbursement For Revenue Loss:

Tax relief for elderly..... -

Base for Debt Limitation Computation..... \$ 10,557,344

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$23,754,024	-	-	-	-
4 1/2 times base.....	-	\$ 47,508,048	-	-	-
3 3/4 times base.....	-	-	\$ 39,590,040	-	-
3 1/4 times base.....	-	-	-	\$ 34,311,368	-
3 times base.....	-	-	-	-	\$ 31,672,032
Total Debt Limitation.....	\$23,754,024	\$ 47,508,048	\$ 39,590,040	\$ 34,311,368	\$ 31,672,032

Indebtedness:

Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #12 Debt)...	-	4,054,500 ¹	-	-	-
Debt Authorized But Unissued	-	-	-	-	-
Total Indebtedness.....	-	4,054,500	-	-	-

Less:

State School Grants Receivable²..... -

Total Net Indebtedness..... -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$23,754,024 \$ 43,453,548 \$ 39,590,040 \$ 34,311,368 \$ 31,672,032

¹ Represents Roxbury's share of the District's Net Direct Indebtedness. The percentage of participation is 34.00%.

² The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$73,901,408.

Source: Town of Roxbury, Finance Department.

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

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Statement of Statutory Debt Limitation
As of April 9, 2020
(Pro Forma)

Town of Washington

Total Tax Collections (including interest and lien fees)

For the year ended June 30, 2019 \$ 16,267,370

Reimbursement For Revenue Loss:

Tax relief for elderly -

Base for Debt Limitation Computation..... \$ 16,267,370

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 36,601,583	-	-	-	-
4 1/2 times base.....	-	\$ 73,203,165	-	-	-
3 3/4 times base.....	-	-	\$ 61,002,638	-	-
3 1/4 times base.....	-	-	-	\$ 52,868,953	-
3 times base.....	-	-	-	-	\$ 48,802,110
Total Debt Limitation	\$ 36,601,583	\$ 73,203,165	\$ 61,002,638	\$ 52,868,953	\$ 48,802,110

Indebtedness:

Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #12 Debt) ..	-	5,545,125 ¹	-	-	-
Debt Authorized But Unissued	-	-	-	-	-
Total Indebtedness	-	5,545,125	-	-	-

Less:

State School Grants Receivable ² -

Total Net Indebtedness..... -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS..... \$ 36,601,583 \$ 67,658,040 \$ 61,002,638 \$ 52,868,953 \$ 48,802,110

¹ Represents Washington's share of the District's Net Direct Indebtedness. The percentage of participation is 46.50%.

² The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$113,871,590.

Source: Town of Washington, Finance Department.

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

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**Authorized but Unissued Debt
As of April 9, 2020
(Pro Forma)**

Regional School District Number 12

Project	Aggregate Amount Authorized	Grants Received	Previously Bonded	District Funds Applied	Maturing Notes Due: 4/9/20	This Issue: Notes Due: 4/8/21	Authorized but Unissued
Agriscience STEM Academy / Shepaug Valley School Renovation Project	\$ 39,491,387	\$ 20,074,285	\$ 8,250,000	\$ 797,625	\$ 4,000,000	\$ 4,000,000	\$ 6,369,477
Total	\$ 39,491,387	\$ 20,074,285	\$ 8,250,000	\$ 797,625	\$ 4,000,000	\$ 4,000,000	\$ 6,369,477

Source: Regional School District Number 12 Business Office.

Town of Bridgewater

The Town of Bridgewater does not have any authorized but unissued debt as of April 9, 2020.

Town of Roxbury

The Town of Roxbury does not have any authorized but unissued debt as of April 9, 2020.

Town of Washington

The Town of Washington does not have any authorized but unissued debt as of April 9, 2020.

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

Regional School District Number 12

Long-Term Debt	2019	2018	2017	2016	2015
Bonds	\$ 8,250,000	\$ 450,000	\$ 900,000	\$ 1,350,000	\$ 1,800,000
Short-Term Debt					
Bond Anticipation Notes.....	4,000,000	-	-	-	-
Totals	\$ 12,250,000	\$ 450,000	\$ 900,000	\$ 1,350,000	\$ 1,800,000

Source: Regional School District Number 12 Business Office.

Town of Bridgewater

Long-Term Debt	2019	2018	2017	2016	2015
Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Bridgewater, Finance Department.

Town of Roxbury

Long-Term Debt	2019	2018	2017	2016	2015
Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Roxbury, Finance Department.

Town of Washington

Long-Term Debt	2019	2018	2017	2016	2015
Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Washington, Finance Department.

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

Regional School District Number 12

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2020 ²	\$ 325,000	\$ 28,582,830	1.14%
2019	-	25,744,896	0.00%
2018	-	25,270,026	0.00%
2017	-	25,192,874	0.00%
2016	-	23,550,612	0.00%
2015	-	22,839,434	0.00%

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018. Finance Department provided 2020.

Town of Bridgewater

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2020 ²	\$ -	\$ 7,291,068	0.00%
2019	1,399	6,653,190	0.02%
2018	-	6,985,830	0.00%
2017	-	7,326,090	0.00%
2016	-	7,121,877	0.00%
2015	-	7,328,991	0.00%

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018. Finance Department provided 2020.

Town of Roxbury

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2020 ²	\$ -	\$ 11,168,962	0.00%
2019	-	11,009,880	0.00%
2018	-	10,522,867	0.00%
2017	-	9,804,465	0.00%
2016	-	10,076,894	0.00%
2015	-	9,842,782	0.00%

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018. Finance Department provided 2020.

Town of Washington

Fiscal Year Ended 6/30	Total Debt Service	Total General Fund Expenditures ¹	Ratio of General Fund Debt Service To Total General Fund Expenditures
2020 ²	\$ -	\$ 15,610,540	0.00%
2019	-	16,824,571	0.00%
2018	-	16,700,197	0.00%
2017	-	16,514,724	0.00%
2016	-	15,967,387	0.00%
2015	-	16,653,018	0.00%

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary basis.

Source: Annual Audited Financial Statements, 2014-2018. Finance Department provided 2020.

VI. Financial Administration

Fiscal Year

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

Basis of Accounting

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

Annual Audit

Regional School District Number 12, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act 77-611 and contain the financial statements of the District and the auditor's opinion thereon, in addition to specific comments and recommendations. For the fiscal year ended June 30, 2019, the financial statements of the various funds of Regional School District Number 12 were audited by Charles Heaven & Co., of Waterbury, Connecticut.

Budget Adoption Procedure

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

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

Before March 1, the proposed budget is presented to the Board of Education for review. By the end of April the proposed budget is reviewed and adopted by the Regional Board of Education to be presented at the annual public budget hearing.

Not less than two weeks before the annual meeting held pursuant to Connecticut General Statutes Section 1047, the Board holds a public District Meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the Board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the Board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current fiscal year, (4) bonded or other debt, (5) estimated per-pupil expenditure for the current and for the next fiscal year, and (6) such other information as is necessary in the opinion of the Board. Persons present and eligible to vote under Connecticut General Statutes Section 7-6 may accept or reject the proposed budget. The Regional Board of Education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the District Meeting held on the budget or by a "yes" or "no" vote on the voting machines in each of the Member Towns on the day following the District Meeting. After budget approval, the Board shall estimate the net expenditures to be paid by each Member Town.

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

The budget for the General Fund is prepared substantially on the modified accrual basis. Encumbrances, commitments related to unperformed contracts for goods or services, are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year-end are reflected in the budgetary reports as expenditures in the current year.

Pension Plans

Regional School District Number 12

All teachers and certified administrators employed by Regional School District Number 12 participate in a contributory defined benefit plan (the "Benefit Plan") established under Chapter 167a of the Connecticut General Statutes which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the Benefit Plan and are required to contribute 7% of their annual earnings to the Benefit Plan. The retirement system is funded by the State based on the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The District does not and is not legally responsible to contribute to the Benefit Plan.

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

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Total Pension Liability	\$ 8,235,141	\$ 7,448,174	\$ 6,776,028
Plan Fiduciary Net Position	\$ 6,920,847	\$ 6,920,847	\$ 6,920,847
Net Pension Liability (Asset)	\$ 1,314,294	\$ 527,327	\$ (144,819)

Schedule of Employer Contributions

	2020¹	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 187,022	\$ 205,511	\$ 266,934	\$ 177,349	\$ 176,819
Contributions in relation to the					
Actuarially Determined Contribution	187,022	205,511	237,889	416,934	176,819
Contribution (Deficiency) Excess	\$ -	\$ -	\$ (29,045)	\$ 239,585	\$ -
Covered Employee Payroll	N/A	\$ 2,835,512	\$ 2,547,722	\$ 2,542,496	\$ 2,490,937
Contributions as a Percentage					
of Covered Employee Payroll	N/A	7.25%	9.34%	16.40%	7.10%

¹ Budgetary basis.

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

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

Town of Bridgewater

Defined Contribution Plan

The Town administers a multiple employer defined contribution plan (Money Purchase Plan) which covers substantially all employees and elected officials of the Town, employees of the Regional Animal Control Authority, and one employee of the Newtown Health District. The plan is included in the Town's financial statements as a Pension Trust Fund. At June 30, 2019, the net position, all vested, available for benefits was \$949,104.

At June 30, 2019, there were 17 participants including four employees of the Regional Animal Control Authority and one of the Newtown Health District covered under the plan. To be eligible, employees must be twenty-

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

The Town and Regional Animal Control Authority contributions totaled \$45,530 and \$12,094, respectively, for the year ended June 30, 2019.

Deferred Compensation Plan

The Town has established a deferred compensation plan in accordance with Internal Revenue Service Code Section 457. The plan, available to substantially all employees and elected officials of the Town and employees of the Regional Animal Control Authority, permits them to defer a portion of their salary while employed by either agency until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is reported as a Pension Trust fund. At June 30, 2019, the plan had a net position of \$704,479 that was not available to the Town's general creditors.

Town of Roxbury

Municipal Employee Money Purchase Pension Plan

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

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

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

The participants become 100% vested after six years of service. Normal retirement age is at 65. The Town contributes an amount equal to 7.5% of each eligible employee's base compensation. The plan provides for benefits upon death, disability, or retirement. Employer contributions for the year ending June 30, 2019 totaled \$30,753. The plan allows for amendment by the Town as employer.

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

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

Length of Service Award Plan (LOSAP)

The Town offers its eligible Roxbury Volunteer Fire Department ("RVFD") and Roxbury Ambulance Association ("RAA") personnel a deferred compensation plan developed in accordance with Internal Revenue Code Section 457. In order to be eligible for the plan, the volunteer must generally complete one full year of service and attain at least 25 volunteer percentage credit points for the RVFD and 20 for the RAA. The Town's volunteer contribution ranges from \$500 to \$1,000 per eligible volunteer as approved at Town Meeting. Participants become fully vested at the normal retirement age of 59. The Town is the current Administrator for the Deferred Compensation Plan and therefore the Board of Selectmen can amend the plan. The Town contributed \$12,000 to this plan for the year ended June 30, 2019. Benefit withdrawals for the year ended June 30, 2019 totaled \$9,819.

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

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

New England Teamsters and Trucking Industry Pension Fund

Pursuant to the Entry Agreement between the Town and Teamsters Union Local Number 677, effective July 1, 2014, the Town is required to contribute to the New England Teamsters and Trucking Industry Pension Fund (a multiple-employer defined contribution plan) on behalf of full-time employees in the Public Works Department. The Town has no authority to amend plan provisions or contribution requirements until the expiration date of the present collective bargaining agreement which is June 30, 2019. The Town's required contribution for the year ended June 30, 2019 was \$2.50 per hour worked up to a maximum of \$100.00 per week for any one employee. The total contribution for the year ended June 30, 2019 was \$26,000.

Town of Washington

The Town of Washington administers a single-employer noncontributory defined benefit pension plan for all eligible elected and appointed officials and regular full-time employees who meet certain age and length of service requirements. The Town's policy is to fund its pension contribution at actuarially determined rates sufficient to accumulate assets needed to pay benefits when due. The actuarially determined contribution for the year ended June 30, 2019, which included amortization of past service cost, was computed to be \$84,748, and the Town's actual contribution was \$100,000.

Schedule of Employer Contributions

	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Actuarially Determined Contribution	\$ 85,748	\$ 124,764	\$ 149,687	\$ 128,579	\$ 135,255
Contributions in relation to the					
Actuarially Determined Contribution ...	100,000	140,000	140,000	140,000	159,275
Contribution (Deficiency) Excess	\$ 14,252	\$ 15,236	\$ (9,687)	\$ 11,421	\$ 24,020
Covered Employee Payroll	\$ 760,466	\$ 803,376	\$ 880,632	\$ 915,138	\$ 965,273
Contributions as a Percentage					
of Covered Employee Payroll	13.15%	17.43%	15.90%	15.30%	16.50%

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

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

	1% Decrease	Current	1% Increase
	4.50%	Discount Rate	6.50%
Net Pension Liability	\$ 569,000	\$ 173,288	\$ (167,119)

Other Post-Employment Benefits

Regional School District Number 12

General Information about the Post Retirement Plan

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

The District currently pays for post-employment health care benefits on a pay-as-you-go basis. As of June 30, 2019, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the post-employment 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, 2019, the date of the latest actuarial valuation:

Inactive Employees or Beneficiaries Currently Receiving Benefits	11
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	<u>191</u>
Total	202

Authority and Funding Policy

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

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

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

Fiscal Year	Annual OPEB	Employer	Percentage of	Net OPEB
Ending	Cost (AOC)	Contributions	AOC Contributed	Obligation
6/30/2019	\$ 58,578	\$ -	N/A	\$ 968,502
6/30/2018	66,762	-	N/A	909,924
6/30/2017	92,064	-	N/A	843,162
6/30/2016	109,566	-	N/A	751,098
6/30/2015	102,805	-	N/A	641,532

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

The components of the net OPEB liability at June 30, 2019, were as follows:

Total OPEB Liability	\$2,044,423
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	\$2,044,423

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

Town of Bridgewater

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

Town of Roxbury

General Information about the Post Retirement Plan

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

The Town currently pays for post-employment health care benefits on a pay-as-you-go basis. As of June 30, 2019, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the post-employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

The membership of the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

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

Authority and Funding Policy

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

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

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

Total OPEB liability	\$295,370
Plan fiduciary net position	<u>0</u>
Net OPEB liability	\$295,370

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

Town of Washington

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

Compensated Absences

District employees are paid by various prescribed formulas for absence due to vacation or sickness. The liability for unused accumulated vacation and sick pay not expected to be liquidated with available financial resources is reported in the general long-term debt group of accounts. As of June 30, 2019, accumulated unpaid vacation and sick time was \$125,440. Amounts expected to be liquidated with expendable available financial resources are reported as an expenditure in the General Fund.

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

Regional School District Number 12

	Proposed Budget ^{1,2} 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:					
Participating Towns	\$ 22,808,400	\$ 21,118,781	\$ 21,098,144	\$ 20,835,113	\$ 21,204,396
Federal & State Grants	4,845,653	4,759,973	3,588,615	3,275,814	1,974,827
Investment Income	1,000	8,012	4,521	1,983	937
Tuition	522,974	615,491	509,885	304,004	258,167
Other Fees and Contributions	-	13,840	80,833	70,851	75,766
Total.....	28,178,027	26,516,097	25,281,998	24,487,765	23,514,093
Expenditures:					
Salaries - Certified	9,649,233	8,957,467	8,993,785	9,150,757	9,011,294
Salaries - Classified	3,418,404	3,459,949	3,418,983	3,212,004	3,057,276
Employee Benefits	8,425,606	7,994,428	6,500,604	6,247,074	4,581,796
Instructional Programs	1,285,150	1,024,425	999,118	1,031,705	958,167
Tuition - Other Schools	370,500	312,726	484,559	369,176	427,647
Administrative	648,640	679,914	1,571,947	1,214,024	1,153,525
Pupil Transportation	1,453,762	1,205,418	1,269,117	1,413,717	1,523,982
Plant Operation	1,679,707	1,035,766	910,403	1,095,663	1,263,486
Debt Service	325,000	-	-	-	-
Interest	212,372	60,235	-	-	-
Capital Outlay	250,000	227,104	213,973	541,115	657,999
Total.....	27,718,374	24,957,432	24,362,489	24,275,235	22,635,172
Excess (Deficiency) of Revenues Over Expenditures.....	459,653	1,558,665	919,509	212,530	878,921
Other Financing Sources (Uses):					
Capital Lease Proceeds	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(864,456)	(787,464)	(907,537)	(917,639)	(915,440)
Total Other Financing Sources (Uses)	(864,456)	(787,464)	(907,537)	(917,639)	(915,440)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses	(404,803)	771,201	11,972	(705,109)	(36,519)
Fund Equity, Beginning of Year.....	1,151,382	380,181	368,209	1,073,318	1,109,837
Fund Equity, End of Year.....	\$ 746,579	\$ 1,151,382	\$ 380,181	\$ 368,209	\$ 1,073,318

¹ Budgetary basis.

² Subject to audit.

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

Town of Bridgewater

	Adopted Budget ¹ 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:					
Property Taxes	\$ 6,657,000	\$ 6,381,382	\$ 6,321,857	\$ 6,428,244	\$ 6,748,935
Interest and Lien Fees	20,000	27,419	16,364	13,254	21,684
Intergovernmental Revenues	194,005	34,693	32,062	114,484	222,017
Investment Income	42,605	59,648	42,672	20,657	10,306
Licenses and Permits	116,810	118,710	125,839	187,876	135,416
Charges for Services	26,854	54,247	75,209	129,753	138,347
Other	58,794	7,685	5,626	3,508	-
Total.....	\$ 7,116,068	\$ 6,683,784	\$ 6,619,629	\$ 6,897,776	\$ 7,276,705
Expenditures:					
General Government	\$ 1,211,493	\$ 1,142,259	\$ 1,127,985	\$ 1,155,032	\$ 1,163,138
Boards and Commissions	257,235	213,069	261,048	219,481	188,352
Public Safety	388,542	372,302	397,110	394,359	433,319
Public Works	797,536	860,570	951,708	898,803	563,036
Health and Welfare	37,954	30,522	30,487	33,468	61,061
Education	4,339,808	3,785,614	3,973,409	4,048,381	4,368,358
Other	83,500	45,665	27,083	42,566	42,193
Debt Service	-	1,399	-	-	-
Capital Outlay	-	16,790	-	-	143,420
Total.....	\$ 7,116,068	\$ 6,468,190	\$ 6,768,830	\$ 6,792,090	\$ 6,962,877
Excess (Deficiency) of Revenues Over Expenditures.....	-	215,594	(149,201)	105,686	313,828
Other financing sources (uses):					
Proceeds of Loan	-	16,790	-	-	-
Operating transfers in	66,419	71,630	-	-	44,409
Operating transfers out	(175,000)	(185,000)	(217,000)	(534,000)	(159,000)
Total Other financing sources (uses).....	(108,581)	(96,580)	(217,000)	(534,000)	(114,591)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses	(108,581)	119,014	(366,201)	(428,314)	199,237
Fund Equity, Beginning of Year.....	2,652,148	2,533,134	2,899,335	3,327,649	3,128,412
Fund Equity, End of Year.....	\$ 2,543,567	\$ 2,652,148	\$ 2,533,134	\$ 2,899,335	\$ 3,327,649

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

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

Town of Roxbury

	Adopted Budget ¹ 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:					
Property Taxes	\$ 10,456,307	\$ 10,566,883	\$ 10,066,460	\$ 9,585,179	\$ 9,598,004
Telecommunication Easements	6,000	10,176	10,148	12,654	12,331
Building Department Fees and Permits	110,000	90,525	94,755	79,150	72,434
Grants	63,933	59,297	52,595	84,278	188,982
Investment Income	65,000	70,181	51,723	52,908	13,435
Contributions	10,000	10,000	14,000	-	20,500
Rental Income	88,200	87,903	85,183	81,595	76,629
Transfer Station Fees	70,000	40,887	49,150	47,488	46,597
Licenses, Permits & Other Fees	136,200	195,101	153,287	173,631	263,923
Total.....	\$ 11,005,640	\$ 11,130,953	\$ 10,577,301	\$ 10,116,883	\$ 10,292,835
Expenditures:					
General Government	\$ 705,737	\$ 725,715	\$ 717,498	\$ 649,325	\$ 660,944
Commissions	272,471	261,372	235,088	232,360	239,750
Highways and Public Works	815,304	734,394	769,021	745,925	635,455
Protection	478,570	482,014	394,729	386,362	417,651
Health and Welfare	323,185	257,989	259,665	272,697	274,942
Benefits	461,161	444,686	393,566	384,128	377,629
Other	62,200	19,862	24,364	20,368	17,489
Education	7,566,845	7,655,448	7,269,336	6,668,800	7,119,534
Debt Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total.....	\$ 10,685,473	\$ 10,581,480	\$ 10,063,267	\$ 9,359,965	\$ 9,743,394
Excess (Deficiency) of Revenues Over Expenditures.....	320,167	549,473	514,034	756,918	549,441
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(483,489)	(428,400)	(459,600)	(444,500)	(333,500)
Total Other financing sources (uses).....	(483,489)	(428,400)	(459,600)	(444,500)	(333,500)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses	(163,322)	121,073	54,434	312,418	215,941
Fund Equity, Beginning of Year.....	3,189,737	3,068,664	3,014,230	2,701,812 ²	2,216,449
Fund Equity, End of Year.....	\$ 3,026,415	\$ 3,189,737	\$ 3,068,664	\$ 3,014,230	\$ 2,432,390

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

² As Restated.

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

Town of Washington

	Adopted Budget ¹ 6/30/2020	Actual 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016
Revenues:					
Property Taxes	\$ 16,854,883	\$ 16,267,370	\$ 16,083,701	\$ 15,912,273	\$ 15,316,259
Interest and Lien Fees	60,000	86,851	75,666	106,268	168,567
Intergovernmental Revenues	66,075	68,420	59,011	119,733	264,860
Contributions in Lieu of Taxes	75,000	74,115	93,505	104,202	91,792
Investment Income	130,000	199,235	106,216	67,702	19,676
Lease Income - Town Building & Firehouse ...	49,550	49,615	49,434	49,272	48,740
Licenses and Permits	333,500	778,899	962,336	770,742	757,392
Programs Fees & Other Receipts	3,100	11,646	12,170	35,165	14,268
Total.....	\$ 17,572,108	\$ 17,536,151	\$ 17,442,039	\$ 17,165,357	\$ 16,681,554
Expenditures:					
General Government	\$ 1,927,405	\$ 2,020,373	\$ 2,066,643	\$ 1,763,405	\$ 1,777,488
Public Safety	682,795	639,563	622,765	734,343	663,628
Highways	1,307,489	1,122,766	1,134,363	1,093,296	950,052
Sanitation	498,291	415,593	408,395	405,995	398,254
Health	100,926	83,914	81,930	83,925	84,007
Recreation	245,939	196,893	189,253	188,795	185,802
Social Services	15,642	12,868	11,836	10,430	12,034
Education	10,348,773	9,677,719	9,858,398	10,117,932	9,716,505
Other	483,280	418,421	468,692	420,696	414,216
Debt Service	-	-	-	-	-
Capital Outlay	-	-	-	-	18,770
Total.....	\$ 15,610,540	\$ 14,588,110	\$ 14,842,275	\$ 14,818,817	\$ 14,220,756
Excess (Deficiency) of Revenues Over Expenditures.....	1,961,568	2,948,041	2,599,764	2,346,540	2,460,798
Other financing sources (uses):					
Proceeds From Sale of Capital Assets	-	-	140,000	-	-
Insurance Recovery	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(2,236,461)	(1,857,922)	(1,695,907)	(1,746,631)
Total Other financing sources (uses).....	-	(2,236,461)	(1,717,922)	(1,695,907)	(1,746,631)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses	1,961,568	711,580	881,842	650,633	714,167
Fund Equity, Beginning of Year.....	6,777,347	6,065,767	5,183,925	4,533,292 ²	3,221,671
Fund Equity, End of Year.....	\$ 8,738,915	\$ 6,777,347	\$ 6,065,767	\$ 5,183,925	\$ 3,935,838

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

² As Restated.

Municipal General Budget Expenditures Cap: Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2017-2019 biennium budget legislation did not provide funding for the municipal revenue sharing grant in the fiscal years ending June 30, 2018 and June 30, 2019. The 2019-2021 biennium budget legislation does not provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2020 and June 30, 2021, but provides that such funding will resume following July 1, 2021.

Comparative Balance Sheet

Regional School District Number 12

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Assets					
Cash and Cash Equivalents	\$ 1,244,258	\$ 887,392	\$ 1,266,395	\$ 2,004,451	\$ 1,799,372
Accounts Receivables	-	-	453	3,590	959
Prepaid Expenses	45,232	115,590	-	-	-
Investments	-	-	-	-	322,914
Due From Other Funds	634,773	402,940	27,291	89,527	100,107
Total Assets	1,924,263	1,405,922	1,294,139	2,097,568	2,223,352
Liabilities and Fund Balances					
Accrued Payroll.....	504,091	607,359	525,431	483,608	525,093
Early Retirement & Vacation Payable ..	-	-	-	91,207	181,896
Due to Other Funds.....	42,529	42,107	48,484	81,255	12,263
Accounts Payable	226,261	376,275	349,786	365,213	384,572
Unearned Revenue	-	-	2,229	2,967	9,691
Deferred Revenue	-	-	-	-	-
Total Liabilities	772,881	1,025,741	925,930	1,024,250	1,113,515
Fund Balances					
Nonspendable.....	-	-	-	-	-
Restricted.....	455,061	351,744	42,222	167,959	138,474
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	696,321	28,437	325,987	905,359	971,363
Total Fund Balance	1,151,382	380,181	368,209	1,073,318	1,109,837
Total Liabilities and Fund Balance	\$ 1,924,263	\$ 1,405,922	\$ 1,294,139	\$ 2,097,568	\$ 2,223,352
Analysis of General Fund Balance					
Operating Revenues	\$ 26,516,097	\$ 25,281,998	\$ 24,487,765	\$ 23,514,093	\$ 23,344,279
Fund Balance as a percent of					
Operating Revenues	4.34%	1.50%	1.50%	4.56%	4.75%
Unassigned Fund Balance as					
a Percent of Operating Revenues	2.63%	0.11%	1.33%	3.85%	4.16%

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Comparative Balance Sheet

Town of Bridgewater

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Assets					
Cash and cash equivalents.	\$ 2,804,546	\$ 2,696,576	\$ 2,861,764	\$ 3,557,427	\$ 3,233,393
Property Taxes	47,390	41,978	32,609	43,284	33,290
Police Private Duty Receivable	46,911	25,140	5,980	16,716	15,680
Due From Other Funds	-	-	82,361	-	-
Other	-	-	-	-	-
Total Assets	2,898,847	2,763,694	2,982,714	3,617,427	3,282,363
Liabilities and Fund Balances					
Accounts Payable	165,022	23,420	18,984	209,478	38,431
Accrued Payroll & Related Taxes	15,636	16,619	17,209	13,948	42,929
Performance Bonds Taxable	20,950	19,850	19,850	19,850	18,500
Deposits	-	-	-	14,639	-
Overpaid Property Taxes	2,407	-	-	-	-
Due to Other Funds	14,685	134,639	-	-	14,639
Total Liabilities	218,700	194,528	56,043	257,915	114,499
Deferred Inflows of Resources					
Unavailable Revenue	27,999	36,032	27,336	31,863	39,452
Total Deferred Inflows of Resources ...	27,999	36,032	27,336	31,863	39,452
Fund Balances					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	66,419	44,674	204,728	-	-
Assigned.....	989,474	1,209,014	1,196,925	1,821,851	1,932,327
Unassigned.....	1,596,255	1,279,446	1,497,682	1,505,798	1,196,085
Total Fund Balance	2,652,148	2,533,134	2,899,335	3,327,649	3,128,412
Total Liabilities and Fund Balance	\$ 2,898,847	\$ 2,763,694	\$ 2,982,714	\$ 3,617,427	\$ 3,282,363
Analysis of General Fund Balance					
Operating Revenues	\$ 6,683,784	\$ 6,619,629	\$ 6,897,776	\$ 7,276,705	\$ 7,119,691
Fund Balance as a percent of					
Operating Revenues	39.68%	38.27%	42.03%	45.73%	43.94%
Unassigned Fund Balance as					
a Percent of Operating Revenues	23.88%	19.33%	21.71%	20.69%	16.80%

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Comparative Balance Sheet

Town of Roxbury

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Assets					
Cash and cash equivalents	\$ 3,240,499	\$ 2,898,790	\$ 2,080,831	\$ 1,765,999	\$ 1,557,343
Investments	326,539	332,526	1,215,200	900,000	900,000
Property Taxes	100,398	125,031	103,777	78,213	66,078
Interest and Lien Fees on Taxes	16,288	15,687	19,223	15,274	10,878
Due From Other Funds	-	-	-	-	-
Grant Receivable	4,000	-	4,000	41,421	37,420
Prepaid Expenses	6,168	-	-	-	-
Other	-	8,417	5,811	5,317	4,661
Total Assets	3,693,892	3,380,451	3,428,842	2,806,224	2,576,380
Liabilities and Fund Balances					
Accounts Payable	74,713	103,355	81,863	101,695	131,217
Accrued Payroll & Related Taxes	-	-	-	-	-
Accounts Held in Escrow	27,500	26,500	26,500	31,000	30,500
Overpaid Property Taxes	-	-	-	-	1,188
Accrued Expenses	34,418	37,361	35,759	28,425	20,377
Deferred Revenue	-	-	-	30,920	30,920
Due to Other Funds	91,000	16,500	36,000	14,000	-
Total Liabilities	227,631	183,716	180,122	206,040	214,202
Deferred Inflows of Resources					
Unavailable Revenue	86,844	120,626	112,253	54,387	64,461
Advance Collection of Taxes	189,680	7,445	122,237	113,407	81,268
Total Deferred Inflows of Resources ...	276,524	128,071	234,490	167,794	145,729
Fund Balances					
Nonspendable.....	6,168	7,217	5,811	5,317	-
Restricted.....	326,539	332,526	315,200	-	-
Committed.....	488,137	695,540	525,777	331,981	168,905
Assigned.....	-	-	-	-	238,764
Unassigned.....	2,368,893	2,033,381	2,167,442	2,095,092	1,808,780
Total Fund Balance	3,189,737	3,068,664	3,014,230	2,432,390	2,216,449
Total Liabilities and Fund Balance	\$ 3,693,892	\$ 3,380,451	\$ 3,428,842	\$ 2,806,224	\$ 2,576,380
Analysis of General Fund Balance					
Operating Revenues	\$ 11,130,953	\$ 10,577,301	\$ 10,116,883	\$ 10,292,835	\$ 9,954,919
Fund Balance as a percent of					
Operating Revenues	28.66%	29.01%	29.79%	23.63%	22.26%
Unassigned Fund Balance as					
a Percent of Operating Revenues	21.28%	19.22%	21.42%	20.35%	18.17%

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Comparative Balance Sheet

Town of Washington

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Assets					
Cash and cash equivalents	\$ 3,109,171	\$ 4,340,932	\$ 3,675,294	\$ 2,031,407	\$ 2,052,012
Investments	3,867,751	2,169,878	1,739,681	2,110,775	1,503,158
Property Taxes	134,178	187,288	187,288	340,434	364,765
Prepaid Expenditures	-	-	2,840	18,516	-
Due From Other Funds	6,375	245	-	-	218
Grant Receivable	-	-	-	-	20,243
Prepaid Costs	6,528	-	-	-	-
Other	-	-	-	-	-
Total Assets	7,124,003	6,698,343	5,605,103	4,501,132	3,940,396
Liabilities and Fund Balances					
Accounts Payable	150,381	392,947	106,845	213,830	218,437
Performance Bonds	73,856	90,635	165,790	155,397	147,458
Overpaid Property Taxes	709	1,257	1,257	9,532	12,338
Unearned Revenue	-	-	-	-	8,777
Due to Other Funds	-	-	-	6,927	-
Total Liabilities	224,946	484,839	273,892	385,686	387,010
Deferred Inflows of Resources					
Unavailable Revenue	121,710	146,981	147,286	179,608	331,715
Advance Collection of Taxes	-	-	-	-	-
Total Deferred Inflows of Resources ...	121,710	146,981	147,286	179,608	331,715
Fund Balances					
Nonspendable	6,528	-	2,840	18,516	-
Restricted	692,454	635,647	635,647	-	-
Committed	308,334	290,780	321,968	267,016	242,141
Assigned	361,932	791,644	356,808	1,003,965	343,165
Unassigned	5,408,099	4,348,452	3,866,662	2,646,341	2,636,365
Total Fund Balance	6,777,347	6,066,523	5,183,925	3,935,838	3,221,671
Total Liabilities and Fund Balance	\$ 7,124,003	\$ 6,698,343	\$ 5,605,103	\$ 4,501,132	\$ 3,940,396
Analysis of General Fund Balance					
Operating Revenues	\$ 17,536,151	\$ 17,442,039	\$ 17,165,357	\$ 16,681,554	\$ 16,251,415
Fund Balance as a percent of					
Operating Revenues	38.65%	34.78%	30.20%	23.59%	19.82%
Unassigned Fund Balance as					
a Percent of Operating Revenues	30.84%	24.93%	22.53%	15.86%	16.22%

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VII. Legal and Other Information

Litigation

The District

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

Towns of Bridgewater, Roxbury and Washington

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

Global Health Emergency Risk

The spread of COVID-19, the illness caused by a new coronavirus known as SARS-CoV-2, has affected global, national, state and local economic activity. In response to the spread of the disease, national, state and local governments, businesses and other institutions, and individuals appear to be altering behaviors in a manner that may negatively impact economies. In addition, there has been significant volatility in the U.S. and global stock and bond markets that has been attributed to concerns about the spread of COVID-19. In light of concerns regarding the spread of COVID-19, the Secretary of Health and Human Services (HHS) declared a public health emergency on January 31, 2020, under section 319 of the Public Health Service Act (42 U.S.C. 247d). On March 13, 2020 the President of the United States found and proclaimed that, beginning March 1, 2020, the COVID-19 outbreak in the United States constitutes a national emergency. On March 10, 2020, the Governor of Connecticut issued declarations of public health and civil preparedness emergencies, and subsequently issued a series of executive orders implementing various actions intended to address the spread of COVID-19.

The District cannot predict whether consequences arising from the spread of the disease will have a material impact on its financial condition. While any material direct impact on the District and its Member Towns is currently unknown, the District is reviewing its options for addressing certain anticipated effects of the spread of COVID-19 that may impact its operations and finances.

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Documents Accompanying Delivery of the Notes

The winning bidder(s) will be furnished the following documents when 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 Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the District, signed by the Chairman of the Board of Education and the Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the 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 Notes.
4. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut in substantially the form set out in Appendix B to the Official Statement.
5. An executed Continuing Disclosure Agreement for the Notes in substantially the form attached hereto as Appendix C to this Official Statement.
6. The District has prepared an Official Statement for the Notes which is dated March __, 2020. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The District will make available to the winning bidder(s) of the Notes ten (10) 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(s) at the office of the District's Municipal Advisor no later than seven business days after 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 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. The winning bidder(s) shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the winning bidder(s).

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

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Concluding Statement

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

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

REGIONAL SCHOOL DISTRICT NUMBER 12

By: /s/
Gregory J. Cava, *Chairman of the Board of Education*

By: /s/
John Buonaiuto, *Treasurer*

Dated: March __, 2020

Appendix A

The following includes the General Purpose Financial Statements of Regional School District Number 12, Connecticut for the fiscal year ended June 30, 2019. 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.

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Charles Heaven & Co.
Certified Public Accountants
Waterbury, Connecticut

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shepaug Valley Regional School District #12, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Shepaug Valley Regional School District #12's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Shepaug Valley Regional School District #12's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Shepaug Valley Regional School District #12, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on page 49, supplementary pension information on pages 50, 52, 54, 55, and supplementary OPEB information on pages 51 and 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shepaug Valley Regional School District #12's basic financial statements. The combining and individual nonmajor fund financial statements, supplemental schedules, and schedule of expenditures of state financial assistance (as required by the State Single Audit Act), 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, supplemental schedules, and schedule of expenditures of state financial assistance (as required by the State Single Audit Act) 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, supplemental schedules, and schedule of expenditures of state financial assistance (as required by the State Single Audit Act) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of Shepaug Valley Regional School District #12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shepaug Valley Regional School District #12's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "J. H. ... CO.", is positioned above the date.

December 20, 2019

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

Introduction

This discussion and analysis of the financial performance of Shepaug Valley Regional School District #12 (the "District") are to provide the reader a narrative review of the highlights of the financial activities of the District for the year ended June 30, 2019. This review considers the performance of the District as a whole, and not as individual schools or programs. Information contained in this section is explained in more detail in the financial statements and notes to the financial statements and any accompanying material. Readers are encouraged to review the financial statements and accompanying notes for an enhanced understanding of the District's overall performance.

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

The District serves the towns of Bridgewater, Roxbury and Washington, Connecticut and operates three elementary schools, as well as a combined middle-high school. The elementary schools are The Burnham School located in Bridgewater, Booth Free School located in Roxbury, and Washington Primary School located in Washington Depot. The Shepaug Valley School is the combined middle-high school for grades sixth through twelve and is located in Washington. The District's prekindergarten program, REACH, is housed within Washington Primary School. Student Enrollment as of October 1, 2018 is as follows:

Pre-Kindergarten	41 students
Elementary, Grades 1 through 5	223 students
Middle School, Grades 6 through 8	158 students
High School, Grades 9 through 12	<u>260 students</u>
TOTAL ENROLLMENT	682 students

The student population included 82 non-resident students, 27 students from the Town of Sherman, 14 staff members' children and 41 students from other area towns. Overall student enrollment decreased by six students below the 2017-2018 District enrollment of 688.

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

Financial Highlights

Overall gross revenues of \$21,367,005 exceeded net expenditures of \$15,327,617 by \$6,039,388.

Long-term debt obligations as of June 30, 2019 increased to \$14,947,190, compared to the June 30, 2018 debt obligations of \$2,281,380. The increase of \$12,665,810 is the result of the District obtaining general obligation bonds and notes of \$21,250,000, while retiring debt of \$9,450,000.

The total net position of the District on June 30, 2019 is \$8,809,559 which is an increase of \$6,039,388 over the prior year restated net position of \$2,770,171. This increase is in large part due to grant funds received from the State of Connecticut toward the ongoing construction costs of the renovated science labs and new agriscience buildings, as well as increased tuition revenue and higher investment proceeds.

The District continues to do an annual physical inventory of assets for all facilities, the results of which are incorporated into the accompanying financial statements. Assets are accounted for in conformance with GASB 34, with capitalization of depreciable assets at a \$5,000 threshold.

The post-retirement benefit obligation of the District is \$2,044,423 on June 30th. This calculation is based on the demographic information of certified teachers who retire under the State Teacher Retirement system but are able to purchase medical insurance through the District's group medical plan. No actual cash payment is required for the actuarial computed value of the post-retirement benefit as 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), audited financial statements, and required supplementary information. The financial statements are comprised of two kinds of statements that present financial information from different perspectives. Government-wide financial statements provide both short and long-term information about the District's overall financial position. Fund financial statements focus on reporting individual parts of District operations in more detail. Fund financial statements are further separated into governmental fund statements and fiduciary fund statements. Governmental fund statements demonstrate how general government services are financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information with respect to finances for which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

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

Government-Wide Statements

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

The government-wide statements report the District's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources over liabilities and deferred inflows of resources, is one of the ways to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, consideration should be given to non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and the condition of facilities.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds on a per fund basis, rather than information regarding the District as a whole. The District uses funds to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law or by bond covenants. The Board of Education establishes other funds to control and manage money for particular purposes and to show that the District is meeting legal responsibilities for using certain revenues.

The District has two kinds of funds, governmental funds and fiduciary funds. Governmental funds track the basic educational and operational services of the District through the use of cash and other financial assets that can readily be converted to cash. Fiduciary funds are funds for which the District is the trustee (or fiduciary), for assets that belong to others. A student activity accounts is an example of a District fiduciary 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. The District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position or statement of changes in assets and liabilities, when applicable. These activities are excluded from the District financial statements because the assets in the fiduciary funds cannot be used to finance District operations.

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

Financial Analysis of the District as a Whole

	<u>June 30, 2019</u>	<u>June 30, 2018*</u>
<i>Assets</i>		
Cash and Investments	\$10,331,595	\$2,824,920
Prepaid expenses and accounts receivable	55,529	115,590
Inventories	16,606	10,485
Due from State of Connecticut	7,297	10,732
Capital Assets, Net of Accumulated Depreciation	<u>16,209,257</u>	<u>2,854,606</u>
Total Assets	\$26,620,284	\$5,816,333
 <u>Total Deferred Outflow of Resources</u>	 916,085	 475,155
 <i>Liabilities</i>		
Accounts Payable	3,693,855	1,009,383
Deferred Revenue	58,601	26,566
Long-Term Debt	<u>14,947,190</u>	<u>2,281,380</u>
Total Liabilities	\$18,699,646	\$3,317,329
 <u>Total Deferred Inflow of Resources</u>	 27,164	 203,988
 <i>Net Position</i>		
Invested in Capital Assets, Net of Related Debt	3,959,257	2,404,606
Restricted	1,907,979	1,853,603
Unrestricted	<u>2,942,323</u>	<u>(1,488,038)</u>
Total Net Position	<u>\$8,809,559</u>	<u>\$2,770,171</u>

* prior year capital assets were restated due to capitalized construction in progress costs. See Note "17" for more detail.

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

Changes in Net Position

The following is a summary of the changes in net position for the year ended June 30th for governmental activities of the District. The District's total revenue is \$32,203,606.

Capital grants and contributions increased by \$4,930,116 as a result of state grant revenues received in the Capital Project Fund.

Other General Fund Revenues were higher than expected by \$296,514. The increase is attributable to an increase in investment income of \$7,312 due to higher than planned investment interest rates, and an increase in District tuition income of approximately \$275,000 more than the anticipated income of \$340,116 for total tuition income of approximately \$616,000. This increase in tuition is due to additional non-resident students enrolling in the District.

The total cost of all programs and services was \$26,164,218.

The District's expenses predominantly related to educating and caring for students are \$17,598,442 or 67.3% of the total expenditures. Debt service of \$46,136, unallocated depreciation of \$266,912 and employee benefits totaling \$8,252,728 accounted for the remaining expenses. Due to State of Connecticut Teachers Retirement System and Other Post Employment Benefit ("OPEB") liabilities, net cost of employee benefits to the District is \$3,492,808.

	<u>June 30, 2019</u>	<u>June 30, 2018*</u>
<i>Program Revenue</i>		
Charges for Services	\$ 777,555	\$ 683,299
Operating Grants & Contributions	5,128,930	3,983,051
Capital Grants & Contributions	4,930,116	---
<i>General Revenue</i>		
Participating Towns	21,118,781	21,098,144
Investment and Miscellaneous Income	<u>248,224</u>	<u>154,729</u>
Total Revenue	32,203,606	25,919,223
<i>Program Expenses</i>		
Instruction	11,199,829	12,259,300
Supporting Services	4,964,984	4,095,615
Employee Benefits - unallocated	8,252,728	6,651,616
Transportation	1,205,418	1,269,117
School Lunch Services	228,211	228,280
Debt Service	46,136	11,025
Depreciation – unallocated	<u>266,912</u>	<u>224,900</u>
Total Expenses	26,164,218	24,739,853
<i>Change in Net Position</i>	6,039,388	1,179,370
Net Position – Beginning of Year	2,770,171	1,590,801
Net Position – End of Year	<u>\$8,809,559</u>	<u>\$2,770,171</u>

*as restated, shown for comparison purposes

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

Governmental Activities

The net cost of all governmental activities is \$15,327,617, summarized as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018*</u>
Instruction	\$10,435,087	\$11,520,907
Supporting services	(148,410) **	3,960,247
Employee Benefits	3,492,808	3,063,069
Transportation	1,205,418	1,269,117
School Lunch Services	29,666	24,238
Debt Service	46,136	11,025
Depreciation	<u>266,912</u>	<u>224,900</u>
Total	<u>\$15,327,617</u>	<u>\$20,073,503</u>

*as restated, shown for comparison purposes

**grant revenue funds related to the agriscience construction project are captured in this category and account for the unusual variance at June 30, 2019

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6,745,252 which compares to last year's ending fund balance of \$1,929,426. This was an increase in the fund balance of \$4,815,826. This is a result of a higher General Fund and Capital Project Fund balances.

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, 2019 total \$21,652,860 or 99.3% of the budget which is \$158,547 less than budgeted. This is in line with estimates and compares favorably with last year. This includes the transfer to the Reserve for Capital and Non-Recurring Fund of \$218,114 as well as the payment to the Elementary School Repair Fund of \$100,000.

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

Notable Variances

Personnel Services and Employee Benefits – At year end, these accounts are under budget by \$315,870. Certified staff costs and employee benefits were lower than budgeted, offset to an extent due to classified staff costs being higher than budgeted. Costs of personnel services are being closely monitored in response to declining enrollment.

Purchased Professional, Technical, and Property Services – At year end, these accounts are over budget by \$343,432. The overage in these accounts is attributable to the cost of replacement of the tennis courts at Shepaug Valley which is an encumbered project pending completion, and also to improvements made to the sound and lighting systems in the theater and auditorium.

Other Purchased Services – At year end, these accounts are under budget by \$634,048. The District costs for out of district placement for special education children were less than anticipated. The transportation budget was also favorable as a result of consolidation of regular transportation routes and the changes in special education placements.

Supplies – At year end, these accounts are under budget by \$31,722. Savings were realized from consortium bids for supplies and utilities.

Property & Program Changes – At year end, these accounts are over budget by \$71,270. Technology and instructional equipment costs were the major drivers in this area as the District made progress adhering to the technology replacement schedule after some years of deferment.

Debt Service & Miscellaneous – At year end, these accounts are over budget by \$180,602. The Board agreed to fund the riding ring which is an integral part of the agriscience project, should state funding be insufficient for this Board selected and approved alternate to the construction project. The funds to support the Board obligation are encumbered pending completion of the project.

Transfers to Other Funds – The Connecticut General Statutes provide that a regional board of education may transfer up to 1% of the board's approved budget appropriation to a Capital Reserve Fund. The Board of Education for the District voted to transfer 1% or \$218,114 to this fund for future capital or non-recurring expenditures. This fund balance can be carried forward each year. Expenditures from the fund are subject to Board of Education approval. The balance at the end of the year is \$852,118.

The District continues to lease the three elementary schools from the member towns with an annual appropriation from the General Fund of a \$100,000 payment into the Elementary Repair Fund. The purpose of this fund is to make mutually agreed upon repairs to the elementary schools based upon the recommendations of a committee comprised of town officials and Board of Education members and representatives. The list of recommended repairs is presented to the full Board of Education for approval.

A summary of interfund transfers follows:

Shepaug Valley Regional School District #12
Management's Discussion and Analysis (MD&A)
June 30, 2019

	<u>Transfers From</u> <u>Other Funds</u>	<u>Transfer To</u> <u>Other Funds</u>
Major Governmental Funds:		
General Fund	\$ ---	\$ 787,464
Debt Service Fund	469,350	150,000
Capital Project Fund	150,000	---
Capital Reserve Fund	218,114	---
Elementary Repair Fund	100,000	---
	<u>\$ 937,464</u>	<u>\$ 937,464</u>

Economic Factors and Future Budgets

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

It is anticipated that necessary repairs to District facilities will need to be presented for approval at referendum. If approved, the District will seek bond financing to complete the projects.

Discussions of full state funding for tuition to agricultural education programs like the new Shepaug Agriscience program are ongoing. As currently structured, the sending towns of Brookfield, Danbury, New Fairfield, New Milford, Newtown and Sherman pay a portion of the tuition for the students of their towns to attend the Shepaug Agriscience program. If the State assumes responsibility for full payment of the tuition, the expectation is that Shepaug Agriscience may see a significant increase in enrollment.

During the 2019 legislative session, a bill was passed to increase the allowable 1% transfer to capital reserve funds to 2%. This increase did not apply to regional school districts, we believe as an oversight. Leaders of regional school districts are appealing to local legislators to take corrective action to allow regional districts to transfer up to 2% of budget appropriations into their capital reserve funds.

The District will launch a marketing campaign both within our region and to surrounding towns to showcase the unique opportunities available for students and their families in an effort to bolster enrollment. The District is proud to offer our new Agriscience program, welcoming its first class of 46 students from six sending towns together with District students in the 2019-2020 school year. In addition, the District will continue to grow the Shepaug Valley Partnership, which provides 18-21 year old learners the opportunity to continue their education and learn valuable life skills. Started in 2018-2019 with 2 students from our District, the program now hosts two additional students from sending Districts.

Questions?

This financial report is made to provide our regional community, taxpayers, staff, parents, students, investors, creditors and other interested parties with a general overview of the finances of the District, and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Office of Shepaug Valley Regional School District #12 at (860)868-6100.

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 10,331,595
Prepaid Expenses	45,232
Inventory	16,606
Accounts receivable	10,297
Due from State of Connecticut	7,297
Capital assets - net	<u>16,209,257</u>
Total Assets	26,620,284
Deferred Outflows of Resources:	
Differences between expected and actual experience related to pension	128,205
Changes of assumptions related to pension	304,006
Differences between expected and actual experience related to OPEB	194,502
Changes of assumptions related to OPEB	<u>289,372</u>
Total Deferred Outflows of Resources	916,085
Liabilities:	
Accounts payable	3,103,083
Accrued interest	86,681
Accrued payroll, payroll taxes, and benefits	504,091
Unearned revenue	58,601
Noncurrent liabilities:	
Due within one year	4,325,000
Due in more than one year	<u>10,622,190</u>
Total Liabilities	18,699,646
Deferred Inflows of Resources:	
Net difference between projected and actual earnings on plan investments related to pension	27,164
Net Position:	
Net investment in capital assets	3,959,257
Restricted	
Member towns	455,061
Technology - USF fund	65,915
Scholarships	292,074
Capital non-recurring expenditures	852,118
Elementary Repair Fund	126,445
Federal and State grants	4,920
Pre School	111,446
Unrestricted	<u>2,942,323</u>
Total Net Position	\$ 8,809,559

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement of Activities
Year Ended June 30, 2019

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instructional services	\$ 11,199,829	\$ 615,491	\$ 149,251	\$ -	(10,435,087)
Support services	4,964,984	-	183,278	4,930,116	148,410
Employee Benefits - Unallocated	8,252,728	-	4,759,920	-	(3,492,808)
Transportation	1,205,418	-	-	-	(1,205,418)
School lunch services	228,211	162,064	36,481	-	(29,666)
Interest on long-term liabilities	46,136	-	-	-	(46,136)
Depreciation - Unallocated	266,912	-	-	-	(266,912)
Total school district	\$ 26,164,218	\$ 777,555	\$ 5,128,930	\$ 4,930,116	(15,327,617)

General revenues:

Participating towns:	
Town of Bridgewater	3,785,614
Town of Roxbury	7,655,448
Town of Washington	9,677,719
Unrestricted earnings on investments	160,825
Miscellaneous	87,399
Total general revenues	<u>21,367,005</u>

Change in net position **6,039,388**

Net position - beginning, as restated, see Note "17" 2,770,171

Net position - ending \$ 8,809,559

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Balance Sheet - Governmental Funds
June 30, 2019

	Major Funds						Total Governmental Funds
	General Fund	Debt Service Fund	Capital Reserve Fund	Capital Proj. Elementary Repair Fund	Capital Project Fund	Other Governmental Funds	
Assets:							
Cash and cash equivalents	\$ 1,244,258	\$ 364,126	\$ 867,414	\$ 118,565	\$ 6,993,891	\$ 743,341	\$ 10,331,595
Prepaid expenses	45,232	---	---	---	---	---	45,232
Inventory	---	---	---	---	---	16,606	16,606
Due from other funds	634,773	---	---	12,380	150,319	29,830	827,302
Accounts receivable	---	---	---	---	---	10,297	10,297
Due from State of Connecticut	---	---	---	---	---	7,297	7,297
Total Assets	\$ 1,924,263	\$ 364,126	\$ 867,414	\$ 130,945	\$ 7,144,210	\$ 807,371	\$ 11,238,329
Liabilities:							
Accrued payroll, payroll taxes, and benefits	\$ 504,091	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 504,091
Accounts payable	226,261	---	15,296	4,500	2,856,553	473	3,103,083
Due to other funds	42,529	150,000	---	---	344,156	290,617	827,302
Unearned revenue	---	---	---	---	---	58,601	58,601
Total Liabilities	772,881	150,000	15,296	4,500	3,200,709	349,691	4,493,077
Fund balances:							
Nonspendable:							
Inventories	---	---	---	---	---	16,606	16,606
Restricted for:							
Member Towns	455,061	---	---	---	---	---	455,061
Technology - USF fund	---	---	---	---	---	65,915	65,915
Scholarships	---	---	---	---	---	292,074	292,074
Capital improvements	---	---	852,118	126,445	3,943,501	---	4,922,064
Federal and State grants	---	---	---	---	---	4,920	4,920
Pre School	---	---	---	---	---	111,446	111,446
Committed for:							
Debt service	---	214,126	---	---	---	---	214,126
School cafeteria	---	---	---	---	---	(33,281)	(33,281)
Unassigned	696,321	---	---	---	---	---	696,321
Total Fund Balances	1,151,382	214,126	852,118	126,445	3,943,501	457,680	6,745,252
Total Liabilities and Fund Balances	\$ 1,924,263	\$ 364,126	\$ 867,414	\$ 130,945	\$ 7,144,210	\$ 807,371	\$ 11,238,329

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total fund balances for governmental funds		\$	6,745,252
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 \$16,297,977 accumulated depreciation.			16,209,257
Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures, and therefore, are unavailable in the funds:			
Deferred outflows of resources:			
Differences between expected and actual experience related to pension	\$	128,205	
Changes of assumptions related to pension		304,006	
Differences between expected and actual experience related to OPEB		194,502	
Changes of assumptions related to OPEB		<u>289,372</u>	916,085
Long-term liabilities and deferred inflows of resources that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term, are reported in the statement of net position. Balances at year-end are:			
Deferred inflows of resources:			
Net difference between projected and actual earnings on plan investments	\$	(27,164)	
Accrued interest		(86,681)	
Bonds payable		(12,250,000)	
Net OPEB liability		(2,044,423)	
Early retirement payable and other compensated absences		(125,440)	
Net pension liability		<u>(527,327)</u>	(15,061,035)
Total net position of governmental activities		\$	<u>8,809,559</u>

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2019

	Major Funds						Total
	General Fund	Debt Service Fund	Capital Reserve Fund	Capital Proj. Elementary Repair Fund	Capital Project Fund	Other Governmental Funds	Governmental Funds
Revenue:							
Participating towns	\$ 21,118,781	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	21,118,781
Federal and state revenue	4,759,973	---	---	---	4,930,116	368,957	10,059,046
Investment income	8,012	6,606	13,924	2,196	127,817	2,270	160,825
Sales of lunches, milk, etc	---	---	---	---	---	162,064	162,064
Tuition	615,491	---	---	---	---	---	615,491
Other revenue	13,840	---	---	---	---	73,559	87,399
Total Revenue	26,516,097	6,606	13,924	2,196	5,057,933	606,850	32,203,606
Expenditures:							
Certified salaries	8,957,467	---	---	---	---	---	8,957,467
Classified salaries	3,459,949	---	---	---	---	268,099	3,728,048
Employee benefits	7,994,428	---	---	---	---	20,123	8,014,551
Instructional programs	1,024,425	---	---	---	---	229,992	1,254,417
Tuition - other schools	312,726	---	---	---	---	---	312,726
Administrative	679,914	---	---	---	---	---	679,914
Pupil transportation	1,205,418	---	---	74,811	---	---	1,205,418
Plant operation & maintenance	1,035,766	---	---	---	---	---	1,110,577
Food service	---	---	---	---	---	79,640	79,640
Interest	60,235	4,864	---	---	176,000	---	241,099
Capital outlay	227,104	---	331,622	---	13,307,789	15,404	13,881,919
Principal payments on bonds	---	450,000	---	---	9,000,000	---	9,450,000
Total Expenditures	24,957,432	454,864	331,622	74,811	22,483,789	613,258	48,915,776
Excess (Deficiency) of Revenues over Expenditures	1,558,665	(448,258)	(317,698)	(72,615)	(17,425,856)	(6,408)	(16,712,170)
Other Financing Sources (Uses):							
Proceeds from General Obligation Bond Anticipation Notes	---	---	---	---	13,000,000	---	13,000,000
Proceeds from General Obligation Bonds	---	---	---	---	8,250,000	---	8,250,000
Proceeds from Bond Issuance Premium	---	---	---	---	277,996	---	277,996
Operating Transfers in (out)	(787,464)	319,350	218,114	100,000	150,000	---	---
Total Other Financing Sources (Uses)	(787,464)	319,350	218,114	100,000	21,677,996	---	21,527,996
Net change in fund balances	771,201	(128,908)	(99,584)	27,385	4,252,140	(6,408)	4,815,826
Fund Balance - beginning of year	380,181	343,034	951,702	99,060	(308,639)	464,088	1,929,426
Fund Balance - end of year	\$ 1,151,382	\$ 214,126	\$ 852,118	\$ 126,445	\$ 3,943,501	\$ 457,680	\$ 6,745,252

The accompanying notes are an integral part of these financial statements

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances-total governmental funds	\$	4,815,826
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Amounts reported for governmental activities in the statement of activities are different because

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

Capital outlays	\$	13,636,282	
Depreciation expense		<u>(281,631)</u>	13,354,651

The governmental funds report bond proceeds and related issuance costs and premiums as other financing sources. The 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. The repayment of principal reduces the liability; interest expense is recognized as it accrued, 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:

Proceeds of general obligation bonds & notes	\$	(21,250,000)	
Repayment of bond principal		9,450,000	
Interest expense - general obligation bonds		<u>(83,033)</u>	(11,883,033)

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

Change in deferred outflows of resources			
Differences between expected and actual experience related to pension	\$	128,205	
Changes of assumptions related to pension		(122,516)	
Differences between expected and actual experience related to OPEB		194,502	
Changes of assumptions related to OPEB		240,739	
Change in deferred inflows of resources			
Differences between expected and actual experience related to pension		10,653	
Net difference between projected and actual earnings on plan investments related to pension		(18,102)	
Differences between expected and actual experience related to OPEB		184,273	
Change in net OPEB liability		(702,480)	
Change in compensated absences and termination benefits		(2,342)	
Change in net pension liability		<u>(160,988)</u>	<u>(248,056)</u>

Change in net position of governmental activities	\$	<u>6,039,388</u>
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The accompanying notes are in integral part of these financial statements.

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Pension Trust Fund	Agency Fund Student Activities
Assets:		
Cash and cash equivalents	\$ 178,958	\$ 130,545
Investments	<u>6,741,889</u>	<u>---</u>
Total Assets	6,920,847	130,545
Liabilities and Net Position:		
Liabilities:		
Due to student groups	<u>---</u>	<u>130,545</u>
Total Liabilities	<u>---</u>	<u>130,545</u>
Net Position:		
Held in trust for pension benefits	\$ <u><u>6,920,847</u></u>	\$ <u><u>---</u></u>

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Pension Trust Fund
Year ended June 30, 2019

	Fiduciary Fund Pension Trust Fund
Additions:	
Employer contributions	\$ 205,511
Investment income:	
Net increase in the fair value of investments	273,977
Interest and dividends	148,050
Gross investment income	<u>422,027</u>
Less: Investment expense	29,040
Net investment income	<u>392,987</u>
Total Additions	<u>598,498</u>
Deductions:	
Pension benefits	319,835
Change in Net Position	<u>278,663</u>
Net position held in trust for pension benefits:	
Beginning of year	<u>6,642,184</u>
End of year	<u><u>\$ 6,920,847</u></u>

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

Note "1" – Summary of Significant Accounting Policies:

A. Basis of Presentation

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

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

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

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

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

B. Reporting Entity:

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

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

B. Reporting Entity (continued):

For financial reporting purposes, the District's financial statements include all funds and accounts over which the District exercises oversight responsibility in accordance with the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. Oversight responsibility was determined on the basis of financial independence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public services. Based on the aforementioned criteria Shepaug Valley Regional School District #12 has no component units.

C. Government-wide and Fund Financial Statements:

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

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

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

Governmental-Funds:

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

Special Revenue Funds – These funds account for revenue that is restricted as to its use under specific provisions of law.

Capital Project Funds – These 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 – This fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

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

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

Fiduciary Funds:

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

Pension Trust Fund – This fund accounts for the activities of the District’s single-employer public employee retirement system (PERS).

D. Measurement Focus and Basis of Accounting:

Measurement Focus:

Government-wide Statements

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

Fund Financial Statements

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

Basis of Accounting:

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

Revenues, Exchange and Non-exchange Transactions

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

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

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

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

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

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

Expenditures/Expenses

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

E. Fund Equity and Net Position – Governmental Funds:

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

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

F. Deposits and Investments:

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

**Shepaug Valley Regional School District #12
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Note “1” – Summary of Significant Accounting Policies (continued):

F. Deposits and Investments (continued):

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 Funds (STIF). The provisions of the statutes, regarding the investments of municipal pension funds, do not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

District investments are reported at fair value.

G. Inventories:

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

H. Prepayments:

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

I. Capital Assets and Depreciation:

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

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

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

<u>Description</u>	<u>Useful Life</u>
Land	Not depreciated
Construction in Progress	Not depreciated
Land Improvements	20 years
Building & Improvements	20 – 50 years
Furniture & Equipment	5 – 10 years

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

J. Deferred Outflows and Deferred Inflows of Resources:

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

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

K. Interfund Activity

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

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

L. Compensated Absences

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

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

M. Accrued Liabilities and Long-term Debt

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

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

N. Restricted Resources

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

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

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

Before March 1, the proposed budget is presented to the finance committee for review. By the end of April, the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.

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

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

Shepaug Valley Regional School District #12
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Note "2" - Stewardship, Compliance, and Accountability (continued):

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

	General Fund		
		<u>Expenditures</u> <u>and Other</u>	
	<u>Revenue</u>	<u>Financing Uses</u>	<u>Fund Balance</u>
Budgetary Statement - June 30, 2019	\$22,107,921	\$21,652,860	\$455,061
Encumbrances - June 30, 2018	---	28,437	---
Encumbrances - June 30, 2019	---	(696,321)	696,321
Fund balance returned to participating towns is a decrease of revenue for GAAP purposes	(351,744)	---	---
Payments made on the District's behalf as described in Notes "12" and "16"	4,759,920	4,759,920	---
Balance (GAAP) Balance Sheet and Statement of Revenue and Expenditures - June 30, 2019	<u>\$26,516,097</u>	<u>\$25,744,896</u>	<u>\$1,151,382</u>

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

No formal budget is adopted.

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

A. Cash and Cash Equivalents:

	<u>Governmental</u> <u>Funds</u>	<u>Fiduciary</u> <u>Funds</u>
Deposits:		
Demand accounts	\$ 9,993,643	\$ 309,503
Cash Equivalents:		
State short-term investment fund (STIF)	337,952	---
Total Cash and Cash Equivalents	<u>\$ 10,331,595</u>	<u>\$ 309,503</u>

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Note “4” – Cash, Deposits, and Investments (continued):

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, the carrying amount of the District’s deposits was \$9,993,643 and the bank balance was \$12,686,433. Of the District’s bank balance, \$12,186,433 was exposed to custodial credit risk, as follows:

Uninsured and uncollateralized	\$ 10,985,685
Uninsured and collateralized held by pledging Bank’s trust department, not in the District’s name	<u>1,200,748</u>
Total amount subject to custodial credit risk	<u>\$ 12,186,433</u>

C. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2019, the District’s cash equivalents amounted to \$337,952. The following table provides a summary of the District’s cash equivalents, as rated by national recognized statistical rating organizations. The pools all have maturities of less than one year.

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

D. Investments

At June 30, 2019, the District’s investments, consisted of the following:

<u>Types of Investments</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Investment Maturity</u>
Fiduciary Funds			
Mutual Funds	<u>\$ 6,741,889</u>	N/A	N/A

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

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Note “4” – Cash, Deposits, and Investments (continued):

E. Fair Value Measurements

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

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

As of June 30, 2019, 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, 2019 whose fair value was determined using Level 2 or Level 3 inputs.

Note “5” – Receivables and Due from the State of Connecticut:

Receivables and amounts due from State of Connecticut at June 30, 2019 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, 2019, the amounts due to and from other funds were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Major Governmental Funds:		
General Fund	\$ 634,773	\$ 42,529
Debt Service Fund	---	150,000
Capital Project Elementary Repair Fund	12,380	---
Capital Project Fund	150,319	344,156
Non-Major Governmental Funds:		
Cateferia Fund	---	64,595
State and Federal Grant Fund	---	221,907
Universal Service Fund	---	4,115
Pre-School Restricted Fund	29,830	---
Total	<u>\$ 827,302</u>	<u>\$ 827,302</u>

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Note “6” – Interfund Accounts – Due to/from Other Funds (continued):

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

Note “7” – Interfund Accounts – Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	<u>Transfers From</u> <u>Other Funds</u>	<u>Transfer To</u> <u>Other Funds</u>	<u>Net</u> <u>Transfers</u>
Major Governmental Funds:			
General Fund	\$ ---	\$ 787,464	\$ (787,464)
Debt Service Fund	469,350	150,000	319,350
Capital Project Fund	150,000	---	150,000
Capital Reserve Fund	218,114	---	218,114
Elementary Repair Fund	100,000	---	100,000
	<u>\$ 937,464</u>	<u>\$ 937,464</u>	<u>\$ ---</u>

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

Note “8” – Operating Deficiencies and Fund Deficits:

At June 30, 2019, the following individual funds had operating deficiencies and/or fund deficits, none of which constitutes a violation of statutory provisions.

	<u>Operating</u> <u>Deficiency</u>	<u>Fund</u> <u>Deficits</u>
Debt Service Fund	\$ 128,908	\$ ---
Capital Reserve Fund	\$ 99,584	\$ ---
School Cafeteria Fund	\$ 29,666	\$ 16,675
Scholarship Fund	\$ 14,402	\$ ---

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Note “9” – Capital Assets:

Capital asset activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	<u>Balance</u> <u>July 1, 2018,</u> <u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital Assets, not being depreciated				
Land and Land Improvements	\$ 152,512	\$ ---	\$ ---	\$ 152,512
Construction in Progress - AgScience Project *	1,284,926	13,596,600	---	14,881,526
Total Capital Assets, not being depreciated	1,437,438	13,596,600	---	15,034,038
Capital Assets, being depreciated				
Buildings and improvements	12,200,592	---	---	12,200,592
Leasehold improvements	3,577,381	---	---	3,577,381
Furniture and equipment	1,664,234	39,682	(8,693)	1,695,223
Total Capital Assets, being depreciated	17,442,207	39,682	(8,693)	17,473,196
Accumulated Depreciation				
Buildings and improvements	(10,864,602)	(237,027)	---	(11,101,629)
Leasehold improvements	(3,577,381)	---	---	(3,577,381)
Furniture and equipment	(1,583,056)	(44,604)	8,693	(1,618,967)
Total Accumulated Depreciation	(16,025,039)	(281,631)	8,693	(16,297,977)
Total Capital Assets, being depreciated, net	1,417,168	(241,949)	---	1,175,219
Governmental Activities Capital Assets, net	<u>\$ 2,854,606</u>	<u>\$13,354,651</u>	<u>---</u>	<u>\$16,209,257</u>

Depreciation expense, at June 30, 2019, was charged to functions of the District as follows:

Governmental Activities:

Unallocated	\$ 266,912
Supporting Services:	
District administration	4,852
Operation and maintenance of facilities	9,867
	<u>\$ 281,631</u>

* Beginning of the year governmental activities, capital assets, increased by \$1,284,926 due to capitalized construction in progress – AgScience Project costs not included in the prior year. See Note “17” for more information.

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Note “10” – Long-Term Debt:

Long-term liability activity for the year ended June 30, 2019 is as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Loan of 2012	\$ 450,000	\$ ---	\$ 450,000	\$ ---	\$ ---
General Obligation Bonds of 2019	---	8,250,000	---	8,250,000	325,000
General Obligation Bond Anticipation Notes of 2019	---	13,000,000	9,000,000	4,000,000	4,000,000
Compensated Absences & Other Leave Benefits	123,098	19,170	16,828	125,440	---
Net OPEB Liability	1,341,943	702,480	---	2,044,423	---
Net Pension Liability	366,339	179,160	18,172	527,327	---
<u>Totals</u>	<u>\$ 2,281,380</u>	<u>\$ 22,150,810</u>	<u>\$ 9,485,000</u>	<u>\$ 14,947,190</u>	<u>\$ 4,325,000</u>

Compensated absences and other leave benefits includes vested or accumulated severance and sick leave.

A summary of general obligation bonds and notes outstanding as of June 30, 2019 is as follows:

	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest Rate</u>	<u>Amt of</u> <u>Original Issue</u>	<u>Balance</u> <u>Outstanding</u> <u>6/30/2019</u>
General Obligation Loan of 2012	2012	2019	2.150%	2,500,000	---
General Obligation Bonds of 2019	4/10/2019	4/1/2040	2.125% - 5.000%	8,250,000	8,250,000
General Obligation Bond Anticipation Note of 2019	4/10/2019	4/9/2020	2.750%	4,000,000	4,000,000
General Obligation Bond Anticipation Note of 2019	7/24/2018	4/10/2019	2.750%	9,000,000	---
<u>Totals</u>				<u>\$ 23,750,000</u>	<u>12,250,000</u>

The proceeds from the general obligation bonds and notes will be used to finance renovation and construction related to the District’s Agriscience STEM Academy and Science Wing.

Shepaug Valley Regional School District #12
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Note “10” – Long-Term Debt (continued):

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,325,000	\$ 382,994	\$ 4,707,994
2021	350,000	263,744	613,744
2022	400,000	246,244	646,244
2023	400,000	226,244	626,244
2024	400,000	206,244	606,244
2025-2029	2,000,000	790,719	2,790,719
2030-2034	2,000,000	534,719	2,534,719
2035-2040	2,375,000	251,963	2,626,963
<u>Total</u>	<u>\$ 12,250,000</u>	<u>\$ 2,902,871</u>	<u>\$ 15,152,871</u>

Note “11” – Employees Retirement System, Non-certified Employee Plan:

A. General Information about the Pension Plan

Shepaug Valley Regional School District #12 is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Board of Education for its non-certified employees. The PERS is considered to be part of the District's reporting entity and is included in the District's financial reports as a pension trust fund. The plan does not issue stand-alone financial statements. The membership of the plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>69</u>
Total	<u>122</u>

The District provides all Employee retirement benefits through a single employer, noncontributory, defined benefit plan. Under the plan, all regular full-time and regular part-time nonprofessional employees who have completed 2 years of service and have attained the age of 25 are covered. All covered employees vest after 10 years of service. The retirement benefit is 1.25% of final average compensation multiplied by the employee's years of credited service. Employee's may retire and receive their benefit after attaining the age of 65. The plan also provides reduced benefits for early retirement at age 55 and completion of 10 years of credited service. Covered employees do not and are not required to contribute anything to the PERS. There were no major plan changes for the July 1, 2019 actuarial valuation.

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Note “11” – Employees Retirement System, Non-certified Employee Plan (continued):

B. Authority and Funding Policy:

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

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

C. Summary of Significant Accounting Policies:

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

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

D. Investments:

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education Finance Committee by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The policy emphasizes long-term capital appreciation investments with some consideration for current income. Investments are primarily in equity securities and other asset classes, with growth as the primary objective. Fixed income securities are utilized for risk management. The following was the asset allocation policy as of June 30, 2019:

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

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

Vanguard 500 Index Fund	\$	878,141	12.69%
Federated Total Return Bond Fund	\$	641,091	9.26%
Metropolitan West Total Return Bond Fund	\$	640,915	9.26%
Wells Fargo Core Bond Fund	\$	640,454	9.25%
Dodge & Cox Income Fund	\$	637,191	9.21%
Northern Mid Cap Index Fund	\$	582,563	8.42%

Rate of Return: For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Note “11” – Employees Retirement System, Non-certified Employee Plan (continued):

E. Net Pension Liability of the District:

The components of the net pension liability at June 30, 2019, were as follows:

Total pension liability	\$ 7,448,174
Plan fiduciary net position	<u>6,920,847</u>
Net pension liability	<u>\$ 527,327</u>

Plan fiduciary net position as a percentage of the total pension liability 92.92%

F. Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all period included in the measurement:

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

Mortality rates were based on the RP-2014 Table with MP-2018 mortality improvements.

Changes in Assumptions: The municipal bond index changed from 2.98% in the July 1, 2018 actuarial valuation to 2.79% for the July 1, 2019 actuarial valuation. In addition, the mortality table was updated from the RP-2014 Table with MP-2017 mortality improvements to the RP-2014 Table with MP-2018 mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

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

G. Discount Rate:

The discount rate used to measure the total pension liability was 6.75%. The projections of cash flows used to determine the discount rate assumed that the District contribution will be made at actuarially determined contribution rates. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Total Pension Liability	\$ 8,235,141	\$ 7,448,174	\$ 6,776,028
Plan Fiduciary Net Position	\$ 6,920,847	\$ 6,920,847	\$ 6,920,847
Net Pension Liability (Asset)	\$ 1,314,294	\$ 527,327	\$ (144,819)

I. Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
Balances as of June 30, 2018	\$ 7,008,523	\$ 6,642,184	\$ 366,339
Changes for the Year:			
Service cost	153,015	---	153,015
Interest on total pension liability	462,281	---	462,281
Differences between expected and actual experience	162,362	---	162,362
Changes of assumptions	(18,172)	---	(18,172)
Employer contributions	---	205,511	(205,511)
Net investment income	---	392,987	(392,987)
Benefit payments	(319,835)	(319,835)	---
Net changes	439,651	278,663	160,988
Balances as of June 30, 2019	<u>\$ 7,448,174</u>	<u>\$ 6,920,847</u>	<u>\$ 527,327</u>

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

Note “11” – Employees Retirement System, Non-certified Employee Plan (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 128,205	\$ ---
Changes of assumptions	304,006	---
Net difference between projected and actual earnings on plan investments	---	27,164
	<u>\$ 432,211</u>	<u>\$ 27,164</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>
2020	\$ 146,913
2021	72,607
2022	86,621
2023	52,370
2024	31,862
Thereafter	14,674
<u>Total</u>	<u>\$ 405,047</u>

Note “12” – State of Connecticut Teachers’ Retirement System: Pension

A. General Information about the Pension Plan:

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multi-employer 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.

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
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Note “12” – State of Connecticut Teachers’ Retirement System: Pension

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 Provisions:

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

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

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

D. Contributions:

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

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.

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

Note “12” – State of Connecticut Teachers’ Retirement System: Pension (continued):

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

At June 30, 2019, the District reports no amounts for its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources, due to the statutory requirement that the State of Connecticut pay 100 percent of the required contribution.

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

District’s proportionate share of the net pension liability	\$	---
State’s proportionate share of the net pension liability associated with the District		<u>26,645,180</u>
<u>Total</u>	\$	<u>26,645,180</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2018. At June 30, 2019, the District has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the District recognized pension expense and revenue of \$2,990,451 for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions:

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

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

**Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019**

Note “12” – State of Connecticut Teachers’ Retirement System: Pension (continued):

F. Actuarial Assumptions (continued):

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provide for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

G. Discount Rate:

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

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

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

**Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019**

Note “12” – State of Connecticut Teachers’ Retirement System: Pension (continued):

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 “13” – Risk Management and Unpaid Claims Liabilities:

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

Note “14” – Commitments and Contingencies:

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

Grant Programs: The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 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 “15” – Post Retirement Benefits:

A. General Information about the Post Retirement Plan:

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

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2019, 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.

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

Note "15" – Post Retirement Benefits (continued):

A. General Information about the Post Retirement Plan (continued):

The membership of the plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>191</u>
Total	<u>202</u>

B. Authority and Funding Policy:

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

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

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

The components of the net OPEB liability at June 30, 2019, were as follows:

Total OPEB liability	\$ 2,044,423
Plan fiduciary net position	<u>---</u>
Net OPEB liability	<u>\$ 2,044,423</u>

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

D. Actuarial Assumptions:

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, open
Remaining Amortization Period	30 Years
Inflation	2.25%
Salary Increases	N/A
Investment Rate of Return	N/A
Discount Rate	3.13%
Trend Rate	8.00% in current year, decreasing by 0.50% per year with an ultimate rate of 4.00%
Mortality Table	RP-2014 (adjusted) with MP-2018 mortality improvements

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

Note "15" – Post Retirement Benefits (continued):

D. Actuarial Assumptions (continued):

Changes in Assumptions: The discount rate decreased from 3.62% to 3.13% and the mortality table was updated from the 1994 GAR to RP-2014 (adjusted) with MP-2018 mortality improvements.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial 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 3.13%, 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 (2.13%) or 1 percentage point higher (4.13%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>2.13%</u>	<u>3.13%</u>	<u>4.13%</u>
Total OPEB Liability	\$ 2,390,314	\$ 2,044,423	\$ 1,764,264
Plan Fiduciary Net Position	\$ ---	\$ ---	\$ ---
Net OPEB Liability	\$ 2,390,314	\$ 2,044,423	\$ 1,764,264

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Total OPEB Liability	\$ 1,784,690	\$ 2,044,423	\$ 2,355,225
Plan Fiduciary Net Position	\$ ---	\$ ---	\$ ---
Net OPEB Liability	\$ 1,784,690	\$ 2,044,423	\$ 2,355,225

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, 2018	\$ 1,341,943	\$ ---	\$ 1,341,943
Changes for the Year:			
Service cost	10,000	---	10,000
Interest cost	48,578	---	48,578
Differences between expected and actual experience	387,208	---	387,208
Changes of assumptions	256,694	---	256,694
Net changes	702,480	---	702,480
Balances as of June 30, 2019	<u>\$ 2,044,423</u>	<u>\$ ---</u>	<u>\$ 2,044,423</u>

**Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019**

Note “15” – Post Retirement Benefits (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 194,502	\$ ---
Changes of assumptions	289,372	---
	<u>\$ 483,874</u>	<u>\$ ---</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>
2020	\$ 24,388
2021	24,388
2022	24,388
2023	24,388
2024	24,388
Thereafter	361,934
<u>Total</u>	<u>\$ 483,874</u>

Note “16” – State of Connecticut Teachers’ Retirement System: Other Postemployment Benefits:

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

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

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.

**Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019**

Note “16” – State of Connecticut Teachers’ Retirement System: OPEB (continued):

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.

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

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

D. Contributions & Administrative Expenses

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 pays for one third of plan costs through an annual appropriation in the General Fund.

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

Employees/Retirees: The cost of providing benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019**

Note “16” – State of Connecticut Teachers’ Retirement System: OPEB (continued):

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

At June 30, 2019, the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution.

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

District’s proportionate share of the net OPEB liability	\$	---
State’s proportionate share of the net OPEB liability associated with the District		<u>5,326,526</u>
<u>Total</u>	\$	<u>5,326,526</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2018. At June 30, 2019, the District has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the District recognized OPEB expense and revenue of \$1,769,469 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, 2018 using the following actuarial assumptions and other inputs, applied to all period included in the measurement.

Inflation	2.75%
Real wage growth	0.50%
Wage inflation	3.25%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Municipal bond index rate:

Measurement date	3.87%
Prior measurement date	3.56%

Single equivalent interest rate:

Measurement date	3.87%, net of OPEB plan investment expense, including price inflation
Prior measurement date	3.56%, net of OPEB plan investment expense, including price inflation

Healthcare cost trend rates:

Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2025

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019

Note “16” – State of Connecticut Teachers’ Retirement System: OPEB (continued):

F. Actuarial Assumptions (continued):

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.27%	2.74%
Price Inflation		2.75%	
Expected Rate of Return (rounded nearest 0.25%)		3.00%	

Changes in Assumptions. The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high-quality short-term fixed income investments. In addition, the discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index rate. Lastly, changes were also made to the assumed per capita health care claim costs, long-term health care cost trend rates, the percentage of retired members who are not currently participating in the Plan but are expect to elect coverage in the future, the percentage of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan, the post-disablement mortality table, which was updated to extend the period of projected mortality improvements from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future health care benefits.

G. Discount Rate:

The discount rate used to measure the total OPEB liability was 3.87%. 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, 2018.

**Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury, and Washington
June 30, 2019**

Note “16” – State of Connecticut Teachers’ Retirement System: OPEB (continued):

G. Discount Rate (continued):

In addition to the actuarial methods and assumptions of the June 30, 2018 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 member were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2019 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 “17” – Restated Net Position at July 1, 2018:

Net position at July 1, 2018 increased by \$1,284,926 due to capitalized construction in progress costs related to the AgScience Project.

	<u>Net Position</u>	<u>Change in Net Position</u>
July 1, 2018, as originally reported	\$ 1,485,245	\$ (105,556)
Capitalized construction in progress costs	1,284,926	1,284,926
July 1, 2018, as restated	<u>\$ 2,770,171</u>	<u>\$ 1,179,370</u>

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement Of Revenue, Expenditures And Changes In Fund Balances
Budget and Actual (NON-GAAP BUDGETARY BASIS)
General Fund
Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance Over (Under)
Revenue:			
Participating towns :			
Town of Bridgewater	\$ 3,851,812	\$ 3,851,812	\$ ---
Town of Roxbury	7,776,624	7,776,624	---
Town of Washington	9,842,089	9,842,089	---
State of Connecticut:			
Adult education grant	66	53	(13)
Investment income	700	8,012	7,312
Tuition income	340,116	615,491	275,375
Miscellaneous income	---	13,840	13,840
Total Revenue	21,811,407	22,107,921	296,514
Expenditures:			
Personnel Services - Salaries	12,521,720	12,418,206	103,514
Employee benefits	3,446,864	3,234,508	212,356
Purchased Professional & Technical Services	752,215	806,562	(54,347)
Purchased Property Services	423,725	712,810	(289,085)
Other Purchased Services	2,501,638	1,867,590	634,048
Supplies	1,156,283	1,124,561	31,722
Property & Program Changes	245,598	316,868	(71,270)
Debt Service & Miscellaneous	203,689	384,291	(180,602)
Total Expenditures	21,251,732	20,865,396	386,336
Expenditures Transferred from Budget:			
Debt Service Fund	459,675	469,350	(9,675)
Reserve Fund for Capital and Non-recurring expenditures	---	218,114	(218,114)
Elementary School Repair Fund	100,000	100,000	---
Total Expenditures and Transfers	21,811,407	21,652,860	158,547
Excess of Revenue over Expenditures and Transfers	---	455,061	455,061
Fund Balance - beginning of year	---	351,744	351,744
Returned to participating towns	---	(351,744)	(351,744)
Fund Balance - end of year	\$ ---	\$ 455,061	\$ 455,061

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

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

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	26,645,180	28,123,524	29,670,533	24,039,750	22,219,931
Total	<u>\$ 26,645,180</u>	<u>\$ 28,123,524</u>	<u>\$ 29,670,533</u>	<u>\$ 24,039,750</u>	<u>\$ 22,219,931</u>
District's covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	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	17.6 years				
Asset valuation method	4-year smoothed market				
Investment rate of return	8.00%, net of pension plan investment expense, including inflation				
Changes in benefit terms	Effective January 1, 2018, the required employee contribution increased from 6.00% to 7.00% of pensionable salary.				
Changes of assumptions	During 2016, the inflation, salary increase, and investment rate of return rates were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the 5-year period ended June 30, 2015.				
District's covered-employee payroll	Not applicable since 0% proportionate share of the net pension liability				

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

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	5,326,526	7,238,690
Total	\$ <u>5,326,526</u>	\$ <u>7,238,690</u>
District's covered-employee payroll	\$ N/A	\$ N/A
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization method	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense including price inflation
Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changing the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high quality short term fixed income investments.</p> <p>The discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index rate.</p> <p>Changes were also made to the assumed per capita claims costs, the assumed age related percentage increases in expected annual per capita health care claim costs, long-term health care cost trend rates, the percentage of retired members who are not currently participating in the Plan but are expected to elect coverage in the future, the percentage of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan, the post-disablement mortality table, which was updated to extend the period of projected mortality improvements from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future health care benefits.</p>

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

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

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service Cost	\$ 153,015	\$ 166,629	\$ 183,092	\$ 147,816	\$ 149,359	\$ 148,277
Interest	462,281	432,542	410,759	373,380	350,865	335,174
Differences between expected and actual experience	162,362	(15,025)	4,875	(51,555)	61,047	(33,666)
Changes of assumptions	(18,172)	156,521	-	542,809	-	-
Benefit payments, including refunds of member contributions	(319,835)	(280,357)	(271,675)	(250,580)	(228,662)	(222,592)
Net change in total pension liability	439,651	460,310	327,051	761,870	332,609	227,193
Total pension liability - beginning	7,008,523	6,548,213	6,221,162	5,459,292	5,126,683	4,899,490
Total pension liability - ending	7,448,174	7,008,523	6,548,213	6,221,162	5,459,292	5,126,683
Plan fiduciary net position:						
Contributions - employer	205,511	237,889	416,934	176,819	225,505	205,888
Net investment income	392,987	455,100	647,754	5,070	149,125	701,161
Benefit payments, including refunds of member contributions	(319,835)	(280,357)	(271,675)	(250,580)	(228,662)	(222,592)
Net change in plan fiduciary net position	278,663	412,632	793,013	(68,691)	145,968	684,457
Plan fiduciary net position - beginning	6,642,184	6,229,552	5,436,539	5,505,230	5,359,262	4,674,805
Plan fiduciary net position - ending	6,920,847	6,642,184	6,229,552	5,436,539	5,505,230	5,359,262
Net Pension Liability (Asset) - Ending	\$ 527,327	\$ 366,339	\$ 318,661	\$ 784,623	\$ (45,938)	\$ (232,579)
Plan fiduciary net position as a percentage of the total pension liability	92.92%	94.77%	95.13%	87.39%	100.84%	104.54%
Covered employee payroll	\$ 2,835,512	\$ 2,547,722	\$ 2,542,496	\$ 2,490,937	\$ 2,534,741	\$ 2,472,885
Net pension liability as a percentage of covered employee payroll	18.61%	14.38%	12.53%	31.50%	(1.81%)	(9.41%)

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service Cost	\$ 10,000	\$ 10,000
Interest Cost	48,578	56,762
Differences between expected and actual experience	387,208	(195,455)
Changes of assumptions	256,694	51,584
Net change in total OPEB liability	<u>702,480</u>	<u>(77,109)</u>
Total OPEB liability - beginning	1,341,943	1,419,052
Total OPEB liability - ending	<u>2,044,423</u>	<u>1,341,943</u>
Plan fiduciary net position:		
Plan fiduciary net position at end of the year	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$ 2,044,423</u>	<u>\$ 1,341,943</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization method	30 years
Asset valuation method	N/A
Discount rate	4.00%
Inflation	2.25%
Salary increases	N/A
Investment rate of return	N/A
Retirement age	65
Mortality table	RP-2014 (adjusted) with MP-2018 mortality improvements (previously, 1994 GAR)
Trend rate	8.00% in current year, decreasing by 0.50% per year, with an ultimate rate of 4.00%
Changes in benefit terms	None
Changes of assumptions	The discount rate decreased from 3.62% to 3.13% and the mortality table was updated from 1994 GAR to RP-2014 (adjusted) with MP-2018 mortality improvements.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 205,511	\$ 266,934	\$ 177,349	\$ 176,819	\$ 183,176	\$ 239,659	\$ 211,015	\$ 237,502	\$ 232,610	\$ 162,651
Contributions in relation to the actuarially determined contribution	205,511	237,889	416,934	176,819	225,505	205,888	375,541	258,583	384,415	181,564
Contribution (Deficiency) Excess	\$ -	\$ (29,045)	\$ 239,585	\$ -	\$ 42,329	\$ (33,771)	\$ 164,526	\$ 21,081	\$ 151,805	\$ 18,913
Covered employee payroll	\$ 2,835,512	\$ 2,547,722	\$ 2,542,496	\$ 2,490,937	\$ 2,534,741	\$ 2,472,885	\$ 2,330,238	\$ 2,379,607	\$ 2,364,314	\$ 2,213,838
Contributions as a percentage of covered employee payroll	7.25%	9.34%	16.40%	7.10%	8.90%	8.33%	16.19%	10.87%	16.26%	8.20%

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years from 7/1/2016
Asset valuation method	Fair market value
Discount rate	6.75%
Inflation	2.25%
Salary increases	3.50%
Investment rate of return	6.75%
Retirement age	65 years
Mortality	RP-2014 Table with MP-2018 mortality improvements

Other:

Change of benefit terms

Changes of assumptions

None

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

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

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	5.91%	7.25%	11.67%	0.09%	2.78%	15.34%

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds					Total Nonmajor Governmental Funds
	School Cafeteria	State and Federal Grants	Scholarship Fund	Universal Service Fund	Pre-School Restricted Fund	
Assets:						
Cash	\$ 29,690	\$ 268,555	\$ 292,074	\$ 61,222	\$ 91,800	\$ 743,341
Accounts receivable	1,489	---	---	8,808	---	10,297
Due from State of Connecticut	6,446	851	---	---	---	7,297
Due from other funds	---	---	---	---	29,830	29,830
Inventory	16,606	---	---	---	---	16,606
Total Assets	\$ 54,231	\$ 269,406	\$ 292,074	\$ 70,030	\$ 121,630	\$ 807,371
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 473	\$ ---	\$ ---	\$ ---	\$ ---	\$ 473
Due to other funds	64,505	221,907	---	4,115	---	290,617
Unearned revenue	5,838	42,579	---	---	10,184	58,601
Total Liabilities	70,906	264,486	---	4,115	10,184	349,691
Fund balances:						
Nonspendable:						
Inventories	16,606	---	---	---	---	16,606
Committed for:						
School cafeteria	(33,281)	---	---	---	---	(33,281)
Restricted for:						
Technology - USF fund	---	---	---	65,915	---	65,915
Scholarships	---	---	292,074	---	---	292,074
Federal and State grants	---	4,920	---	---	---	4,920
Pre-School	---	---	---	---	111,446	111,446
Total Fund Balance	(16,675)	4,920	292,074	65,915	111,446	457,680
Total Liabilities and Fund Balance	\$ 54,231	\$ 269,406	\$ 292,074	\$ 70,030	\$ 121,630	\$ 807,371

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Combining Statement of Revenue, Expenditures And Changes In Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

		Special Revenue Funds					Total
		School Cafeteria	State and Federal Grants	Scholarship Fund	Universal Service Fund	Pre-School Restricted Fund	Nonmajor Governmental Funds
Revenue:							
Sales of lunches, milk, and other	\$ 162,064	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	162,064
Federal & state grants	36,481	332,476	---	---	---	---	368,957
Investment income	---	---	---	---	915	1,355	2,270
Other	---	---	---	6,003	20,808	46,748	73,559
Total Revenue	198,545	332,476	6,003	6,003	21,723	48,103	606,850
Expenditures:							
Cost of food consumed	79,640	---	---	---	---	---	79,640
Salaries and wages	129,145	138,954	---	---	---	---	268,099
Supplies and miscellaneous	9,547	13,620	---	---	---	---	23,167
Payroll taxes	9,879	---	---	---	---	---	9,879
Employee benefits	---	10,244	---	---	---	---	10,244
Repairs and equipment purchases	---	---	---	---	15,404	---	15,404
Student Services	---	169,658	---	---	---	16,762	186,420
Scholarships	---	---	---	13,305	---	---	13,305
Other	---	---	---	7,100	---	---	7,100
Total Expenditures	228,211	332,476	20,405	15,404	16,762	613,258	
Excess (Deficiency) of Revenues Over Expenditures	(29,666)	---	(14,402)	6,319	31,341	(6,408)	
Fund Balance - beginning of year	12,991	4,920	306,476	59,596	80,105	464,088	
Fund Balance - end of year	\$ (16,675)	\$ 4,920	\$ 292,074	\$ 65,915	\$ 111,446	\$ 457,686	

Shepaug Valley Regional School District #12
Towns of Bridgewater, Roxbury and Washington
Statement of Changes in Assets and Liabilities
All Agency Funds - Student Activities Fund
June 30, 2019

	Balance		Balance	
	July 1, 2018	Additions	Deductions	June 30, 2019
Assets:				
Cash	\$ 117,361	\$ 191,133	\$ 177,949	\$ 130,545
Total Assets	\$ 117,361	\$ 191,133	\$ 177,949	\$ 130,545
Liabilities:				
Due to Student Groups				
High School	\$ 87,225	\$ 143,365	\$ 131,412	\$ 99,178
Middle School	9,989	15,555	14,529	11,015
Burnham School	4,622	2,443	2,105	4,960
Booth Free School	7,088	10,576	10,093	7,571
Washington Primary	8,437	19,194	19,810	7,821
Total Liabilities	\$ 117,361	\$ 191,133	\$ 177,949	\$ 130,545

Appendix B

Opinion of Bond Counsel and Tax Status

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX STATUS

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Regional School District Number 12
Washington Depot, Connecticut

We have represented Regional School District Number 12 of the State of Connecticut as Bond Counsel in connection with the issuance by the District of \$4,000,000 Bond Anticipation Notes, dated as of April 9, 2020.

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

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Notes is excluded from gross income for Federal income tax purposes. The District officials authorized to issue the Notes have executed written representations and agreements on behalf of the District relating to compliance with such provisions of the Code to ensure that the interest on the Notes will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Notes are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) the Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters,

placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

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

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the District regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such notes.

GENERAL.

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly,

reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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Appendix C

Form of Continuing Disclosure Agreement

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

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

Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of April 9, 2020 by Regional School District Number 12 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,000,000 Bond Anticipation Notes, dated as of April 9, 2020 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

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

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

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

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

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

Section 2. Notice of Certain Events.

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

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

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

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

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

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

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

Section 3. Use of Agents.

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

Section 4. Termination.

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

Section 5. Enforcement.

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is P.O. Box 386, 11A School Street, Washington Depot, Connecticut 06794.

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

Section 6. Miscellaneous.

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

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

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

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

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

REGIONAL SCHOOL DISTRICT NUMBER 12 OF
THE STATE OF CONNECTICUT

By: _____
Gregory J. Cava
Chairman of the Board of Education

By: _____
John Buonaiuto
Treasurer

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Appendix D

Notice of Sale

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

TELEPHONE PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by Regional School District Number 12 of the State of Connecticut at the offices of Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut, until **11:30 A.M. Eastern Time on TUESDAY,**

MARCH 31, 2020

for the purchase of \$4,000,000 Bond Anticipation Notes of Regional School District Number 12, dated April 9, 2020, maturing on April 8, 2021 (the "Notes").

The District will designate the Notes as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

The Notes will be general obligations of the District and its member towns of Bridgewater, Roxbury, and Washington, and payable from ad valorem taxes levied on all taxable property in each member town of the District without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the District or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The District will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the District fails to identify another qualified securities depository to replace DTC, or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the District will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Option For No Book Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the District as the Certifying

Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the District at the time of the submission of the bid. The District reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the District any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated. Day Pitney LLP, of Hartford, Connecticut, the District's Bond Counsel, will prepare the closing documentation for Notes issued in non-book-entry form, which may include, but not be limited to, a purchase agreement to be executed by the successful bidder, all of which documentation shall be in a form satisfactory to Bond Counsel.

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

Telephone Proposals Bidding Procedure. Telephone bids for the purchase of the Notes will be received on behalf of the District by a representative of Phoenix Advisors, LLC, the District's municipal advisor (the "Municipal Advisor") at (203) 283-1110 until 11:30 A.M. on Tuesday, March 31, 2020.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The District neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the District, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the District that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the District will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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

encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

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

The District reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

Certifying and Paying Agent. Unless the successful bidder on the Notes is designated as the Certifying Agent, Registrar and Paying Agent for the Notes as provided in "Option For No Book Entry" above, the Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will also act as Registrar and Paying Agent.

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

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

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

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

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

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

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

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

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

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

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

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

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the District and its member towns when duly certified; (2) that, assuming the accuracy of and compliance by the District with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not “private activity bonds” and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and the Notes are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

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

Official Statement. Regional School District Number 12 has prepared a preliminary Official Statement for the Note issue which is dated March 24, 2020. The District deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The District will make available to each winning purchaser 10 copies of the Official Statement as prepared by the District at the District's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the District's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. If the District's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the

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

Continuing Disclosure Agreement. The District will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Notes. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the District; provided, however, that the District assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on April 9, 2020.

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

GREGORY J. CAVA,
Chairman of the Board of Education

JOHN BUONAIUTO,
Treasurer

March 24, 2020

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

Competitive Sale Requirements Satisfied

**REGIONAL SCHOOL DISTRICT NUMBER 12 OF THE STATE OF CONNECTICUT
\$4,000,000 BOND ANTICIPATION NOTES, DATED APRIL 9, 2020**

ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.

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

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

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

2. Defined Terms.

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

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is March 31, 2020.

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

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

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

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

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2020

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

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

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**REGIONAL SCHOOL DISTRICT NUMBER 12 OF THE STATE OF CONNECTICUT
\$4,000,000 BOND ANTICIPATION NOTES, DATED APRIL 9, 2020**

ISSUE PRICE CERTIFICATE

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

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

2. ***Defined Terms.***

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

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

(c) "***Public***" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

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

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

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2020

Attachment:

**SCHEDULE A
SALE PRICES**

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