

# Preliminary Official Statement Dated June 28, 2022

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

**Ratings: Moody's Investors Service: "Aa2"**

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

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

**\$8,400,000**

**Regional School District No. 14  
of the State of Connecticut  
(Towns of Bethlehem and Woodbury, Connecticut)  
General Obligation Bonds, Issue of 2022  
(Bank Qualified)**

**Dated: Date of Delivery**

**Due: Serially, August 15, 2024-2047  
as detailed below:**

Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>	Year	Principal	Coupon	Yield	CUSIP <sup>1</sup>
2024	\$ 350,000	_. %	_. %	759125	2036	\$ 350,000	_. %	_. %	759125
2025	350,000	_. %	_. %	759125	2037	350,000	_. %	_. %	759125
2026	350,000	_. %	_. %	759125	2038	350,000	_. %	_. %	759125
2027	350,000	_. %	_. %	759125	2039	350,000	_. %	_. %	759125
2028	350,000	_. %	_. %	759125	2040	350,000	_. %	_. %	759125
2029	350,000	_. %	_. %	759125	2041	350,000	_. %	_. %	759125
2030	350,000	_. %	_. %	759125	2042	350,000	_. %	_. %	759125
2031	350,000	_. %	_. %	759125	2043	350,000	_. %	_. %	759125
2032	350,000	_. %	_. %	759125	2044	350,000	_. %	_. %	759125
2033	350,000	_. %	_. %	759125	2045	350,000	_. %	_. %	759125
2034	350,000	_. %	_. %	759125	2046	350,000	_. %	_. %	759125
2035	350,000	_. %	_. %	759125	2047	350,000	_. %	_. %	759125

Interest on the General Obligation Bonds, Issue of 2022 (the "Bonds") will be payable semiannually on February 15 and August 15 in each year until maturity, commencing on August 15, 2023. The Bonds will be issued as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Only Transfer System" herein).

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

**Electronic bids via PARITY for the Bonds will be received until 11:30 AM (Eastern Time) on Tuesday, July 12, 2022 at the Business Office of Regional School District No. 14, 67 Washington Avenue, Woodbury, Connecticut 06798.**

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

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of Pullman & Comley, LLC of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of DTC on or about July 21, 2022.

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

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

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

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

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

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

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

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the District up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the District assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the District; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the District; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the District; (viii) the effects of epidemics and pandemics, including economic effects; and (ix) other factors contained in this Official Statement.

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## **Bond Issue Summary**

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

<b>Date of Sale</b>	Tuesday, July 12, 2022 at 11:30 A.M. (Eastern Time)
<b>Location of Sale</b>	Regional School District No. 14, Business Office, 67 Washington Avenue, Woodbury, Connecticut 06798
<b>Issuer:</b>	Regional School District No. 14 of the State of Connecticut (Towns of Bethlehem and Woodbury) (the "District").
<b>Issue:</b>	\$8,400,000 General Obligation Bonds, Issue of 2022 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Principal and Interest Due:</b>	Principal due serially, August 15, 2024 through August 15, 2047 as detailed in this Official Statement. Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing on August 15, 2023.
<b>Purpose and Authority:</b>	The Bond proceeds are being used to redeem existing bond anticipation notes that were issued to finance additional renovations, improvements and additions to Nonnewaug High School. See "Authorization and Purpose" herein.
<b>Redemption:</b>	The Bonds are subject to optional redemption prior to maturity, as herein provided.
<b>Security:</b>	The Bonds will be general obligations of the District, and its member towns of Bethlehem and Woodbury (the "Member Towns"), and the District and member towns will pledge their full faith and credit to pay the principal of and interest on the Bonds when due.
<b>Credit Ratings:</b>	The Bonds have been rated "Aa2" by Moody's Investors Service ("Moody's").
<b>Bond Insurance:</b>	The District does not expect to purchase a credit enhancement facility.
<b>Tax Exemption:</b>	See Appendix B "Form of Opinion of Bond Counsel" and "Tax Matters" herein.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C to this Official Statement.
<b>Bank Qualification:</b>	The Bonds <u>shall be</u> designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
<b>Registrar, Transfer Agent, Certifying Agent &amp; Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Pullman & Comley, LLC of Hartford, Connecticut.
<b>Municipal Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut. Telephone (203) 283-1110.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made through the facilities of The Depository Trust Company on or about July 21, 2022. Delivery of the Bonds will be made against payment in Federal Funds.
<b>Issuer Official:</b>	Questions concerning the sale should be addressed to: Tina Tanguay, Director of Finance and Operations, 67 Washington Avenue, Woodbury, Connecticut 06798. Phone (203) 263-4330.

## ***I. Bond Information***

### ***Introduction***

This Official Statement is provided for the purpose of presenting certain information relating to Regional School District No. 14 of the State of Connecticut (the "District") comprised of the Towns of Bethlehem and Woodbury (collectively, the "Member Towns"), in connection with the original issuance and sale of \$8,400,000 General Obligation Bonds, Issue of 2022 (the "Bonds") of the District.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated June 28, 2022 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 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. All quotations from and summaries and explanations of provisions of Statutes, Charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

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

### ***Municipal Advisor***

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

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

### ***Global Health Emergency Risk***

#### **The COVID-19 Outbreak**

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the District, or its Member Towns.

#### ***Federal Response to COVID-19's Impact on the Economy***

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan"). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State's K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

### ***State and Local Responses to COVID-19's Impact on the Economy***

Governor Lamont also declared a state of emergency throughout the State of Connecticut and took steps to mitigate the spread and impacts of COVID-19. Public schools began to operate remotely and many businesses, with the exception of those deemed to be essential, were required to operate in a limited capacity, if not required to temporarily close altogether. Connecticut's COVID-19 vaccination plan commenced on December 14, 2020, and today the vaccine is widely available to all individuals aged 5 and over. As of February 28, 2022, the State has lifted nearly all restrictions put in place during the height of the pandemic. The State will continue to evaluate the need for additional restrictions on an on-going basis. For up-to-date information concerning the State's actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the District, nor the parties involved with the issuance of the Bonds, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

The extent to which COVID-19 impacts the State's operations and its financial condition will depend on future developments, which are uncertain and cannot be fully predicted with confidence at this time, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. There can be no assurances that the outbreak will not further materially adversely affect the financial condition of the State, the District or its Member Towns.

To date, the District has not experienced a material negative financial impact as a result of COVID-19. The District collected 100% of the Fiscal Year 2021 assessments from its Member Towns, with 100% having been collected for Fiscal Year 2020 and 100% having been collected for Fiscal Year 2019. Similarly, the Member Towns have not experienced a material negative financial impact as a result of COVID-19. The Town of Woodbury collected approximately 99.0% of its Fiscal Year 2021 General Fund current levy, with 98.6% having been collected for Fiscal Year 2020 and 99.0% having been collected for Fiscal Year 2019. The Town of Bethlehem collected approximately 98.6% of its Fiscal Year 2021 General Fund current levy, with 98.8% having been collected for Fiscal Year 2020 and 98.7% having been collected for Fiscal Year 2019.

Over the next two years, the Town of Woodbury and the Town of Bethlehem expect to receive \$2,812,122 and \$1,006,824, respectively, in federal funding as a result of the Rescue Plan. The Town of Woodbury has received approximately 50%, or \$1,406,061, in funding from this program, and the Town of Bethlehem has received approximately 50%, or \$503,412, in funding from this program. Both of the District's Member Towns are developing a plan for the use of such funds that will focus on infrastructure improvements and other initiatives that comply with the program eligibility criteria. The District directly received approximately \$750,000 of Rescue Plan aid.

### ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The District faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The District cannot predict the timing, extent or severity of climate change and its impact on the District's operations and finances.

### ***Cybersecurity***

The District, like many other public and private entities, relies on technology to conduct its operations. The District and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the District has invested in IT security firewalls, staff training programs, anti-virus software, and anti-malware software. All of the District computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cyber security incidents or cyber-attacks, the District has invested in disaster recovery systems and a continuity of IT operations plan which leverages regular daily system backups. In the event of a cybersecurity incident recovery from an earlier state for any enterprise application system is possible. The District currently has a cybersecurity insurance policy. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact financial operations and/or damage the District's digital networks and systems and the costs of remedying any such damage could be substantial.

## **Description of the Bonds**

The Bonds will be dated as of the date of delivery and will mature on August 15 in each of the years and will bear interest at the rate or rates per annum as set forth on the inside cover page of this Official Statement, payable on August 15, 2023, and semiannually thereafter on February 15 and August 15 in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of January and July in each year, by check mailed to the registered owner at the address as shown on the registration books of the District kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the District shall agree.

## **Optional Redemption**

The Bonds maturing on or before August 15, 2031 are not subject to redemption prior to maturity. The Bonds maturing August 15, 2032 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after August 15, 2031 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<b><u>Period During Which Redeemed</u></b>	<b><u>Redemption Prices</u></b>
August 15, 2031 and thereafter.....	100%

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the date fixed for redemption to the registered owner designated for redemption in whole or in part at the address of such owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the District in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The District, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the District will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the District authorizing the issuance of the Bonds and will not be conducted by the District, the Registrar or Paying Agent.

## **Authorization and Purpose**

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

## Use of Proceeds:

Proceeds of the Bonds will be used to redeem the District's outstanding bond anticipation notes, which come due on July 21, 2022:

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>Maturing Notes Due: 7/21/22</i>	<i>Paydowns</i>	<i>This Issue: The Bonds</i>
Nonnewaug HS Reno. Project .....	\$ 63,800,000	\$ 8,500,000	\$ (100,000)	\$ 8,400,000
<b>Total .....</b>	<b>\$ 63,800,000</b>	<b>\$ 8,500,000</b>	<b>\$ (100,000)</b>	<b>\$ 8,400,000</b>

## Tax Exemption

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

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

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

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

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

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

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the "OIP Bonds"). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the [Bonds/Notes] should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds 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 Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

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

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***DTC Practices***

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

### ***Replacement Securities***

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

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

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

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

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

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

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

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

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

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

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

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

## **Availability of Continuing Information**

The District will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form included 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”), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the District to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The Underwriter’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

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

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

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

## **Ratings**

The Bonds have been rated “Aa2” by Moody’s Investors Service (“Moody’s”). The District furnished to Moody’s certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of Moody’s and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody’s should be contacted directly for its rating on the Bonds and the 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 No. 14**

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

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

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

The District annual meeting is the District meeting at which the annual budget is first presented for adoption and is held on the first Monday in May. After adoption of the annual budget of the District, the Regional Board of Education must determine the amount of the total budgetary appropriation that each of the member Towns must pay. The amount each Town is to pay is determined by the number of pupils resident in such Town in average daily membership during the preceding school year. For fiscal year 2021-22, the Town of Bethlehem pays approximately 25.5% of the District’s budget, and the Town of Woodbury pays approximately 74.5%. Payments are made to the District on a monthly basis in accordance with cash flow requirements of the District.

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

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

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

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

#### ***Bethlehem***

The Town of Bethlehem was incorporated in May 1787 and is located in Litchfield County. The Town has an area of 19.7 square miles and is bordered by the Towns of Morris, Watertown, Woodbury and Washington. Access is provided by Connecticut Routes 132 and 61. Bethlehem's population according to the 2020 U.S. Census Bureau, American Community Survey was 3,413.

#### ***Woodbury***

The Town of Woodbury was incorporated in 1673 and is located in Litchfield County. The Town has an area of 36.8 square miles and is bordered by the Towns of Bethlehem, Watertown, Middlebury, Southbury and Roxbury. Access is provided by Connecticut Routes 6 and 64. The Town's population according to the 2020 U.S. Census Bureau, American Community Survey was 9,529.

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

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

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

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

### **Principal District Officials**

<b>Office</b>	<b>Name</b>	<b>Manner of Selection</b>	<b>Term Expires</b>
Board of Education:			
Chairman .....	George Bauer	Elected	6/30/2022 <sup>1</sup>
Vice Chairman / Treasurer .....	Jim Crocker	Elected	6/30/2022 <sup>1</sup>
Secretary .....	Carol Ann Brown	Elected	6/30/2022
Assistant Secretary / Assistant Treasurer ....	Chris Matta	Elected	6/30/2022
Member .....	Michael Devine	Elected	6/30/2023
Member .....	Dave Butkus	Elected	6/30/2023
Member .....	Jonathan Kapstein	Elected	6/30/2023
Member .....	Tikva Rose	Elected	6/30/2023
Acting Superintendent of Schools .....	Wayne McAllister	Appointed	8/15/2022 <sup>2</sup>
Director of Finance and Operations .....	Tina Tanguay	Appointed	6/30/2024

<sup>1</sup> The terms for the current Chairman and Treasurer expire on 6/30/2022 and the Board of Education is planning on holding elections for the positions of Chairman and Treasurer at its meeting on Monday, July 11, 2022.

<sup>2</sup> On June 13, the Board of Education appointed Brian Murphy as the new Superintendant and he is expected to start on August 25, 2022.

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

Regional School District Number 14 has two elementary schools (Bethlehem Elementary and Mitchell Elementary serving grades kindergarten through grade five), a middle school (Woodbury Middle School serving grades six through eight), located in the Town of Woodbury, and one high school (Nonnewaug High School serving grades nine through twelve), located in the Town of Woodbury. Enrollment in the District system as of October 1, 2021 was 1,600 students with a design capacity of 2,345.

### **District Employees**

<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
299	284	282	260	265

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

### **Current Employee Breakdown**

Administration .....	11.00
Teachers .....	173.00
Central Office .....	7.00
Clerical .....	9.00
Nurses .....	4.00
Custodians / Maintenance .....	20.00
Cafeteria Aides .....	17.50
Para-Professionals .....	41.50
Technology Staff .....	4.00
OT/PT/Athletic Trainer .....	5.00
Instructional Support .....	7.00
<b>Total .....</b>	<b>299.00</b>

## Employee Bargaining Groups

<b>Bargaining Unit</b>	<b>Organization</b>	<b>Number of Members</b>	<b>Contract Expiration Date</b>
Teachers .....	Nonnewaug Teachers' Association	173.0	6/30/2025
Custodial .....	Teamsters Local #677	19.0	6/30/2025
Clerical .....	Secretarial Association of Region 14	9.0	6/30/2024
Nurses .....	American Federation of State, County and Municipal Employees, Council #4	4.0	6/30/2025
Teachers Aides .....	American Federation of State, County and Municipal Employees, Council #4	34.0	6/30/2024
Administrators .....	Administrator's Association of Region 14	9.0	6/30/2023
Cafeteria .....	Cafeteria Workers' Association of Region 14	13.0	6/30/2024
Instructional Support ...	AFSCME Municipal Employees, Council 4	7.0	6/30/2022 <sup>1</sup>
<b>Total .....</b>		<b>268.0</b>	

<sup>1</sup> In negotiations.

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

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

## School Facilities

Regional School District Number 14 has two elementary schools, a middle school, and one high school. Enrollment in the District system as of October 1, 2021 was 1,600 students with a design capacity of 2,345.

<b>School</b>	<b>Grades</b>	<b>Date of Construction (Latest Additions)</b>	<b>Number of Classrooms</b>	<b>10/1/2021 Enrollment</b>	<b>Operating Capacity</b>
Bethlehem Elementary .....	Pre-K-5	1965 (1980s)	24	274	378
Mitchell Elementary .....	Pre-K-5	1948 (2002)	28	329	442
Woodbury Middle .....	6-8	1953 (2000)	46	312	650
Nonnewaug High School .....	9-12	1970 (2000)	55	685	875
<b>Total .....</b>			<b>153</b>	<b>1,600</b>	<b>2,345</b>

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

## Average Daily Membership by Town

	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Bethlehem .....	370	352	367	361	358
Woodbury .....	999	1,027	1,067	1,129	1,125

### **School Enrollment**

<b>School Year</b>	<b>Pre-K-5</b>	<b>6-8</b>	<b>9-12</b>	<b>Total <sup>1</sup></b>
<b>Historical</b>				
2012-13	708	420	820	1,948
2013-14	711	376	811	1,898
2014-15	676	368	764	1,808
2015-16	671	345	755	1,771
2016-17	667	376	729	1,772
2017-18	638	363	717	1,718
2018-19	621	339	696	1,656
2019-20	609	317	677	1,603
2020-21	604	300	685	1,589
2021-22	603	312	685	1,600
<b>Projected</b>				
2022-23	618	304	654	1,576
2023-24	611	309	631	1,551
2024-25	634	287	625	1,546

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

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

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

#### ***Local Economy***

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

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

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

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

The Town of Woodbury was incorporated in 1673 and is located in Litchfield County. The Town has an area of 36.8 square miles and is bordered by the Towns of Bethlehem, Watertown, Middlebury, Southbury and Roxbury. Access is provided by U.S. Highway 6 and Connecticut Routes 61, 317 and 64. The Town's population according to the 2020 U.S. Census was 9,529.

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

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

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

Through conscientious planning and faithfulness to implementation, the Town has maintained its historic and rural character. But much of the land remains undeveloped, and growth pressures are increasing. Woodbury's essence and charm are a composite of its natural features and the physical development that has evolved. The Town has retained its character and cultural landscape by balancing private property interests with the respect for heritage and traditional quality of life. The Town completed updating its Plan of Conservation and Development in March 2010 and is currently working on its implementation. Woodbury has an abundance of open space – forest, field, farmland, watercourses and floodplain. Strong support for Town acquisition of open space has been expressed by residents in the interest of preserving Woodbury's rural and scenic character. The Town has established an Open Space Fund with a current balance of approximately \$520,000. Its mix of residential, commercial and community uses has kept its Main Street true to traditional Main Street functions.

## Population and Density

Town of Bethlehem				Town of Woodbury			
Actual				Actual			
Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>	Year	Population <sup>1</sup>	% Increase	Density <sup>2</sup>
2020 <sup>3</sup>	3,413	-5.4%	173.2	2020 <sup>3</sup>	9,529	-3.8%	258.9
2010	3,607	5.4%	183.1	2010	9,909	7.7%	269.3
2000	3,422	11.4%	173.7	2000	9,198	13.1%	249.9
1990	3,071	19.4%	155.9	1990	8,131	17.1%	221.0
1980	2,573	33.8%	130.6	1980	6,942	18.3%	188.6
1970	1,923	29.4%	97.6	1970	5,869	50.1%	159.5
1960	1,486	--	75.4	1960	3,910	--	106.3

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

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

<sup>3</sup> American Community Survey 2016-2020

## Age Distribution of the Population

Age	Town of Bethlehem		Town of Woodbury		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5 years .....	135	4.0%	211	2.2%	182,708	5.1%
5 to 9 years .....	107	3.1	378	4.0	192,321	5.4
10 to 14 years .....	243	7.1	564	5.9	221,648	6.2
15 to 19 years .....	298	8.7	523	5.5	241,286	6.8
20 to 24 years .....	142	4.2	338	3.5	243,381	6.8
25 to 34 years .....	282	8.3	879	9.2	443,917	12.4
35 to 44 years .....	286	8.4	611	6.4	426,097	11.9
45 to 54 years .....	402	11.8	1,362	14.3	493,186	13.8
55 to 59 years .....	324	9.5	773	8.1	267,164	7.5
60 to 64 years .....	479	14.0	999	10.5	243,375	6.8
65 to 74 years .....	494	14.5	1,653	17.3	345,407	9.7
75 to 84 years .....	169	5.0	600	6.3	175,909	4.9
85 years and over .....	52	1.5	638	6.7	94,150	2.6
<b>Total.....</b>	<b>3,413</b>	<b>100%</b>	<b>9,529</b>	<b>100%</b>	<b>3,570,549</b>	<b>100%</b>
Median Age (Years) 2020...	50.6		54.5		41.1	

Source: American Community Survey 2016-2020

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### Income Distribution

<b>Income</b>	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
\$ 0 - \$ 9,999.....	11	1.2%	48	1.7%	24,418	2.7%
10,000 - 14,999.....	-	0.0	-	0.0	14,648	1.6%
15,000 - 24,999.....	33	3.6	66	2.3	38,026	4.2%
25,000 - 34,999.....	37	4.1	97	3.4	46,409	5.1%
35,000 - 49,999.....	26	2.9	138	4.9	75,375	8.3%
50,000 - 74,999.....	70	7.7	392	13.8	129,070	14.3%
75,000 - 99,999.....	179	19.7	477	16.8	113,813	12.6%
100,000 - 149,999.....	225	24.8	698	24.5	189,460	21.0%
150,000 - 199,999.....	144	15.9	403	14.2	110,975	12.3%
200,000 and over.....	183	20.2	525	18.5	160,802	17.8%
<b>Total.....</b>	<b>908</b>	<b>100.0%</b>	<b>2,844</b>	<b>100.0%</b>	<b>902,996</b>	<b>100.0%</b>

Source: American Community Survey 2016-2020

### Income Levels

	<b>Town of Bethlehem</b>	<b>Town of Woodbury</b>	<b>State of Connecticut</b>
Per Capita Income, 2020.....	\$47,482	\$61,650	\$45,668
Median Family Income, 2020.....	\$125,278	\$112,911	\$102,061
Median Household Income, 2020.....	\$92,237	\$100,850	\$79,855

Source: American Community Survey 2016-2020

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

	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	-	2.3%	53	2.3%	99,436	4.0%
9th to 12th grade.....	29	2.6	217	2.6	126,114	5.1
High School graduate.....	882	21.8	1,746	21.8	655,381	26.3
Some college, no degree.....	414	16.7	1,519	16.7	419,238	16.8
Associate's degree .....	232	7.7	503	7.7	193,036	7.8
Bachelor's degree.....	464	25.3	1,659	25.3	551,459	22.2
Graduate or professional degree.....	467	23.5	1,818	23.5	444,541	17.9
<b>Total.....</b>	<b>2,488</b>	<b>100.0%</b>	<b>7,515</b>	<b>100.0%</b>	<b>2,489,205</b>	<b>100.0%</b>
Total high school graduate or higher (%)..		98.8%		96.4%		90.9%
Total bachelor's degree or higher (%).....		37.4%		46.3%		40.0%

Source: American Community Survey 2016-2020

### **Employment by Industry**

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

Source: American Community Survey 2016-2020

### **Employment Data By Place of Residence**

			Percentage Unemployed		
Period	Employed	Unemployed	Town	Waterbury Labor Market	State of Connecticut
Town of Bethlehem					
April 2021.....	1,828	65	3.4%	4.7%	3.8%
2021.....	1,734	97	5.3	8.0	6.6
2020.....	1,773	109	5.8	8.5	7.3
2019.....	1,909	71	3.6	4.6	3.7
2018.....	1,891	75	3.8	5.1	4.1
2017.....	1,896	89	4.5	5.9	4.7
Town of Woodbury					
April 2021.....	5,233	195	3.6%	4.7%	3.8%
2021.....	4,963	278	5.3	8.0	6.6
2020.....	5,067	313	5.9	8.5	7.3
2019.....	5,439	177	3.1	4.6	3.7
2018.....	5,387	190	3.4	5.1	4.1
2017.....	5,349	194	3.5	5.9	4.7

Source: State of Connecticut, Department of Labor.

### Age Distribution of Housing

Year Built	Town of Bethlehem		Town of Woodbury		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	226	13.7%	710	14.2%	327,771	21.5%
1940 to 1969.....	526	31.9	1,126	22.6	532,459	35.0
1970 to 1979.....	257	15.6	830	16.7	204,902	13.5
1980 to 1989.....	198	12.0	830	16.7	188,346	12.4
1990 to 1999.....	220	13.3	542	10.9	118,768	7.8
2000 or 2009.....	176	10.7	921	18.5	102,986	6.8
2010 or later.....	46	2.8	24	0.5	45,967	3.0
<b>Total Housing Units .....</b>	<b>1,649</b>	<b>100.0%</b>	<b>4,983</b>	<b>100.0%</b>	<b>1,521,199</b>	<b>100.0%</b>

Source: American Community Survey 2016-2020

### Housing Inventory

Housing Units	Town of Bethlehem		Town of Woodbury		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1-unit, detached.....	1,550	94.0%	3,645	73.1%	897,094	59.0%
1-unit, attached.....	6	0.4	483	9.7	85,585	5.6
2 units.....	17	1.0	153	3.1	125,289	8.2
3 or 4 units.....	58	3.5	296	5.9	128,352	8.4
5 to 9 units.....	8	0.5	101	2.0	80,405	5.3
10 to 19 units.....	10	0.6	217	4.4	54,136	3.6
20 or more units.....	-	-	70	1.4	137,923	9.1
Mobile home.....	-	-	-	-	11,943	0.8
Boat, RV, van, etc.....	-	-	18	0.4	472	0.0
<b>Total Inventory.....</b>	<b>1,649</b>	<b>100.0%</b>	<b>4,983</b>	<b>100.0%</b>	<b>1,521,199</b>	<b>100.0%</b>

Source: American Community Survey 2016-2020

### Building Permits

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

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

### Owner-Occupied Housing Values

<b>Specified Owner-Occupied Units</b>	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than \$50,000.....	4	0.4%	37	1.0%	17,908	2.0%
\$50,000 to \$99,000.....	-	-	9	0.2	26,616	2.9
\$100,000 to \$149,999.....	17	1.7	252	6.9	76,280	8.3
\$150,000 to \$199,000.....	89	8.8	180	4.9	135,429	14.8
\$200,000 to \$299,999.....	206	20.3	502	13.7	249,697	27.3
\$300,000 to \$499,999.....	596	58.7	2,056	56.1	255,697	27.9
\$500,000 to \$999,999.....	73	7.2	580	15.8	110,850	12.1
\$1,000,000 or more.....	31	3.1	49	1.3	42,931	4.7
<b>Total.....</b>	<b>1,016</b>	<b>100.0%</b>	<b>3,665</b>	<b>100.0%</b>	<b>915,408</b>	<b>100.0%</b>
<b>Median Value.....</b>	<b>\$342,300</b>		<b>\$383,100</b>		<b>\$279,700</b>	

Source: American Community Survey 2016-2020

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## **IV. Tax Base Data**

### **Property Tax**

#### **Assessments**

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Member Towns for inclusion on the Grand Lists is the responsibility of their Assessors. The Grand List represents the total of assessed value for all taxable real and personal property located within the town as of October 1. A Board of Assessment Appeal determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation: the Bethlehem Grand List as of 10/1/18; the Woodbury Grand List as of 10/1/18. The next revaluations for the member towns are 10/1/23.

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

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

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

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

Connecticut General Statutes Section 12-71e, as amended and through June 30, 2022, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Effective July 1, 2022, Section 12-71e has been amended whereby the mill rate for motor vehicles shall not exceed 45 mills for the assessment years commencing October 1, 2017 to October 1, 2020, inclusive, and for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. Section 4-661 of the General Statutes, as amended ("Section 4-661"), diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Member Towns of Bethlehem and Woodbury's mill rate for motor vehicles for the assessment year commencing October 1, 2021 (the fiscal year ending June 30, 2023) are 27.50 and 29.17 mills, respectively.

## Levy

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

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

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## Comparative Assessed Valuations

### Town of Bethlehem

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal	Motor	Gross	Less Exemption	Net	Percent Change
	Real Property (%)	Real Property (%)	Real Property (%)	Property (%)	Vehicle (%)	Taxable Grand List		Taxable Grand List	
2021	74.7	7.4	2.1	3.5	12.4	\$ 390,501,744	\$ 4,735,010	\$ 385,766,734	3.35
2020	76.6	7.7	2.2	3.7	9.9	377,933,642	4,673,148	373,260,494	0.97
2019	76.9	7.7	2.3	3.4	9.7	374,221,836	4,564,602	369,657,234	3.17
2018 <sup>1</sup>	79.0	7.0	2.1	2.5	9.5	361,840,890	3,557,350	358,283,540	(5.05)
2017	79.0	6.9	2.3	2.5	9.4	409,979,496	32,631,690	377,347,806	0.87
2016	73.6	6.4	2.1	2.3	8.4	406,706,344	32,605,843	374,100,501	1.16
2015	80.8	6.1	2.1	2.1	8.8	402,729,938	32,924,999	369,804,939	0.66
2014	81.1	6.0	2.2	2.0	8.7	399,696,690	32,317,713	367,378,977	0.87
2013 <sup>1</sup>	80.2	6.3	2.4	2.1	9.0	368,355,400	4,149,545	364,205,855	(10.52)
2012	80.9	6.2	3.0	1.9	8.0	411,308,000	4,297,000	407,011,000	0.35

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Bethlehem.

### Town of Woodbury

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal	Motor	Gross	Less Exemption	Net	Percent Change
	Real Property (%)	Real Property (%)	Real Property (%)	Property (%)	Vehicle (%)	Taxable Grand List		Taxable Grand List	
2021	73.3	9.2	2.2	4.7	10.6	\$ 1,130,303,000	\$ 9,076,000	\$ 1,121,227,000	2.75
2020	74.6	9.4	2.4	4.8	8.7	1,101,944,000	10,744,000	1,091,200,000	1.45
2019	75.5	9.6	2.6	4.0	8.3	1,084,145,000	8,496,000	1,075,649,000	0.85
2018 <sup>1</sup>	76.0	8.0	4.2	3.7	8.1	1,075,407,626	8,822,434	1,066,585,192	(7.46)
2017	79.0	7.5	3.2	2.8	7.5	1,159,733,296	7,174,934	1,152,558,362	0.66
2016	79.0	7.5	3.2	2.8	7.5	1,151,862,943	6,870,152	1,144,992,791	0.61
2015	80.2	7.5	2.4	4.3	5.6	1,145,198,000	7,175,000	1,138,023,000	0.49
2014	80.1	7.5	2.5	4.3	5.6	1,138,861,000	6,350,000	1,132,511,000	0.35
2013 <sup>1</sup>	80.0	7.5	2.6	4.4	5.5	1,134,878,000	6,332,000	1,128,546,000	(8.82)
2012	80.1	7.5	2.6	4.4	5.4	1,243,995,000	6,231,000	1,237,764,000	0.53

<sup>1</sup> Revaluation.

Source: Assessor's Office, Town of Woodbury

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

## Property Tax Levies and Collections

### Town of Bethlehem

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2021</b>
2020	2022 <sup>2</sup>	\$ 373,260,494	27.51	\$10,268,396	IN COLLECTION		
2019	2021	369,657,234	26.17	9,869,000	98.8%	1.2%	1.2%
2018 <sup>1</sup>	2020	358,283,540	26.79	9,691,584	98.5%	1.5%	0.6%
2017	2019	377,347,806	24.15	9,082,318	98.5%	1.5%	0.3%
2016	2018	374,100,501	25.38	9,494,671	98.3%	1.7%	0.2%
2015	2017	369,804,939	23.41	8,657,134	98.4%	1.6%	0.1%
2014	2016	367,378,977	22.96	8,435,021	98.1%	1.9%	0.1%
2013 <sup>1</sup>	2015	364,205,855	22.47	8,183,706	97.6%	2.4%	0.1%
2012	2014	407,011,000	20.50	8,343,726	97.4%	2.6%	0.1%
2011	2013	405,598,000	20.50	8,284,463	97.9%	2.1%	0.1%

<sup>1</sup> Revaluation.

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

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

### Town of Woodbury

<b>Grand List of 10/1</b>	<b>Fiscal Year Ending 6/30</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Adjusted Annual Levy</b>	<b>Percent of Annual Levy Collected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected at End of Fiscal Year</b>	<b>Percent of Annual Levy Uncollected as of 6/30/2021</b>
2020	2022 <sup>2</sup>	\$ 1,091,200,000	29.17	\$ 32,794,935	IN COLLECTION		
2019	2021	1,075,649,000	29.17	31,463,934	99.0%	1.0%	1.0%
2018 <sup>1</sup>	2020	1,066,585,192	29.17	31,256,220	98.5%	1.5%	0.4%
2017	2019	1,152,558,362	26.58	30,414,388	99.0%	1.0%	0.3%
2016	2018	1,144,992,791	27.16	31,098,004	98.5%	1.5%	0.2%
2015	2017	1,138,023,000	26.29	29,792,838	98.3%	1.7%	0.1%
2014	2016	1,132,511,000	26.07	29,629,544	98.2%	1.8%	0.1%
2013 <sup>1</sup>	2015	1,128,546,000	25.69	29,041,986	98.3%	1.7%	0.1%
2012	2014	1,237,764,000	23.40	29,011,852	97.9%	2.1%	0.1%
2011	2013	1,231,244,000	23.00	28,362,557	98.1%	1.9%	0.1%

<sup>1</sup> Revaluation.

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

Source: Tax Collector's Office, Town of Woodbury

**Property Taxes Receivable**

**Town of Bethlehem**

<b><i>Fiscal Year Ending 6/30</i></b>	<b><i>Current Year Levy Uncollected</i></b>	<b><i>Total Uncollected (Current &amp; Prior Years)</i></b>
2021	\$119,013	\$284,943
2020	141,151	312,905
2019	134,262	399,364
2018	159,978	452,623
2017	138,274	469,406
2016	157,771	534,576
2015	197,947	620,668
2014	216,351	546,436
2013	173,627	514,090

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

**Town of Woodbury**

<b><i>Fiscal Year Ending 6/30</i></b>	<b><i>Current Year Levy Uncollected</i></b>	<b><i>Total Uncollected (Current &amp; Prior Years)</i></b>
2021	\$304,339	\$856,141
2020	463,763	1,687,968
2019	468,255	1,575,005
2018	487,656	1,545,449
2017	510,838	1,475,540
2016	554,358	1,599,227
2015	488,892	1,523,356
2014	595,956	1,504,840
2013	533,759	1,260,768

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

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## Ten Largest Taxpayers

### Town of Bethlehem

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Eversource Energy .....	Personal	\$ 6,316,160	1.64%
Monroe Operations .....	Real Estate	4,517,340	1.17%
Health Real Estate Holdings, LLC. ....	Real Estate	3,148,850	0.82%
Millspaugh Properties .....	Real Estate	1,494,100	0.39%
Watertown Fire District .....	Real Estate	1,143,900	0.30%
Monroe Operations .....	Personal	1,533,450	0.40%
Dufour, John R. Trustees .....	Real Estate	1,032,450	0.27%
ERK Development .....	Real Estate	1,025,810	0.27%
Munger Lane LLC .....	Real Estate	1,118,950	0.29%
Connecticut Wells/Geo Thermal Svcs Inc .....	Motor Vehicle	992,510	0.26%
<b>Total.....</b>		<b>\$ 22,323,520</b>	<b>5.79%</b>

<sup>1</sup> Based on October 1, 2021 Net Taxable Grand List of \$385,766,734.

Source: Assessor's Office, Town of Bethlehem

### Town of Woodbury

<b>Name</b>	<b>Nature of Business</b>	<b>Taxable Valuation</b>	<b>Percent of Net Taxable Grand List <sup>1</sup></b>
Connecticut Light & Power Co., Inc. ....	Public Utility	\$ 25,233,340	2.25%
O&G Industries .....	Private Investor	16,018,040	1.43%
Woodbury Knoll LLC .....	Private Investor	4,220,890	0.38%
SMH Grandview LLC .....	Private Investor	4,160,240	0.37%
GCO Enterprises LLC .....	Private Investor	3,748,300	0.33%
Little Portion Properties .....	Private Investor	2,805,930	0.25%
Monrovia MOB LLC .....	Private Investor	2,732,580	0.24%
Aquarion Water Co .....	Public Utility	2,346,680	0.21%
Yankee Gas Services .....	Public Utility	2,059,700	0.18%
Laskas Peter & Carolyn .....	Private Investor	1,915,930	0.17%
<b>Total.....</b>		<b>\$ 65,241,630</b>	<b>5.82%</b>

<sup>1</sup> Based on October 1, 2021 Net Taxable Grand List of \$1,121,227,000.

Source: Assessor's Office, Town of Woodbury

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## V. Debt Summary

### Principal Amount of Bonded Indebtedness (the District) As of July 21, 2022 (Pro Forma)

<b>Long-Term Debt</b>			<b>Amount of</b>	<b>Outstanding</b>	<b>Fiscal</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original Issue</b>	<b>After This Issue</b>	<b>Year of Maturity</b>
07/25/18	Schools.....	2.25-5.00	\$ 12,000,000	\$ 10,560,000	2044
07/24/19	Schools.....	2.75-5.00	24,655,000	22,755,000	2046
<b>Total Outstanding.....</b>			<b>\$ 36,655,000</b>	<b>\$ 33,315,000</b>	
<b>This Issue</b>					
07/21/22	Schools.....	<i>tbd</i>	\$ 8,400,000	\$ 8,400,000	2048
<b>Sub-Total This Issue.....</b>			<b>8,400,000</b>	<b>8,400,000</b>	
<b>Grand Total.....</b>			<b>\$ 45,055,000</b>	<b>\$ 41,715,000</b>	

Source: Regional School District #14 Business Office.

### Short-Term Debt As of July 21, 2022 (Pro Forma)

The District does not have outstanding short-term debt as of July 21, 2022.

### Other Long-Term Commitments

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

### Overlapping/Underlying Debt As of July 21, 2022 (Pro Forma)

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

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

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

<b>Issuer</b>	<b>Debt Outstanding</b>
Town of Bethlehem .....	\$0
Town of Woodbury .....	12,700,000
<b>Total .....</b>	<b>\$12,700,000</b>

Source: Regional School District #14 Business Office.

**Principal Amount of Bonded Indebtedness**  
**As of July 21, 2022**  
**(Pro Forma)**  
**Town of Bethlehem**

The Town of Bethlehem does not have outstanding long-term debt as of July 21, 2022.

**Short-Term Debt**  
**As of July 21, 2022**  
**(Pro Forma)**

The Town of Bethlehem does not have outstanding short-term debt as of July 21, 2022.

**Overlapping/Underlying Debt**  
**As of July 21, 2022**  
**(Pro Forma)**

The Town of Bethlehem is a Member Town along with the Town of Woodbury in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2021, Bethlehem's share is 25.59%. Each Member Town's gross share of the District's debt is as follows:

<b><u>Entity</u></b>	<b><u>Debt Amount</u></b>
Bethlehem (25.59%) .....	\$ 10,674,869
Woodbury (74.41%) .....	<u>31,040,132</u>
<b>Total District Debt.....</b>	<b>\$ 41,715,000</b>

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

***Underlying***

The Town of Bethlehem has no underlying debt.

**Principal Amount of Bonded Indebtedness**  
**As of July 21, 2022**  
**(Pro Forma)**

**Town of Woodbury**

<b>Long-Term Debt</b>			<b>Amount of</b>	<b>Outstanding</b>	<b>Fiscal</b>
<b>Dated</b>	<b>Purpose</b>	<b>Rate %</b>	<b>Original Issue</b>	<b>After This Issue</b>	<b>Year of Maturity</b>
11/15/12	General Purpose .....	2.00-3.00	\$ 3,110,000	\$ 1,010,000	2031
11/01/16	General Purpose .....	2.00-2.25	4,350,000	2,860,000	2032
11/01/16	Refunding - General Purpose ...	2.00-2.25	1,435,000	715,000	2027
02/06/19	General Purpose .....	2.00-5.00	2,625,000	2,100,000	2034
05/18/22	General Purpose .....	4.00-5.00	6,015,000	6,015,000	2042
<b>Total.....</b>			<b>\$ 17,535,000</b>	<b>\$ 12,700,000</b>	

Source: Town of Woodbury, Finance Department.

**Short-Term Debt**  
**As of July 21, 2022**  
**(Pro Forma)**

The Town of Woodbury does not have outstanding short-term debt as of July 21, 2022.

**Overlapping/Underlying Debt**  
**As of July 21, 2022**  
**(Pro Forma)**

**Overlapping**

The Town of Woodbury is a Member Town along with the Town of Bethlehem in the District. Accordingly, the outstanding debt of the District is shared proportionately by each Member Town. Based on school enrollment numbers as of October 1, 2021, Woodbury's share is 74.41%. Each Member Town's gross share of the District's debt is as follows:

<b>Entity</b>	<b>Debt Amount</b>
Bethlehem (25.59%) .....	\$ 10,674,869
Woodbury (74.41%) .....	31,040,132
<b>Total District Debt.....</b>	<b>\$ 41,715,000</b>

Source: Regional School District #14 Business Office.

**Underlying**

Woodlake Tax District, a special taxing district located within the Town of Woodbury, has the power to levy taxes and to issue bonds and notes. As of June 30, 2022, Woodlake Tax District has \$496,584 in debt outstanding, which constitutes underlying debt of the Town of Woodbury.

**Annual Long-Term Bonded Debt Service,  
As of July 21, 2022  
(Pro Forma)**

**Regional School District No. 14**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>This Issue: Schools</b>	<b>Total Principal</b>	<b>Cumulative Principal Retired %</b>
2023	\$ 1,430,000	\$ 1,194,625	\$ 2,624,625	\$ -	\$ 1,430,000	3.43%
2024	1,430,000	1,123,125	2,553,125	-	1,430,000	6.86%
2025	1,430,000	1,051,625	2,481,625	350,000	1,780,000	11.12%
2026	1,430,000	980,125	2,410,125	350,000	1,780,000	15.39%
2027	1,430,000	915,225	2,345,225	350,000	1,780,000	19.66%
2028	1,430,000	856,625	2,286,625	350,000	1,780,000	23.92%
2029	1,430,000	793,825	2,223,825	350,000	1,780,000	28.19%
2030	1,430,000	734,275	2,164,275	350,000	1,780,000	32.46%
2031	1,430,000	681,875	2,111,875	350,000	1,780,000	36.73%
2032	1,430,000	629,475	2,059,475	350,000	1,780,000	40.99%
2033	1,430,000	577,075	2,007,075	350,000	1,780,000	45.26%
2034	1,430,000	524,375	1,954,375	350,000	1,780,000	49.53%
2035	1,430,000	477,313	1,907,313	350,000	1,780,000	53.79%
2036	1,430,000	434,700	1,864,700	350,000	1,780,000	58.06%
2037	1,430,000	390,600	1,820,600	350,000	1,780,000	62.33%
2038	1,425,000	346,575	1,771,575	350,000	1,775,000	66.58%
2039	1,425,000	302,625	1,727,625	350,000	1,775,000	70.84%
2040	1,425,000	258,375	1,683,375	350,000	1,775,000	75.09%
2041	1,425,000	213,825	1,638,825	350,000	1,775,000	79.35%
2042	1,425,000	169,275	1,594,275	350,000	1,775,000	83.60%
2043	1,425,000	124,425	1,549,425	350,000	1,775,000	87.86%
2044	1,425,000	79,275	1,504,275	350,000	1,775,000	92.11%
2045	945,000	42,525	987,525	350,000	1,295,000	95.22%
2046	945,000	14,175	959,175	350,000	1,295,000	98.32%
2047	-	-	-	350,000	350,000	99.16%
2048	-	-	-	350,000	350,000	100.00%
<b>Total.....</b>	<b>\$ 33,315,000</b>	<b>\$ 12,915,938</b>	<b>\$ 46,230,938</b>	<b>\$ 8,400,000</b>	<b>\$ 41,715,000</b>	

Source: Regional School District #14 Business Office.

**Annual Long-Term Bonded Debt Service**  
**As of July 21, 2022**  
**(Pro Forma)**

**Town of Bethlehem**

The Town of Bethlehem does not have outstanding long-term debt as of July 21, 2022.

**Annual Long-Term Bonded Debt Service**  
**As of July 21, 2022**  
**(Pro Forma)**

**Town of Woodbury**

<b>Fiscal Year Ended 6/30</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	<b>Cumulative Principal Retired %</b>
2023	\$ 1,130,000	\$ 416,825	\$ 1,546,825	8.90%
2024	1,015,000	383,181	1,398,181	16.89%
2025	1,010,000	348,531	1,358,531	24.84%
2026	1,000,000	319,231	1,319,231	32.72%
2027	995,000	290,063	1,285,063	40.55%
2028	860,000	260,763	1,120,763	47.32%
2029	860,000	232,750	1,092,750	54.09%
2030	860,000	204,675	1,064,675	60.87%
2031	860,000	176,181	1,036,181	67.64%
2032	760,000	151,394	911,394	73.62%
2033	475,000	130,938	605,938	77.36%
2034	475,000	113,469	588,469	81.10%
2035	300,000	96,000	396,000	83.46%
2036	300,000	84,000	384,000	85.83%
2037	300,000	72,000	372,000	88.19%
2038	300,000	60,000	360,000	90.55%
2039	300,000	48,000	348,000	92.91%
2040	300,000	36,000	336,000	95.28%
2041	300,000	24,000	324,000	97.64%
2042	300,000	12,000	312,000	100.00%
<b>Total.....</b>	<b>\$ 12,700,000</b>	<b>\$ 3,460,001</b>	<b>\$ 16,160,001</b>	

Source: Town of Woodbury, Finance Department.

**Debt Statement**  
**As of July 21, 2022**  
**(Pro Forma)**

**Regional School District No. 14**

**Long-Term Debt:**

Schools (Includes this issue).....	\$ 41,715,000
<b>Total Long-Term Debt</b> .....	41,715,000
<b>Short-Term Debt</b> .....	-
<b>Total Direct Debt</b> .....	41,715,000

**Underlying Debt:**

Town of Bethlehem .....	-
Town of Woodbury .....	12,700,000
<b>Total Overall Net Debt</b> .....	<u>\$ 54,415,000</u>

Source: Regional School District #14 Business Office.

**Current Debt Ratios**  
**As of July 21, 2022**  
**(Pro-Forma)**

Population <sup>1</sup> .....	12,942
Net Taxable Grand List at 70% of Full Value (10/1/21) .....	\$ 1,506,993,734
Estimated Full Value .....	\$ 2,152,848,191
Equalized Net Taxable Grand List (10/1/19) <sup>2</sup> .....	\$ 2,225,457,361
Money Income per Capita (2020) <sup>1</sup> .....	\$ 109,132

	<b>Total Direct Debt \$41,715,000</b>	<b>Total Overall Net Debt \$54,415,000</b>
Debt per Capita.....	\$3,223.23	\$4,204.53
Ratio to Net Taxable Grand List.....	2.77%	3.61%
Ratio to Estimated Full Value.....	1.94%	2.53%
Ratio to Equalized Grand List.....	1.87%	2.45%
Debt per Capita to Money Income per Capita.....	2.95%	3.85%

<sup>1</sup> American Community Survey 2016-2020.

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

**Debt Statement**  
**As of July 21, 2022**  
**(Pro Forma)**

**Member Towns**

	<b>Town of Bethlehem</b>	<b>Town of Woodbury</b>
<b>Long-Term Debt Outstanding</b> .....	\$ -	\$ 12,700,000
<b>Short-Term Debt</b> .....	-	-
<b>Total Direct Debt</b> .....	-	12,700,000
<b>Total Direct Net Debt</b> .....	-	12,700,000
<b>Overlapping/Underlying Debt:</b>		
Woodlake Taxing District (Woodbury Only - As of June 30, 2021) .....	-	553,717
Regional School District No. 14:		
Bethlehem (25.59%) <sup>1</sup> .....	10,674,869	-
Woodbury (74.41%) <sup>1</sup> .....	-	31,040,132
<b>Total Overall Net Debt</b> .....	<b>\$ 10,674,869</b>	<b>\$ 44,293,849</b>

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

Source: Town of Woodbury, Finance Department.

**Current Debt Ratios**  
**As of July 21, 2022**  
**(Pro Forma)**

	<b>Town of Bethlehem</b>	<b>Town of Woodbury</b>
Population <sup>1</sup> .....	3,413	9,529
Net Taxable Grand List (10/1/21) .....	\$ 385,766,734	\$ 1,121,227,000
Estimated Full Value .....	\$ 551,095,334	\$ 1,601,752,857
Equalized Net Taxable Grand List (10/1/19) <sup>2</sup> ....	\$ 580,233,650	\$ 1,645,223,711
Money Income per Capita (2020) <sup>1</sup> .....	\$ 47,482	\$ 61,650

	<b>Town of Bethlehem</b>		<b>Town of Woodbury</b>	
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	<b>Direct Debt / Net Direct Debt</b>	<b>Total Overall Net Debt</b>	<b>Direct Debt / Net Direct Debt</b>	<b>Total Overall Net Debt</b>
	<b>\$0</b>	<b>\$10,674,869</b>	<b>\$12,700,000</b>	<b>\$44,293,849</b>
Debt per Capita.....	\$0.00	\$3,127.71	\$1,332.77	\$4,648.32
Ratio to Net Taxable Grand List.....	0.00%	2.77%	1.13%	3.95%
Ratio to Estimated Full Value.....	0.00%	1.94%	0.79%	2.77%
Ratio to Equalized Grand List.....	0.00%	1.84%	0.77%	2.69%
Debt per Capita to Money Income per Capita....	0.00%	6.59%	2.16%	7.54%

<sup>1</sup> American Community Survey 2016-2020.

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

## ***Bond Authorization***

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

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

## ***Maturities***

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

## ***Temporary Financing***

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

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

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

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

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

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

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

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

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

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

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

General Purposes: 2.25 times annual receipts from taxation

School Purposes: 4.50 times annual receipts from taxation

Sewer Purposes: 3.75 times annual receipts from taxation

Urban Renewal Purposes: 3.25 times annual receipts from taxation

Pension Benefit Purposes: 3.00 times annual receipts from taxation

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

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

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

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**Statement of Statutory Debt Limitation**  
**As of July 21, 2022**  
**(Pro Forma)**

**Regional School District No. 14**

<b>Total Tax Collections for Bethlehem &amp; Woodbury</b> (including interest and lien fees)	
For the year ended June 30, 2021 .....	\$ 41,235,420
<b>Reimbursement For Revenue Loss:</b>	
Woodlake Tax District tax and interest collections (Woodbury Only).....	1,449,991
Tax relief for elderly (Bethlehem Only).....	-
<b>Base for Debt Limitation Computation</b> .....	<b>\$ 42,685,411</b>
<b>Debt Limitation:</b>	
	<b>Schools</b>
4 1/2 times base <sup>1</sup> .....	\$ 192,084,350
<b>Indebtedness:</b>	
Bonds Outstanding.....	33,315,000
Bonds – This Issue.....	8,400,000
Notes .....	-
Debt Authorized But Unissued .....	18,645,000
<b>Total Net Indebtedness</b> .....	<b>60,360,000</b>
<b>DEBT LIMITATION IN EXCESS</b>	
<b>OF OUTSTANDING INDEBTEDNESS</b> .....	<b>\$ 131,724,350</b>

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

Source: Regional School District #14 Business Office.

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

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**Statement of Statutory Debt Limitation  
As of July 21, 2022  
(Pro Forma)**

**Town of Bethlehem**

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

For the year ended June 30, 2021 ..... \$ 9,869,000

**Reimbursement For Revenue Loss:**

Tax relief for elderly ..... -

**Base for Debt Limitation Computation**..... \$ 9,869,000

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 22,205,250	-	-	-	-
4 1/2 times base.....	-	\$ 44,410,500	-	-	-
3 3/4 times base.....	-	-	\$ 37,008,750	-	-
3 1/4 times base.....	-	-	-	\$ 32,074,250	-
3 times base.....	-	-	-	-	\$ 29,607,000
<b>Total Debt Limitation</b> .....	\$ 22,205,250	\$ 44,410,500	\$ 37,008,750	\$ 32,074,250	\$ 29,607,000

**Indebtedness:**

Bonds Outstanding.....	-	-	-	-	-
Notes Outstanding.....	-	-	-	-	-
Net Overlapping Debt (Share of RSD #14 Debt)....	-	10,674,869 <sup>1</sup>	-	-	-
Debt Authorized But Unissued .....	-	-	-	-	-
<b>Total Net Indebtedness</b> .....	-	10,674,869	-	-	-

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS**..... \$ 22,205,250 \$ 33,735,632 \$ 37,008,750 \$ 32,074,250 \$ 29,607,000

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

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

Source: Town of Bethlehem, Finance Department.

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

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**Statement of Statutory Debt Limitation  
As of July 21, 2022  
(Pro Forma)**

**Town of Woodbury**

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

For the year ended June 30, 2021 ..... \$ 31,366,420

**Reimbursement For Revenue Loss:**

Woodlake Tax District ..... 1,449,991

Tax relief for elderly ..... -

**Base for Debt Limitation Computation**..... \$ 32,816,411

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Unfunded Pension</b>
<b>Debt Limitation:</b>					
2 1/4 times base.....	\$ 73,836,925	-	-	-	-
4 1/2 times base.....	-	\$ 147,673,850	-	-	-
3 3/4 times base.....	-	-	\$ 123,061,541	-	-
3 1/4 times base.....	-	-	-	\$ 106,653,336	-
3 times base.....	-	-	-	-	\$ 98,449,233
<b>Total Debt Limitation</b> .....	\$ 73,836,925	\$ 147,673,850	\$ 123,061,541	\$ 106,653,336	\$ 98,449,233

**Indebtedness:**

Bonds Outstanding..... 12,700,000

Notes Outstanding..... -

Net Overlapping Debt (Share of RSD #14 Debt).... 31,040,132 <sup>1</sup>

Underlying Debt..... 553,717

Debt Authorized But Unissued ..... 1,639,667

**Total Net Indebtedness**..... 14,893,384 31,040,132 - - -

**DEBT LIMITATION IN EXCESS**

**OF OUTSTANDING INDEBTEDNESS**..... \$ 58,943,541 \$ 116,633,718 \$ 123,061,541 \$ 106,653,336 \$ 98,449,233

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

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$229,714,877.

Source: Town of Woodbury, Finance Department.

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

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**Authorized but Unissued Debt  
As of July 21, 2022  
(Pro Forma)**

**Regional School District No. 14**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Previously Bonded</b>	<b>Maturing Notes Due: 7/21/22</b>	<b>Paydowns</b>	<b>This Issue: The Bonds</b>	<b>Authorized but Unissued</b>
Nonnewaug HS Reno. Project .....	\$ 63,800,000	\$ 36,655,000	\$ 8,500,000	\$ (100,000)	\$ 8,400,000	\$ 18,645,000
<b>Total .....</b>	<b>\$ 63,800,000</b>	<b>\$ 36,655,000</b>	<b>\$ 8,500,000</b>	<b>\$ (100,000)</b>	<b>\$ 8,400,000</b>	<b>\$ 18,645,000</b>

Source: Regional School District #14 Business Office.

**Town of Bethlehem**

The Town of Bethlehem does not have any authorized but unissued debt as of July 21, 2022.

**Town of Woodbury**

<b>Project</b>	<b>Aggregate Amount Authorized</b>	<b>Previously Bonded</b>	<b>Grants Received and Original Issue Premium Applied</b>	<b>Authorized but Unissued</b>
Capital Equipment Program.....	\$ 1,430,000	\$ 1,430,000	\$ -	\$ -
2022 Road Plan.....	4,588,000	4,585,000	-	3,000
Emergency Services Building Roof....	255,000	215,000	-	40,000
Window Replacement - Town's Emergency Services Building.....	20,000	-	-	20,000
Senior Community Center.....	3,415,000	1,665,000	703,983	1,046,017
Pumper Fire Truck Acq. ....	450,000	366,550	-	83,450
Street Sweeper Acq. ....	190,000	165,300	-	24,700
Town Hall Rehabilitation.....	850,000	427,500	-	422,500
<b>Total .....</b>	<b>\$ 11,198,000</b>	<b>\$ 8,854,350</b>	<b>\$ 703,983</b>	<b>\$ 1,639,667</b>

Source: Town of Woodbury, Finance Department.

**Principal Amount of Outstanding Debt  
Last Five Fiscal Years  
As of June 30<sup>th</sup> for Each Year**

**Regional School District No. 14**

<b>Long-Term Debt</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Bonds .....	\$ 33,315,000	\$ 34,745,000	\$ 36,175,000	\$ 12,000,000	\$ -
<b>Short-Term Debt</b>					
Bond Anticipation Notes ...	8,500,000	8,500,000	3,000,000	18,000,000	22,300,000
<b>Totals .....</b>	<b>\$ 41,815,000</b>	<b>\$ 43,245,000</b>	<b>\$ 39,175,000</b>	<b>\$ 30,000,000</b>	<b>\$ 22,300,000</b>

*Note: As of June 30th of each fiscal year.*

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

**Town of Bethlehem**

<b>Long-Term Debt</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Bonds .....	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Short-Term Debt</b>					
Bond Anticipation Notes.....	-	-	-	-	-
<b>Totals .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Note: As of June 30th of each fiscal year.*

*Source: Town of Bethlehem, Finance Department.*

**Town of Woodbury**

<b>Long-Term Debt</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Bonds .....	\$ 12,700,000	\$ 7,510,000	\$ 8,350,000	\$ 9,195,000	\$ 7,245,000
<b>Short-Term Debt</b>					
Bond Anticipation Notes .....	-	-	-	-	1,000,000
<b>Totals .....</b>	<b>\$ 12,700,000</b>	<b>\$ 7,510,000</b>	<b>\$ 8,350,000</b>	<b>\$ 9,195,000</b>	<b>\$ 8,245,000</b>

*Note: As of June 30th of each fiscal year.*

*Source: Town of Woodbury, Finance Department.*

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

**Regional School District No. 14**

	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>		
<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	
2022 <sup>2</sup>	\$ 2,517,125	\$ 37,366,436	6.74%
2021	2,892,413	41,423,905	6.98%
2020	1,561,743	39,846,979	3.92%
2019	212,000	42,715,629	0.50%
2018	-	39,667,391	0.00%
2017	-	38,880,341	0.00%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2017-2021. 2022 from Finance Department

**Town of Bethlehem**

	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>		
<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	
2022 <sup>2</sup>	\$ 42,388	\$ 12,851,393	0.33%
2021	-	11,703,391	0.00%
2020	-	11,994,351	0.00%
2019	-	11,104,128	0.00%
2018	-	10,340,685	0.00%
2017	-	10,711,860	0.00%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2017-2021. 2022 from Finance Department

**Town of Woodbury**

	<b>Ratio of General Fund Debt Service To Total General Fund Expenditures</b>		
<b>Fiscal Year Ended 6/30</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures <sup>1</sup></b>	
2022 <sup>2</sup>	\$ 1,416,031	\$ 36,750,500	3.85%
2021	1,037,931	35,211,347	2.95%
2020	1,064,809	34,243,033	3.11%
2019	815,155	32,777,725	2.49%
2018	808,875	33,273,639	2.43%
2017	514,988	32,110,603	1.60%

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

<sup>2</sup> Budgetary basis.

Source: Annual Audited Financial Statements, 2017-2021. 2022 from Finance Department

## ***VI. Financial Administration***

### ***Fiscal Year***

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

### ***Basis of Accounting***

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

### ***Annual Audit***

Regional School District Number 14, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act 77-611 and contain the financial statements of the District and the auditor's opinion thereon, in addition to specific comments and recommendations. For the fiscal year ended June 30, 2021, the financial statements of the various funds of Regional School District No. 14 were audited by King, King & Associates, P.C., of Winsted, Connecticut.

### ***Annual Town Assessments***

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

### ***Budget Adoption Procedure***

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

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

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

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

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

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

## **Pension Plans**

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

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

All full-time non-certified District employees are covered under a contributory single-employer defined benefit plan. Benefits and contributions are established by the District and may be amended only by the Board of Education. The District’s funding policy is to fund its pension contributions at actuarially determined rates sufficient to accumulate assets needed to pay benefits when due. The actuarially determined contribution for the year ended June 30, 2021 was computed to be \$344,229, and the District’s actual contribution was \$350,000. Based on a valuation as of January 1, 2019, the Plan Fiduciary Net Position was \$6,834,685, and the Net Pension Liability (Asset) was (\$818,569). The funded ratio was 113.61%.

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

### **Town of Bethlehem**

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

Funding is provided through individual whole life insurance and a variable annuity for each participant. The contribution requirement for the year ended June 30, 2021 was \$45,832 and was funded by the General Fund.

### **Town of Woodbury**

The Town of Woodbury administers a single-employer contributory defined benefit pension plan for all eligible elected and appointed officials and 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. Employees are required to contribute 2% of their compensation. Costs of administering the plan are paid by the earnings of the Pension Trust Fund. Based on a valuation as of July 1, 2020, the net pension liability was 3,697,714.

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>Percentage Funded</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2022 <sup>1</sup>	\$ 599,137	\$ 630,000	\$ 30,863	105.2%	N/A	N/A
2021	581,649	630,000	48,351	108.3%	\$ 3,077,861	20.5%
2020	533,962	630,000	96,038	118.0%	3,061,707	20.6%
2019	581,432	632,119	50,687	108.7%	2,825,793	22.4%
2018	596,038	626,038	30,000	105.0%	2,534,830	24.7%
2017	538,868	575,000	36,132	106.7%	2,785,050	20.6%

<sup>1</sup> Budgeted.

The July 1, 2020 actuarial valuations were prepared using the following actuarial assumptions, among others:

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

#### GASB 67 Disclosure

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

The Town of Woodbury has received from its actuary a report containing information to assist the Town in meeting the requirements of GASB 67. This report indicated the following results as of June 30, 2021 in accordance with GASB 67:

Total Pension Liability	\$12,296,925
Fiduciary Net Position	\$9,599,211
Net Pension Liability	\$2,697,714
Ratio of Fiduciary Net Position to Total Pension Liability	78.06%

The report as of June 30, 2021 used the retirement plans long term investment rate of 7.25% as the SEIR since the results currently indicate that the FNP will not be depleted at any point in the future. GASB 67 also requires sensitivity calculations based on a SEIR 1% in excess and 1% less than the SEIR used, which would decrease the NPL to \$2,412,732, or increase the NPL to \$5,212,177.

#### ***Compensated Absences***

Employees are paid by various prescribed formulas for absence due to vacation. The District’s policy is to recognize vacation costs at the time payment is made. The amount of accumulated unpaid vacation as of June 30, 2021 is not significant; therefore, it is not reflected in the District’s financial statements.

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

The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation was performed July 1, 2020. The Net OPEB Liability as of July 1, 2020 is \$10,726,697. The District’s contributions represent payments made for premiums for insured individuals.

For the fiscal year ending June 30, 2021, the annual OPEB cost was \$414,677, to which the District contributed \$70,120.

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

**Regional School District No. 14**

	<b>Adopted Budget <sup>1,2</sup> 6/30/2023</b>	<b>Estimated Actual <sup>1,2</sup> 6/30/2022</b>	<b>Actual 6/30/2021</b>	<b>Actual 6/30/2020</b>	<b>Actual 6/30/2019</b>
<b>Revenues:</b>					
Participating Towns .....	\$ 34,669,546	\$ 34,407,625	\$ 33,356,212	\$ 31,806,758	\$ 30,260,637
Federal & State Grants .....	1,993,741	1,680,794	5,938,724	6,558,456	9,664,475
Investment Income .....	5,000	2,330	1,047	5,628	5,801
Tuition .....	1,969,992	1,984,204	1,797,470	1,911,862	1,886,768
Other Fees and Contributions .....	2,000	3,025	1,672	3,342	3,540
<b>Total.....</b>	<b>38,640,279</b>	<b>38,077,978</b>	<b>41,095,125</b>	<b>40,286,046</b>	<b>41,821,221</b>
<b>Expenditures:</b>					
Salaries - Certified .....	17,102,097	16,316,369	16,107,248	15,578,348	15,635,763
Salaries - Classified .....	4,599,630	4,434,588	4,077,048	3,964,836	3,775,946
Employee Benefits .....	6,120,400	5,974,496	9,887,562	9,958,481	13,850,743
Purchased Services .....	6,364,485	6,129,314	6,012,907	6,180,023	6,333,197
Supplies and Materials .....	1,088,675	925,508	863,455	909,927	832,502
Liability and Property Insurance .....	182,950	160,387	155,723	169,165	164,470
Dues and Fees .....	64,180	46,649	45,385	46,804	64,637
Debt Service .....	2,586,225	2,517,125	2,892,413	1,561,743	-
Capital Outlay .....	531,637	862,000	479,701	956,793	994,142
<b>Total.....</b>	<b>38,640,279</b>	<b>37,366,436</b>	<b>40,521,442</b>	<b>39,326,120</b>	<b>41,651,400</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	-	711,542	573,683	959,926	169,821
<b>Other Financing Sources (Uses):</b>					
Capital Lease Proceeds .....	-	-	585,685	250,000	412,068
Operating Transfers In .....	-	-	277,020	-	-
Operating Transfers Out .....	-	-	(902,463)	(520,859)	(1,064,229)
<b>Total Other Financing Sources (Uses) .....</b>	<b>-</b>	<b>-</b>	<b>(39,758)</b>	<b>(270,859)</b>	<b>(652,161)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses ...</b>					
	-	711,542	533,925	689,067	(482,340)
<b>Fund Equity, Beginning of Year.....</b>	<b>4,079,933</b>	<b>3,368,391</b>	<b>2,834,466</b>	<b>2,145,399</b>	<b><sup>3</sup> 2,461,220</b>
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>\$ 4,079,933</b>	<b>\$ 3,368,391</b>	<b>\$ 2,834,466</b>	<b>\$ 1,978,880</b>

<sup>1</sup> Budgetary basis.

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

<sup>3</sup> As Restated.

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

**Town of Bethlehem**

	<b>Adopted Budget <sup>1</sup> 6/30/2023</b>	<b>Estimated Actual <sup>1</sup> 6/30/2022</b>	<b>Actual 6/30/2021</b>	<b>Actual 6/30/2020</b>	<b>Actual 6/30/2019</b>
<b>Revenues:</b>					
Property Taxes .....	\$ 11,391,981	\$ 10,272,627	\$ 9,878,390	\$ 9,722,532	\$ 9,132,264
Interest and Lien Fees .....	65,800	114,219	86,805	114,922	151,181
Intergovernmental Revenues .....	1,967,731	1,696,080	1,554,203	1,473,476	1,467,452
Investment Income .....	7,000	3,040	56,247	113,736	125,055
Departmental .....	332,156	835,427	294,355	265,589	271,595
Use of Fund Balance .....	-	-	-	-	-
Other Revenue .....	14,848	2,000	24,001	55,064	67,068
<b>Total.....</b>	<b>\$ 13,779,516</b>	<b>\$ 12,923,393</b>	<b>\$ 11,894,001</b>	<b>\$ 11,745,319</b>	<b>\$ 11,214,615</b>
<b>Expenditures:</b>					
General Government .....	\$ 973,805	\$ 924,675	\$ 798,252	\$ 805,281	\$ 796,296
Public Safety .....	613,966	516,036	463,373	464,463	406,412
Public Works .....	1,116,640	1,076,302	996,375	940,419	996,208
Health and Welfare .....	118,111	114,050	103,832	111,262	103,672
Culture and Recreation .....	153,379	149,449	91,107	129,361	127,483
Education .....	9,206,324	9,229,358	8,514,420	8,140,223	7,331,604
Other .....	128,789	137,420	59,613	71,558	74,330
Debt Service .....	47,954	42,388	-	-	-
Capital Outlay .....	1,420,548	387,500	-	-	-
<b>Total.....</b>	<b>\$ 13,779,516</b>	<b>\$ 12,577,178</b>	<b>\$ 11,026,972</b>	<b>\$ 10,662,567</b>	<b>\$ 9,836,005</b>
<b>Excess (Deficiency) of Revenues Over Expenditures.....</b>					
	-	346,215	867,029	1,082,752	1,378,610
<b>Other financing sources (uses):</b>					
Operating transfers in .....	-	-	4,000	340,000	4,000
Operating transfers out .....	173,640	(274,215)	(676,419)	(1,331,784)	(2,036,861)
<b>Total Other financing sources (uses).....</b>	<b>173,640</b>	<b>(274,215)</b>	<b>(672,419)</b>	<b>(991,784)</b>	<b>(2,032,861)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Uses .....</b>					
	173,640	72,000	194,610	90,968	(654,251)
<b>Fund Equity, Beginning of Year.....</b>	<b>3,386,132</b>	<b>3,314,132</b>	<b>3,119,522</b>	<b>3,028,554</b>	<b>3,682,805</b>
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>\$ 3,386,132</b>	<b>\$ 3,314,132</b>	<b>\$ 3,119,522</b>	<b>\$ 3,028,554</b>

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

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

**Town of Woodbury**

	<b>Adopted Budget <sup>1</sup> 6/30/2023</b>	<b>Adopted Budget <sup>1</sup> 6/30/2022</b>	<b>Actual 6/30/2021</b>	<b>Actual 6/30/2020</b>	<b>Actual 6/30/2019</b>
<b>Revenues:</b>					
Property taxes .....	\$ 32,645,576	\$ 32,159,968	\$ 33,074,404	\$ 31,403,582	\$ 30,947,944
Intergovernmental revenues .....	2,746,159	2,034,397	2,032,466	1,810,846	1,673,821
Charges for services .....	785,700	835,135	1,038,694	630,115	670,651
Investment income .....	37,000	37,000	15,172	238,225	318,660
Other revenue .....	1,524,049	1,684,000	17,605	110,412	175,605
<b>Total.....</b>	<b>\$ 37,738,484</b>	<b>\$ 36,750,500</b>	<b>\$ 36,178,341</b>	<b>\$ 34,193,180</b>	<b>\$ 33,786,681</b>
<b>Expenditures:</b>					
General Government .....	2,180,832	2,145,634	1,851,496	1,801,258	1,837,116
Public Safety .....	1,934,223	1,879,565	1,779,222	1,791,970	1,780,808
Public Works .....	2,403,233	2,201,270	1,989,621	1,951,429	1,953,955
Health and Welfare .....	166,022	157,218	136,835	143,510	125,650
Parks and Recreation .....	520,184	498,886	395,727	393,579	420,300
Library.....	681,500	674,263	636,224	616,791	661,734
Education .....	25,463,222	25,108,267	24,841,791	23,666,535	22,929,033
Fringe Benefits .....	2,383,583	2,045,147	1,922,929	1,964,600	1,956,830
Other .....	-	289,450	166,691	149,094	168,084
Debt Service .....	1,494,807	1,416,031	1,037,931	1,064,809	815,155
Capital Outlay .....	710,878	334,769	452,880	699,458	129,060
<b>Total.....</b>	<b>\$ 37,938,484</b>	<b>\$ 36,750,500</b>	<b>\$ 35,211,347</b>	<b>\$ 34,243,033</b>	<b>\$ 32,777,725</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures.....</b>	<b>(200,000)</b>	<b>-</b>	<b>966,994</b>	<b>(49,853)</b>	<b>1,008,956</b>
<b>Other financing sources (uses):</b>					
Sale of Town Property .....	-	-	-	-	-
Bond Premium .....	200,000	-	-	-	-
Operating transfers in .....	-	-	-	20,000	-
Operating transfers out .....	-	-	-	-	-
<b>Total Other financing sources (uses).....</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other</b>					
<b>Financing Sources (Uses) Over (Under)</b>					
<b>Expenditures and Other Financing Uses .....</b>	<b>-</b>	<b>-</b>	<b>966,994</b>	<b>(29,853)</b>	<b>1,008,956</b>
<b>Fund Equity, Beginning of Year.....</b>	<b>8,280,490</b>	<b>8,280,490</b>	<b>7,313,496</b>	<b>7,343,349</b>	<b>6,334,393</b>
<b>Fund Equity, End of Year.....</b>	<b>N/A</b>	<b>\$ 8,280,490</b>	<b>\$ 8,280,490</b>	<b>\$ 7,313,496</b>	<b>\$ 7,343,349</b>

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

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## Comparative Balance Sheet

### Regional School District #14

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Assets</b>					
Cash and cash equivalents .....	\$ 9,676,584	\$ 7,900,421	\$ 3,421,921	\$ 16,494,113	\$ 9,552,728
Due From Other Funds .....	464,504	712,374	-	446,021	106,512
Due from St. of CT .....	-	-	311,000	-	242,314
Prepaid .....	54,124	-	-	-	-
Accounts Receivables .....	1,000	15,096	60,919	84,882	5,148
<b>Total Assets</b> .....	10,196,212	8,627,891	3,793,840	17,025,016	9,906,702
<b>Liabilities and Fund Balances</b>					
Accounts payable .....	473,072	449,877	183,694	25,358	251,657
Employment Termination Benefits .....	-	-	94,241	277,827	169,396
Accrued payroll .....	-	-	-	43,377	46,947
Due to other funds .....	6,310,245	5,336,386	1,537,025	14,217,234	7,364,185
Due to Pension Trust .....	-	-	-	-	-
Unearned revenue .....	44,504	7,162	-	-	-
<b>Total Liabilities</b> .....	6,827,821	5,793,425	1,814,960	14,563,796	7,832,185
<b>Fund Balances</b>					
Nonspendable .....	54,124	-	-	-	-
Restricted .....	585,685	54,124	-	149,960	149,960
Committed .....	2,074,685	1,797,925	1,418,865	1,508,260	1,484,913
Assigned .....	653,897	982,417	-	-	-
Unassigned .....	-	-	560,015	803,000	439,644
<b>Total Fund Balance</b> .....	3,368,391	2,834,466	1,978,880	2,461,220	2,074,517
<b>Total Liabilities and Fund Balance</b> ....	\$ 10,196,212	\$ 8,627,891	\$ 3,793,840	\$ 17,025,016	\$ 9,906,702
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 41,095,125	\$ 40,286,046	\$ 41,821,221	\$ 39,804,094	\$ 39,042,964
Fund Balance as a percent of					
Operating Revenues .....	8.20%	7.04%	4.73%	6.18%	5.31%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	0.00%	0.00%	1.34%	2.02%	1.13%

Source: Regional School District #14 Annual Audited Financial Statements, 2017-2021.

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## Comparative Balance Sheet

### Town of Bethlehem

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Assets</b>					
Cash and cash equivalents .....	\$ 1,475,388	\$ 3,628,437	\$ 3,016,693	\$ 3,142,703	\$ 2,269,735
Investments .....	2,421,761	2,337,669	2,473,210	2,355,411	1,926,160
Due From Other Funds .....	218	210	621	621	1,092
Receivables:					
Property Taxes .....	244,638	229,912	289,906	682,478	735,295
Interest and Lien Fees on Taxes .....	109,483	80,812	100,448	-	-
Intergovernmental .....	1,836,501	18,563	19,730	-	-
Other .....	26,831	3,572	-	-	9,620
<b>Total Assets .....</b>	<b>6,114,820</b>	<b>6,299,175</b>	<b>5,900,608</b>	<b>6,181,213</b>	<b>4,941,902</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	652,554	505,510	47,560	149,051	109,353
Accrued Pension Contribution .....	-	-	-	-	-
Due to Other Funds .....	1,288,171	2,359,078	2,462,270	1,688,609	1,505,571
Deposits .....	-	-	-	-	-
Performance Bonds .....	33,140	22,937	20,437	20,037	18,787
Unearned Grant Revenue .....	503,412	-	-	-	-
<b>Total Liabilities .....</b>	<b>2,477,277</b>	<b>2,887,525</b>	<b>2,530,267</b>	<b>1,857,697</b>	<b>1,633,711</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	323,411	292,128	341,787	640,711	687,256
<b>Total Deferred Inflows of Resources ...</b>	<b>323,411</b>	<b>292,128</b>	<b>341,787</b>	<b>640,711</b>	<b>687,256</b>
<b>Fund Balances</b>					
Nonspendable .....	-	-	-	-	-
Restricted .....	1,247,975	1,178,889	1,094,964	1,001,897	823,607
Committed .....	-	-	-	1,184,170	400,000
Assigned .....	500,000	450,000	500,000	-	-
Unassigned .....	1,566,157	1,490,633	1,433,590	1,496,738	1,397,328
<b>Total Fund Balance .....</b>	<b>3,314,132</b>	<b>3,119,522</b>	<b>3,028,554</b>	<b>3,682,805</b>	<b>2,620,935</b>
<b>Total Liabilities and Fund Balance .....</b>	<b>\$ 6,114,820</b>	<b>\$ 6,299,175</b>	<b>\$ 5,900,608</b>	<b>\$ 6,181,213</b>	<b>\$ 4,941,902</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 11,894,001	\$ 11,745,319	\$ 11,214,615	\$ 11,398,555	\$ 10,832,743
Fund Balance as a percent of					
Operating Revenues .....	27.86%	26.56%	27.01%	32.31%	24.19%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	13.17%	12.69%	12.78%	13.13%	12.90%

Source: Town of Bethlehem Annual Audited Financial Statements, 2017-2021.

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## Comparative Balance Sheet

### Town of Woodbury

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Assets</b>					
Cash and cash equivalents .....	\$ 246,414	\$ 434,683	\$ 179,420	\$ 72,473	\$ 7,671,103
Investments .....	12,118,988	9,214,812	11,201,021	9,247,687	36,255
Restricted Investments .....	146,424	191,579	209,474	210,359	-
Due From Other Funds .....	732,111	738,864	690,000	690,000	-
Receivables:					
Property Taxes .....	856,141	1,687,968	1,575,005	1,545,449	1,475,540
Intergovernmental .....	15,000	891	-	-	92,808
Other .....	33,296	113,746	91,627	88,637	-
<b>Total Assets</b> .....	<b>14,148,374</b>	<b>12,382,543</b>	<b>13,946,547</b>	<b>11,854,605</b>	<b>9,275,706</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable .....	902,800	1,062,166	921,902	791,378	695,547
Accrued Payroll .....	152,545	85,371	77,549	66,802	84,853
Due to Other Funds .....	3,784,369	2,086,978	3,880,708	2,964,395	1,276,472
Unearned revenue .....	25,605	-	-	-	-
Performance Bonds .....	146,424	191,579	209,474	210,359	181,790
Deferred revenue .....	-	-	-	-	-
<b>Total Liabilities</b> .....	<b>5,011,743</b>	<b>3,426,094</b>	<b>5,089,633</b>	<b>4,032,934</b>	<b>2,238,662</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue .....	856,141	1,642,953	1,513,565	1,487,278	1,420,681
<b>Total Deferred Inflows of Resources</b> .....	<b>856,141</b>	<b>1,642,953</b>	<b>1,513,565</b>	<b>1,487,278</b>	<b>1,420,681</b>
<b>Fund Balances</b>					
Nonspendable .....	-	-	-	-	-
Restricted .....	-	-	-	-	-
Committed .....	100,000	100,000	100,000	100,000	100,000
Assigned .....	2,524,000	2,154,990	2,272,226	1,490,000	1,190,000
Unassigned .....	5,656,490	5,058,506	4,971,123	4,744,393	4,326,363
<b>Total Fund Balance</b> .....	<b>8,280,490</b>	<b>7,313,496</b>	<b>7,343,349</b>	<b>6,334,393</b>	<b>5,616,363</b>
<b>Total Liabilities and Fund Balance</b> .....	<b>\$ 14,148,374</b>	<b>\$ 12,382,543</b>	<b>\$ 13,946,547</b>	<b>\$ 11,854,605</b>	<b>\$ 9,275,706</b>
<b>Analysis of General Fund Balance</b>					
Operating Revenues .....	\$ 36,178,341	\$ 34,193,180	\$ 33,786,681	\$ 33,991,669	\$ 33,020,075
Fund Balance as a percent of					
Operating Revenues .....	22.89%	21.39%	21.73%	18.64%	17.01%
Unassigned Fund Balance as					
a Percent of Operating Revenues .....	15.64%	14.79%	14.71%	13.96%	13.10%

Source: Town of Woodbury Annual Audited Financial Statements, 2017-2021.

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

### ***Litigation***

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

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

#### ***The Member Towns***

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

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

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the District, signed by the Chairman of the Board of Education, the Treasurer and the Director of Finance and Operations of the District, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were awarded for the Bonds, the descriptions and statements in the Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendix B to the Official Statement.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
6. The District has prepared an Official Statement for the Bonds which is dated July \_\_, 2022. 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 a reasonable number of copies of the final Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning bidder at the office of the District's Municipal Advisor no later than seven business days of the bid opening. If the District's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the final Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The winning bidder shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser.

## ***Concluding Statement***

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

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

### ***REGIONAL SCHOOL DISTRICT NO. 14***

By: \_\_\_\_\_  
George Bauer\*, *Chairman of the Board of Education*

By: \_\_\_\_\_  
Jim Crocker\*, *Treasurer*

By: \_\_\_\_\_  
Tina Tanguay, *Director of Finance and Operations*

Dated: July \_\_, 2022

*\* The terms for the current Chairman and Treasurer expire on 6/30/2022 and the Board of Education is planning on holding elections for the positions of Chairman and Treasurer at its meeting on Monday, July 11, 2022.*

## ***Appendix A***

The following includes the General Purpose Financial Statements of Regional School District No. 14, Connecticut for the fiscal year ended June 30, 2021. 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.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Regional School District No. 14  
Woodbury, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 14, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Regional School District No. 14's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 14, as of June 30, 2021, 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 3–9, budgetary comparison information on pages 46-48, and Pension and OPEB schedules on pages 49-54 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 the Regional School District No. 14's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the Regional School District No. 14's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional School District No. 14's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs  
Winsted, CT  
December 22, 2021

**REGIONAL SCHOOL DISTRICT NO. 14**  
Management's Discussion and Analysis  
June 30, 2021

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As management of the Regional School District No. 14, we offer readers of the Regional School District No. 14's financial statements this narrative overview and analysis of the financial activities of the Regional School District No. 14 for the fiscal year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Regional School District No. 14 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,994,208 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$6,536,103) indicating that currently none of the net position may be used to meet ongoing obligations to citizens and creditors.
- The District's total net position increased by \$2,303,151.
- As of the close of the current fiscal year, the Regional School District No. 14's governmental funds reported combined ending fund balances of \$1,027,217, a decrease of \$3,682,323 in comparison with the prior year.
- Of the General Fund's \$3,368,391 fund balance, \$54,124 is a prepaid, \$585,685 is restricted for technology leases, \$2,074,685 is committed for OPEB benefits, \$463,220 is assigned for encumbrances, and \$190,677 is assigned for future retirement benefits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Regional School District No. 14's basic financial statements. The Regional School District No. 14's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Regional School District No. 14's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Regional School District No. 14's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Regional School District No. 14 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Regional School District No. 14 that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District has no business-type activities. The governmental activities of the Regional School District No. 14 include education, food service, maintenance and general administration. Local revenue funding and federal and state grants finance most of these activities.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Management's Discussion and Analysis  
June 30, 2021

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The government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Regional School District No. 14, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Regional School District No. 14 can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Regional School District No. 14, maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, High School Renovation Fund, and Reserve for Specific Capital Improvements. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Regional School District No. 14, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Regional School District No. 14's own programs.

The basic fiduciary fund financial statements can be found on pages 16-17 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-45 of this report.

**REGIONAL SCHOOL DISTRICT NO. 14**

## Management's Discussion and Analysis

June 30, 2021

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Regional School District No. 14, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,994,208 at the close of the most recent fiscal year.

**SUMMARY STATEMENT OF NET POSITION**

	2021	2020	Variance
Current and Other Assets	\$ 11,192,058	\$ 9,607,541	\$ 1,584,517
Capital Assets	75,219,034	70,998,468	4,220,566
Total Assets	<u>86,411,092</u>	<u>80,606,009</u>	<u>5,805,083</u>
Deferred Outflows of Resources	<u>3,119,946</u>	<u>2,755,201</u>	<u>364,745</u>
Other Liabilities	9,850,875	5,659,848	4,191,027
Long-Term Liabilities	<u>49,895,705</u>	<u>52,476,525</u>	<u>(2,580,820)</u>
Total Liabilities	<u>59,746,580</u>	<u>58,136,373</u>	<u>1,610,207</u>
Deferred Inflows of Resources	<u>2,790,250</u>	<u>533,780</u>	<u>2,256,470</u>
Net Position:			
Net Investment in Capital Assets	33,530,311	32,690,437	839,874
Unrestricted	<u>(6,536,103)</u>	<u>(7,999,380)</u>	<u>1,463,277</u>
Total Net Position	<u>\$ 26,994,208</u>	<u>\$ 24,691,057</u>	<u>\$ 2,303,151</u>

The largest portion of the District's net position reflects its investment in capital assets (land, buildings, and furniture and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets increased by \$839,874 due to current year capital purchases being greater than depreciation and losses on disposal by \$4,220,566, less the net change in the related debt, along with the amortization of the bond premiums.

The District's unrestricted net position of (\$6,536,103) increased by \$1,463,277 compared to last years unrestricted net position of (\$7,999,380). This increase is primarily due to the changes in the pension and OPEB benefits and related deferred outflows and inflows of resources.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Management's Discussion and Analysis  
June 30, 2021

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STATEMENT OF CHANGES IN NET POSITION

	2021	2020	Variance
<b>REVENUES</b>			
<i>Program:</i>			
Charges for Services	\$ 1,812,867	\$ 2,277,457	\$ (464,590)
Operating Grants and Contributions	12,882,484	9,538,526	3,343,958
Capital Grants and Contributions	800	5,846,372	(5,845,572)
<i>General:</i>			
Participating Towns	33,356,212	31,806,758	1,549,454
Unrestricted Investment Earnings	4,254	18,932	(14,678)
Other	33,537	169,402	(135,865)
Total Revenues	<u>48,090,154</u>	<u>49,657,447</u>	<u>(1,567,293)</u>
<b>EXPENSES</b>			
<i>Governmental Activities:</i>			
Instructional Services	15,569,065	15,527,075	41,990
Supporting Services:			
Instructional Staff	3,488,591	3,377,268	111,323
Administrative	4,930,895	4,874,098	56,797
Operation and Maintenance of Facilities	3,332,618	3,629,574	(296,956)
Transportation	1,733,003	1,643,754	89,249
School Lunch Services	715,415	715,089	326
Employee Benefits - Unallocated	15,602,627	12,755,735	2,846,892
Interest on long-term debt	414,789	758,261	(343,472)
Total Expenses	<u>45,787,003</u>	<u>43,280,854</u>	<u>2,506,149</u>
Change in Net Position	2,303,151	6,376,593	<u>\$ (4,073,442)</u>
Beginning Net Position	<u>24,691,057</u>	<u>18,314,464</u>	
Ending Net Position	<u>\$ 26,994,208</u>	<u>\$ 24,691,057</u>	

**Governmental activities.** Governmental activities increased the Regional School District No. 14's net position by \$2,303,151.

- There was an increase in the employee benefits expenses and operating grants and contributions due to an increased actuarially determined on-behalf amount for the State Teachers Retirement System.
- Capital grants and contributions decreased as there was less received from the State related to the school construction project.
- Charges for services decreased and operating grants increased due to the cafeteria programs becoming more grant funded.

Sixty-nine percent (69%) of the revenues of the District were derived from town assessments, followed by twenty-seven percent (27%) from grants and contributions, four percent (4%) from charges for services and other, and less than one percent (1%) of the District's revenue in the fiscal year was derived from investment income.

Thirty-four percent (34%) of the expenses of the District were related to instructional services, followed by twenty-nine percent (29%) related to supporting services, two percent (2%) related to school lunch services and thirty-five percent (35%) related to employee benefits and interest expense.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the Regional School District No. 14 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Regional School District No. 14's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Regional School District No. 14's financing requirements. In particular, *unassigned and assigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Regional School District No. 14's governmental funds reported combined ending fund balances of \$1,027,217, a decrease of \$3,682,323 in comparison with the prior year.

**General Fund.** The General Fund is the chief operating fund of the Regional School District No. 14. At the end of the current fiscal year the total fund balance of the General Fund was \$3,368,391. Of this amount, \$54,124 is a prepaid reported as nonspendable, \$585,685 is restricted for technology leases, \$2,074,685 is committed for OPEB benefits, \$463,220 is assigned for encumbrances, and \$190,677 is assigned for future retirement benefits.

**High School Renovation Fund.** The fund balance of the High School Renovation Fund decreased by \$4,650,631 during the current fiscal year. This decrease is primarily related to school building expenditures being greater than grants and investment income during the current fiscal year.

**Reserve for Capital Improvements.** The state legislature established the ability to transfer to a capital reserve fund up to 2% of the annual approved budget. The Board of Education again voted to transfer to this fund \$737,884 for future capital or nonrecurring expenditures. There were no expenditures from this fund in the current fiscal year. The fund transferred \$277,020 to the General Fund to cover the costs of certain capital expenditures.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund anticipated using \$352,565 from the Capital Reserve Fund to offset some of the cost to the member Towns. Budgetary revenues were \$79,344 less than anticipated due primarily to only needing to transfer in \$277,020 from the Capital Reserve Fund.

Budgetary expenditures were \$981,707 less than anticipated due to:

- Salaries – Certified coming in \$215,702 less than budgeted.
- Purchased Services coming in \$1,002,258 less than budgeted.
- Capital Outlay coming in \$491,821 greater than budgeted.

Other financing uses included the approved transfer of up to 2% of the budget to the capital reserve fund of \$737,884 and a transfer of \$164,579 to cover a shortfall in the food service fund due to the COVID-19 pandemic.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Management's Discussion and Analysis  
June 30, 2021

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The Regional School District No. 14's reported value in capital assets for its governmental activities as of June 30, 2021, amounts to \$75,219,034 (net of accumulated depreciation). This reported value in capital assets includes land, building in progress, buildings and improvements, and furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$4,220,566, which consisted of capital additions of \$4,762,908, offset by current year depreciation of \$526,734 and a loss on disposal of \$15,608.

	2021	2020
Land	\$ 494,814	\$ 494,814
Building in Progress	62,468,470	57,799,663
Buildings and Improvements	11,995,146	12,440,911
Furniture and Equipment	260,604	263,080
Total	<u>\$ 75,219,034</u>	<u>\$ 70,998,468</u>

Major capital asset events during the current fiscal year included the following:

- Current year progress on the Nonnewaug High School renovation project.

Additional information on the Regional School District No. 14's capital assets can be found in Note 5 on page 28 of this report.

**Long-term debt.** At the end of the current fiscal year, the Regional School District No. 14 had long-term debt and other long-term liabilities outstanding of \$49,895,705.

	2021	2020
G.O. Bonds	\$ 34,745,000	\$ 36,175,000
Unamortized Premiums	2,331,017	2,424,754
Technology Leases	1,039,900	847,409
Compensated Absences	1,053,091	1,151,173
Net Pension Liability	-	777,873
OPEB Liability	10,726,697	10,796,867
Total	<u>\$ 49,895,705</u>	<u>\$ 52,173,076</u>

The Regional School District No. 14's total long-term debt decreased by \$2,277,371 (4.37 percent) during the current fiscal year primarily due to the current year paydown of the G.O. Bonds in the amount of \$1,430,000, a new technology lease obligation of \$585,685, the current year paydown of the technology lease obligations in the amount of \$393,194, the decrease in the OPEB liability in the amount of \$70,170, and the decrease in the net pension liability of \$777,873. Additional information on the Regional School District No. 14's long-term debt can be found in Note 6 on pages 29-30 of this report.

The District currently maintains a bond rating of Aa2 by Moody's.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

A summary of key economic factors affecting the District are as follows:

- The Towns of Woodbury and Bethlehem continue to be concerned with the effect the current economic climate may have on their ability to generate revenue while holding taxes steady. The First Selectman from each town has raised concerns about increases in town budgets and the likely decreases in state funding and possible exposure to fund a significant portion of the annual contribution to the CT Teachers Retirement System currently funded by the CT State Government.
- The District receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the District will receive.
- Increased threat of losing state funding will continue to be a variable in our local budget.

All of these factors were considered in preparing the Regional School District No. 14's budget for the 2022 fiscal year.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Regional School District No. 14's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Regional School District No. 14, 5 Minortown Road, Woodbury, CT 06798.

# **Basic Financial Statements**

**REGIONAL SCHOOL DISTRICT NO. 14**

## Statement of Net Position

June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 9,174,241
Restricted Cash	585,685
Receivables, Net	543,001
Prepays	54,124
Inventory	16,438
Net Pension Asset	818,569
Capital Assets:	
Assets Not Being Depreciated	62,963,284
Assets Being Depreciated, Net	12,255,750
<b>Total Assets</b>	<b>86,411,092</b>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows - Pension	142,248
Deferred Outflows - OPEB	2,977,698
<b>Total Deferred Outflows of Resources</b>	<b>3,119,946</b>
<b>Liabilities</b>	
Accounts Payable and Accrued Items	648,924
Accrued Interest Payable	504,603
Bond Anticipation Notes	8,500,000
Unearned Revenues	197,348
Noncurrent Liabilities:	
Due Within One Year	2,006,212
Due In More Than One Year	47,889,493
<b>Total Liabilities</b>	<b>59,746,580</b>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows - Pension	1,462,392
Deferred Inflows - OPEB	1,327,858
<b>Total Deferred Inflows of Resources</b>	<b>2,790,250</b>
<b>Net Position</b>	
Net Investment in Capital Assets	33,530,311
Unrestricted	(6,536,103)
<b>Total Net Position</b>	<b>\$ 26,994,208</b>

The notes to the financial statements are an integral part of this statement.

**REGIONAL SCHOOL DISTRICT NO. 14**

Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instructional Services	\$ 15,569,065	\$ 1,797,470	\$ 2,630,578	\$ -	\$ (11,141,017)
Supporting Services:					
Instructional Staff	3,488,591	-	-	-	(3,488,591)
Administrative	4,930,895	-	-	-	(4,930,895)
Operation and Maintenance of Facilities	3,332,618	-	-	800	(3,331,818)
Transportation	1,733,003	-	-	-	(1,733,003)
School Lunch Services	715,415	15,397	512,639	-	(187,379)
Employee Benefits - Unallocated	15,602,627	-	9,739,267	-	(5,863,360)
Interest on Long-Term Debt	414,789	-	-	-	(414,789)
Total Governmental Activities	<u>\$ 45,787,003</u>	<u>\$ 1,812,867</u>	<u>\$ 12,882,484</u>	<u>\$ 800</u>	<u>(31,090,852)</u>
		General Revenues:			
		Participating Towns			33,356,212
		Unrestricted Investment Earnings			4,254
		Other			<u>33,537</u>
		Total General Revenues			<u>33,394,003</u>
		Change in Net Position			2,303,151
		Net Position - Beginning of Year			<u>24,691,057</u>
		Net Position - End of Year			<u>\$ 26,994,208</u>

The notes to the financial statements are an integral part of this statement.

**REGIONAL SCHOOL DISTRICT NO. 14**

Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	High School Renovation Fund	Reserve for Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 9,090,899	\$ -	\$ -	\$ 83,342	\$ 9,174,241
Restricted Cash	585,685	-	-	-	585,685
Receivables, Net of Allowance	1,000	-	-	542,001	543,001
Prepays	54,124	-	-	-	54,124
Inventory	-	-	-	16,438	16,438
Due from Other Funds	464,504	3,887,294	2,220,447	202,504	6,774,749
<b>Total Assets</b>	<u>\$ 10,196,212</u>	<u>\$ 3,887,294</u>	<u>\$ 2,220,447</u>	<u>\$ 844,285</u>	<u>\$ 17,148,238</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Items	\$ 473,072	\$ 107,530	\$ -	\$ 68,322	\$ 648,924
Bond Anticipation Notes	-	8,500,000	-	-	8,500,000
Unearned Revenues	44,504	-	-	152,844	197,348
Due to Other Funds	6,310,245	-	-	464,504	6,774,749
<b>Total Liabilities</b>	<u>6,827,821</u>	<u>8,607,530</u>	<u>-</u>	<u>685,670</u>	<u>16,121,021</u>
<b>Fund Balances</b>					
Nonspendable	54,124	-	-	-	54,124
Restricted	585,685	-	-	-	585,685
Committed	2,074,685	-	2,220,447	167,199	4,462,331
Assigned	653,897	-	-	-	653,897
Unassigned	-	(4,720,236)	-	(8,584)	(4,728,820)
<b>Total Fund Balances</b>	<u>3,368,391</u>	<u>(4,720,236)</u>	<u>2,220,447</u>	<u>158,615</u>	<u>1,027,217</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,196,212</u>	<u>\$ 3,887,294</u>	<u>\$ 2,220,447</u>	<u>\$ 844,285</u>	<u>\$ 17,148,238</u>

The notes to the financial statements are an integral part of this statement.

## REGIONAL SCHOOL DISTRICT NO. 14

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2021

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<b>Fund balances reported in governmental funds Balance Sheet</b>	<b>\$ 1,027,217</b>
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**Amounts reported for governmental activities in the Statement  
of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

<i>Capital Assets</i>	92,274,484
<i>Depreciation</i>	(17,055,450)

The net pension asset is not recognized in the governmental funds. The net pension asset results from the difference between the pension plan's fiduciary net position and the portion of the present value of the projected benefit payments to be provided through the pension plan.

818,569

Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.

(2,331,017)

Certain changes related to pensions and OPEB are deferred and amortized over time

<i>Deferred Outflows - Pension</i>	142,248
<i>Deferred Inflows - Pension</i>	(1,462,392)
<i>Deferred Outflows - OPEB</i>	2,977,698
<i>Deferred Inflows - OPEB</i>	(1,327,858)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Accrued Interest Payable</i>	(504,603)
<i>Bonds Payable</i>	(34,745,000)
<i>Technology Leases Payable</i>	(1,039,900)
<i>Compensated Absences and Early Retirement</i>	(1,053,091)
<i>Total OPEB Liability</i>	<u>(10,726,697)</u>

<b>Net position of governmental activities</b>	<b><u>\$ 26,994,208</u></b>
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The notes to the financial statements are an integral part of this statement.

**REGIONAL SCHOOL DISTRICT NO. 14**

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2021

	General Fund	High School Renovation Fund	Reserve for Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Participating Towns	\$ 33,356,212	\$ -	\$ -	\$ -	\$ 33,356,212
Intergovernmental Revenues	5,938,724	800	-	1,465,788	7,405,312
Tuition and Charges for Services	1,797,470	-	-	15,397	1,812,867
Investment Income	1,047	3,194	-	13	4,254
Other Revenue	1,672	-	-	31,865	33,537
Total Revenues	<u>41,095,125</u>	<u>3,994</u>	<u>-</u>	<u>1,513,063</u>	<u>42,612,182</u>
<b>Expenditures</b>					
Current:					
Salaries - Certified	16,107,248	-	-	509,321	16,616,569
Salaries - Classified	4,077,048	-	-	368,528	4,445,576
Employee Benefits	9,887,562	-	-	41,224	9,928,786
Purchased Services	6,012,907	-	-	136,480	6,149,387
Supplies and Materials	863,455	-	-	276,108	1,139,563
Liability and Property Insurance	155,723	-	-	-	155,723
Dues and Fees	45,385	-	-	-	45,385
Cost of Food Purchased	-	-	-	292,957	292,957
Debt Service	2,892,413	879,304	-	-	3,771,717
Capital Outlay	479,701	3,775,321	-	79,505	4,334,527
Total Expenditures	<u>40,521,442</u>	<u>4,654,625</u>	<u>-</u>	<u>1,704,123</u>	<u>46,880,190</u>
Excess/(Deficiency) of Revenues over Expenditures	573,683	(4,650,631)	-	(191,060)	(4,268,008)
<b>Other Financing Sources/(Uses)</b>					
Technology Lease Proceeds	585,685	-	-	-	585,685
Transfers In	277,020	-	737,884	164,579	1,179,483
Transfers Out	(902,463)	-	(277,020)	-	(1,179,483)
Total Other Financing Sources/(Uses)	<u>(39,758)</u>	<u>-</u>	<u>460,864</u>	<u>164,579</u>	<u>585,685</u>
Net Change in Fund Balances	533,925	(4,650,631)	460,864	(26,481)	(3,682,323)
Fund Balances at Beginning of Year	<u>2,834,466</u>	<u>(69,605)</u>	<u>1,759,583</u>	<u>185,096</u>	<u>4,709,540</u>
Fund Balances at End of Year	<u>\$ 3,368,391</u>	<u>\$ (4,720,236)</u>	<u>\$ 2,220,447</u>	<u>\$ 158,615</u>	<u>\$ 1,027,217</u>

The notes to the financial statements are an integral part of this statement.

## REGIONAL SCHOOL DISTRICT NO. 14

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

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**Net Change in Fund Balances - Total Governmental Funds** \$ (3,682,323)

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense.

<i>Capital outlay</i>	4,762,908
<i>Depreciation expense</i>	(526,734)
<i>Loss on disposal</i>	(15,608)

Deferred outflows and inflows of resources resulting from changes in the components  
of the net pension and OPEB liabilities are amortized as a component of expense  
in the statement of activities.

(1,891,725)

Debt proceeds provide current financial resources to governmental funds, but  
issuing debt increases long-term liabilities in the statement of net position.  
Repayment of debt principal is an expenditure in the governmental funds, but  
the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Principal payments on long-term debt - general obligation bonds</i>	1,430,000
<i>Proceeds from long-term debt - technology leases</i>	(585,685)
<i>Principal payments on long-term debt - technology leases</i>	393,194
<i>Amortization of premiums</i>	93,737

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

<i>Accrued Interest</i>	560,693
<i>Compensated Absences and Early Retirement</i>	98,082
<i>Total OPEB Liability</i>	70,170
<i>Net Pension Liability/Asset</i>	<u>1,596,442</u>

**Change in net position of governmental activities** \$ 2,303,151

The notes to the financial statements are an integral part of this statement.

**REGIONAL SCHOOL DISTRICT NO. 14**

## Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2021

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds Student Activity Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ 483,412	\$ 302,864
Investments, at Fair Value:			
Money Market Funds	360,146	-	-
Equity Mutual Funds	4,601,805	-	-
Fixed Income Mutual Funds	1,872,734	-	-
Receivables	-	-	-
<b>Total Assets</b>	<u>\$ 6,834,685</u>	<u>\$ 483,412</u>	<u>\$ 302,864</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Payables	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Restricted for Pension Benefits	6,834,685	-	-
Restricted for Scholarships	-	483,412	-
Restricted for Individuals and Organizations	-	-	302,864
<b>Total Net Position</b>	<u>\$ 6,834,685</u>	<u>\$ 483,412</u>	<u>\$ 302,864</u>

The notes to the financial statements are an integral part of this statement.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds Student Activity Funds</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 350,000	\$ -	\$ -
Scholarships	-	57,795	-
Charges for Services	-	-	189,167
Investment Income:			
Net Appreciation/(Depreciation) in Fair Value of Investments	1,233,487	-	-
Interest and Dividends	197,606	286	-
Total Investment Income	1,431,093	286	-
Less: Investment Management Fees	-	-	-
Net Investment Income	1,431,093	286	-
Total Additions	1,781,093	58,081	189,167
<b>Deductions</b>			
Benefit Payments	324,910	-	-
Administrative Costs	34,199	-	-
Scholarships	-	63,200	-
Activities	-	-	180,665
Total Deductions	359,109	63,200	180,665
Change in Net Position	1,421,984	(5,119)	8,502
Net Position at Beginning of Year	5,412,701	488,531	294,362
Net Position at End of Year	\$ 6,834,685	\$ 483,412	\$ 302,864

The notes to the financial statements are an integral part of this statement.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Regional School District No. 14 (the "District") have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

##### **Reporting Entity**

The District was established in 1968 to provide education for the residents of two Connecticut Districts: Woodbury and Bethlehem. The District is primarily funded through assessments from its two member Districts. The District operates under the Board of Education form of government and provides education services to its member Districts.

The Legislative authority of the District is vested in the Board of Education meetings. The Superintendent is the chief executive, chief administrative officer and budget-making authority of the School. The Board of Education is responsible for revising the proposed budget and submitting the final budget to the Board meetings and referendums. The Board of Education is also responsible for establishing the annual assessments. The District has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The District's financial statements include the accounts of all District controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Regional School District No. 14 (the primary government) and its component units. The basic criterion for inclusion of a component unit in a governmental unit's reporting entity for general purpose financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the District. The District includes all funds, agencies, boards, and commissions that are controlled by or dependent on the District's executive and legislative branches.

The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Regional School District No. 14.

##### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by town assessments and intergovernmental revenues.

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

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in the demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with nonmajor funds, if any, aggregated and presented in a single column. The District maintains fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

#### **Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Assessments when levied, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

Governmental Funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from town assessments, state grants, charges for services, and earnings on investments.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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- The *High School Renovation Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays and debt service related to the High School construction project.
- The *Reserve for Capital Improvements* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

- The *Pension Trust Fund* is used to account for the activities of the District Employees' Retirement System, which accumulates resources for retirement benefit payments to qualified employees.
- The *Private Purpose Trust Fund* is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District utilizes private purpose trust funds to account for activities of funds held in trust for student scholarships.
- The *Custodial Funds* account for resources held by the District in a purely custodial capacity.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

#### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

*Cash and Cash Equivalents* – The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments* - In general, State of Connecticut Statutes allow the District to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund. Trust funds are able to invest in a wider range of investments. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAm by Standard & Poor's. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the District does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The District has not established an allowance for estimated uncollectibles because the majority of receivables are in the form of state and federal grants.

*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.

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

*Due From/To Other Funds* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables. They arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

*Capital Assets* - Capital assets, which include equipment, fixtures, and other long-lived assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Improvements	20 - 50
Furniture and Equipment	5 - 10

*Unearned Revenues* - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

*Long-term obligations* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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

*Compensated absences* - District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred pension and OPEB expense in the government-wide statement of net position. Deferred pension and OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred pension and OPEB expense in the government-wide statement of net position. Deferred pension and OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

*Fund equity and net position* – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. In the government-wide statement of net position, net position is classified in the following categories:

*Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the District, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the District expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaid expenditures in the General Fund. Examples of items legally or contractually required to be maintained intact are the corpus of permanent funds.

*Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Education in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* – Indicates amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by action of District Officials.

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications.

The District does not have a formal policy over the use of fund balance. When both restricted and unrestricted (committed, assigned, unassigned) amounts of fund balance are available for use for expenditures incurred, it is assumed that the District will use restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

*Encumbrances* – In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

#### **Fair Value of Financial Instruments**

In accordance with GASB Statement No. 72, the District is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

**Level 1:** Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

**Level 2:** Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

**Level 3:** Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

*Observable inputs* reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Certificates of Deposit are reported at amortized cost and are excluded from the fair value disclosures.

#### NOTE 2 – CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”. The following is a summary of cash and cash equivalents, and restricted cash at June 30, 2021.

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 9,174,241	\$ 786,276	\$ 9,960,517
Restricted Cash	585,685	-	585,685
	<u>\$ 9,759,926</u>	<u>\$ 786,276</u>	<u>\$ 10,546,202</u>

*Custodial Credit Risk - 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. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio. The following is a reconciliation of the District's deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 9,960,517
Plus: Restricted Cash	585,685
	<u>\$ 10,546,202</u>

At year-end, the District's carrying amount of deposits subject to custodial credit risk was \$10,546,202 and the bank balance was \$10,818,563. Of the bank balance, the Federal Depository Insurance Corporation insured \$1,238,802.

As of June 30, 2021, \$9,579,761 of the District's bank balance of \$10,818,563 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,571,785
Uninsured and collateral held by pledging bank's Trust department not in the District's name	1,007,976
Total	<u>\$ 9,579,761</u>

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements****Restricted Cash**

At June 30, 2021, the District's restricted cash amounted to \$585,685 and is held in escrow until spent in accordance with technology lease agreements.

**Investments**

The following is a summary of investments at June 30, 2021:

	Fiduciary Funds
Money Market Funds	\$ 360,146
Equity Mutual Funds	4,601,805
Fixed Income Mutual Funds	1,872,734
Total Investments	<u>\$ 6,834,685</u>

The following is a summary of assets measured at fair value:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Description</u>	June 30, 2021			
Money Market Funds	\$ 360,146	\$ 360,146	\$ -	\$ -
Equity Mutual Funds	4,601,805	4,601,805	-	-
Fixed Income Mutual Funds	1,872,734	1,872,734	-	-
Total Investments	<u>\$ 6,834,685</u>	<u>\$ 6,834,685</u>	<u>\$ -</u>	<u>\$ -</u>

**Custodial Credit Risk** - This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy for custodial credit risk.

**Credit Risk** – The District does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

**Concentrations of Credit Risk** – The District places no limit on the amount of investment in any one issuer.

**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.

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements**

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**NOTE 3 – RECEIVABLES**

Receivables as of year-end for the District's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, if any, are as follows:

	General Fund	Nonmajor and Other Funds	Total
Receivables:			
Intergovernmental	\$ -	\$ 542,001	\$ 542,001
Accounts	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Gross Receivables	<u>1,000</u>	<u>542,001</u>	<u>543,001</u>
Less Allowance for			
Uncollectibles:			
Total Allowance	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,000</u>	<u>\$ 542,001</u>	<u>\$ 543,001</u>

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

	Governmental Funds
General Fund:	
Fees Collected in Advance	\$ 44,504
Nonmajor Funds:	
Advances on Grants	123,347
Fees Collected in Advance	<u>29,497</u>
Total Unearned Revenue	<u>\$ 197,348</u>

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements****NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2021, the outstanding balances between funds were:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Total</u>
General Fund	High School Renovation Fund	\$ 3,887,294
General Fund	Reserve for Capital Improvements	2,220,447
General Fund	Nonmajor Governmental Funds	202,504
Nonmajor Governmental Funds	General Fund	464,504
		<u>\$ 6,774,749</u>

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2021 were as follows:

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Total</u>
Reserve for Capital Improvements	General Fund	\$ 737,884
Nonmajor Governmental Funds	General Fund	164,579
General Fund	Reserve for Capital Improvements	277,020
		<u>\$ 1,179,483</u>

# REGIONAL SCHOOL DISTRICT NO. 14

## Notes to the Financial Statements

### NOTE 5 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2021:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 494,814	\$ -	\$ -	\$ 494,814
Building in Progress	57,799,663	4,668,807	-	62,468,470
Total capital assets, not being depreciated	<u>58,294,477</u>	<u>4,668,807</u>	<u>-</u>	<u>62,963,284</u>
Capital assets, being depreciated				
Buildings and Improvements	28,332,996	-	-	28,332,996
Furniture and Equipment	999,068	94,101	(114,965)	978,204
Total capital assets, being depreciated	<u>29,332,064</u>	<u>94,101</u>	<u>(114,965)</u>	<u>29,311,200</u>
Less accumulated depreciation for:				
Buildings and Improvements	15,892,085	445,765	-	16,337,850
Furniture and Equipment	735,988	80,969	(99,357)	717,600
Total accumulated depreciation	<u>16,628,073</u>	<u>526,734</u>	<u>(99,357)</u>	<u>17,055,450</u>
Total capital assets, being depreciated, net	<u>12,703,991</u>	<u>(432,633)</u>	<u>(15,608)</u>	<u>12,255,750</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 70,998,468</u>	<u>\$ 4,236,174</u>	<u>\$ (15,608)</u>	<u>\$ 75,219,034</u>

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

Instructional Services	\$ 270,456
Supporting Services:	
Instructional Staff	64,283
Administrative	98,657
Operation and Maintenance	
of Facilities	61,403
Transportation	31,935
Total	<u>\$ 526,734</u>

**REGIONAL SCHOOL DISTRICT NO. 14**

## Notes to the Financial Statements

**NOTE 6 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2021 was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
General Obligation Bonds	\$ 36,175,000	\$ -	\$ 1,430,000	\$ 34,745,000	\$ 1,430,000
Unamortized Premium	<u>2,424,754</u>	<u>-</u>	<u>93,737</u>	<u>2,331,017</u>	<u>93,737</u>
Total Bonds Payable	38,599,754	-	1,523,737	37,076,017	1,523,737
Technology Leases	847,409	585,685	393,194	1,039,900	350,243
Compensated Absences	1,151,173	-	98,082	1,053,091	132,232
Net Pension Liability	777,873	-	777,873	-	-
Total OPEB Liability	<u>10,796,867</u>	<u>-</u>	<u>70,170</u>	<u>10,726,697</u>	<u>-</u>
Total	<u>\$ 52,173,076</u>	<u>\$ 585,685</u>	<u>\$ 2,863,056</u>	<u>\$ 49,895,705</u>	<u>\$ 2,006,212</u>

Long-term obligations have typically been liquidated by the General Fund.

**General Obligation Bonds**

The District issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the District and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2021 consisted of the following:

<u>Bond Issue</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal Outstanding June 30, 2021</u>
G.O. Bonds	2018	\$ 12,000,000	2.25 - 5%	2043	\$ 11,040,000
G.O. Bonds	2019	\$ 24,655,000	2.75 - 5%	2045	23,705,000
					<u>\$ 34,745,000</u>

The annual debt service requirements of the District's general obligation bonds are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,430,000	\$ 1,266,125	\$ 2,696,125
2023	1,430,000	1,194,625	2,624,625
2024	1,430,000	1,123,125	2,553,125
2025	1,430,000	1,051,625	2,481,625
2026	1,430,000	980,125	2,410,125
2027-2031	7,150,000	4,008,825	11,158,825
2032-2036	7,150,000	2,642,937	9,792,937
2037-2041	7,130,000	1,512,000	8,642,000
2042-2046	<u>6,165,000</u>	<u>429,675</u>	<u>6,594,675</u>
Total	<u>\$ 34,745,000</u>	<u>\$ 14,209,062</u>	<u>\$ 48,954,062</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2021 totaled \$383,183.

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements****Bonds Authorized and Unissued**

At June 30, 2021, there was \$19,645,000 of authorized and unissued bonds for the Nonnewaug High School renovation project.

**Technology Leases**

The District has outstanding loans used to finance the purchase of technology equipment. The annual debt service requirements of the District's technology leases are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 350,243	\$ 17,945	\$ 368,188
2023	338,551	29,637	368,188
2024	298,710	13,853	312,563
2025	52,396	1,692	54,088
Total	<u>\$ 1,039,900</u>	<u>\$ 63,127</u>	<u>\$ 1,103,027</u>

Interest paid and expensed on technology leases for the year ended June 30, 2021 totaled \$31,606.

**Compensated Absences**

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

**NOTE 7 – SHORT-TERM LIABILITIES****Bond Anticipation Notes**

The District uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the District's Bond Anticipation Notes for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Note	\$ 3,000,000	\$ 8,500,000	\$ 3,000,000	\$ 8,500,000
Unamortized Premium	17,882	-	17,882	-
	<u>\$ 3,017,882</u>	<u>\$ 8,500,000</u>	<u>\$ 3,017,882</u>	<u>\$ 8,500,000</u>

The outstanding bond anticipation note carries an interest rate of 1.296% and matures in July 2021.

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements****NOTE 8 - FUND BALANCE COMPONENTS**

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	General Fund	High School Renovation Fund	Reserve for Capital Improvements	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepays	\$ 54,124	\$ -	\$ -	\$ -	\$ 54,124
Restricted for:					
Technology Leases	\$ 585,685	\$ -	\$ -	\$ -	\$ 585,685
Committed to:					
OPEB	\$ 2,074,685	\$ -	\$ -	\$ -	\$ 2,074,685
Food Service	-	-	-	633	633
Special Activities	-	-	-	128,423	128,423
Debt Service	-	-	-	38,143	38,143
Capital	-	-	2,220,447	-	2,220,447
Total Committed	\$ 2,074,685	\$ -	\$ 2,220,447	\$ 167,199	\$ 4,462,331
Assigned:					
Encumbrances	\$ 463,220	\$ -	\$ -	\$ -	\$ 463,220
Retirement Benefits	190,677	-	-	-	190,677
Total Assigned	\$ 653,897	\$ -	\$ -	\$ -	\$ 653,897
Unassigned	\$ -	\$ (4,720,236)	\$ -	\$ (8,584)	\$ (4,728,820)

There is a deficit fund balance of (\$8,584) in the State, Federal, and Other Grants Fund.

**NOTE 9 – RETIREMENT BENEFITS****Non-certified Employee Defined Benefit Pension Plan**

The District is the administrator of a single-employer public employee retirement systems (“PERS”), called the Pension Plan of Regional School District No. 14, established and administered by the Board of Education to provide pension benefits for its non-certified employees. The plan is considered to be part of the District’s financial reporting entity and is included in the District’s financial statements as a pension trust fund. Separate stand-alone financial reports are not issued. Benefits may be changed by the Board of Education.

*Eligibility* – Substantially all full-time non-certified employees over the age of 25 are eligible after completion of one year of service.

*Normal Retirement* – Normal Retirement is the first of the month coincident with or next following the later of age 65 and 10 years of plan participation.

*Early Retirement* – Employees are eligible for early retirement at age 55 with 10 years of credited service, subject to reduced benefits.

*Benefits Provided* – The monthly benefit at normal retirement is equal to 30% of average compensation, reduced proportionately for less than 10 years of service.

*Plan Membership* – As of the date of the latest actuarial valuation, membership consisted of the following:

Inactive plan members or beneficiaries receiving payments	27
Inactive plan members entitled but not yet receiving payments	3
Active Members	43
Total Members	<u>73</u>

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements***Contributions and Funding Policy*

The contribution requirements of the plan members and the District are established and may be amended by the Board of Education. District is required to contribute at an actuarially determined rate. Administrative costs of the plan are financed through investment earnings of the plan's assets.

*Summary of Significant Accounting Policies*

**Basis of Accounting** - The District Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the District's fiduciary net position have been determined on the same basis as they are reported by the District's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Investment Policy** – The District's pension plans policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the target asset allocation of the pension plan as of June 30, 2021:

**Target Allocation and Expected Rate of Return**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Cash	5.00%	2.00%	0.10%
US Govt/Credit Fixed Income	25.50%	3.25%	0.83%
High-Yield Bonds	4.50%	5.25%	0.24%
US Large and Mid-Cap	51.00%	6.25%	3.19%
US Small Cap	4.50%	7.00%	0.32%
International Equity - Developed	6.00%	6.75%	0.41%
International Equity - Emerging	3.50%	9.25%	0.32%
	100.00%		5.41%
Long-Term Inflation Expectation			2.25%
Long-Term Expected Nominal Return			<u>7.66%</u>

**Long-Term Expected Rate of Return** – 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 are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the future real rates of return by the target asset allocation percentage and by adding expected inflation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation, and rebalancing. An expected rate of return of 7.00% was used.

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements****Net Pension Liability**

The components of the net pension liability of the District at June 30, 2021, were as follows:

	District
Total pension liability	\$ 6,016,116
Plan fiduciary net position	6,834,685
Net pension liability (asset)	(818,569)
Plan fiduciary net position as a percentage of total pension liability	113.61%
Covered payroll	2,616,044
Net pension liability (asset) as a % of covered payroll	-31.29%

**Actuarial Methods and Significant Assumptions**

The following actuarial methods and assumptions were used in the July 1, 2020 valuation and projected forward to a measurement date of June 30, 2021:

<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level Percent of Salary
<b>Inflation</b>	2.40%
<b>Payroll growth</b>	3.15%
<b>Investment rate of return</b>	7.00% pre-retirement, 7.40% post-retirement, net of investment and admin fees
<b>Retirement age</b>	10 years of service and age 55 for early retirement 10 years of service and age 65 for normal retirement
<b>Post-retirement mortality</b>	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2020

Changes of assumptions include a change in the mortality table.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00% (pre-retirement) and 7.40% (post-retirement). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the local pension liability.

**Sensitivity Analysis** – The following presents the net pension liability of the District, calculated using the current discount rate, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ (239,541)	\$ (818,569)	\$ (1,320,050)

# REGIONAL SCHOOL DISTRICT NO. 14

## Notes to the Financial Statements

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 6,190,574	\$ 5,412,701	\$ 777,873
Changes for the year:			
Service Cost	222,922	-	222,922
Interest	453,407	-	453,407
Differences Between Expected and Actual Experience	(438,170)	-	(438,170)
Changes of Assumptions	(87,707)	-	(87,707)
Employer Contributions	-	350,000	(350,000)
Member Contributions	-	-	-
Net Investment Income	-	1,431,093	(1,431,093)
Benefit Payments	(324,910)	(324,910)	-
Administrative Expenses	-	(34,199)	34,199
Net Changes	(174,458)	1,421,984	(1,596,442)
Balance at June 30, 2021	\$ 6,016,116	\$ 6,834,685	\$ (818,569)
Plan fiduciary net position as a percentage of the total pension liability			113.61%
Covered Payroll			\$ 2,616,044
Net pension liability (asset) as a percentage of covered payroll			-31.29%

For the year ended June 30, 2021, the total pension expense recognized was (\$80,948). As of June 30, 2021, the District reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings	\$ -	\$ 847,266
Differences between expected and actual experience	41,281	544,960
Changes of assumptions	100,967	70,166
Total	\$ 142,248	\$ 1,462,392

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

Year ended June 30:

2022	\$ (359,814)
2023	(327,052)
2024	(320,301)
2025	(312,977)
	<u>\$ (1,320,144)</u>

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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#### **Connecticut State Teacher's Retirement System**

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

*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 years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary).

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

*Contributions:* Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts):* School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees:* Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2021 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$1,051,641. Covered payroll for the District for the year ended June 30, 2021 was approximately \$15,023,443.

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2021 the District reports no amounts for its proportionate share of the net pension 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 pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements**

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District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>64,870,126</u>
Total	<u>\$ 64,870,126</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2021, the District had no proportionate share of the net pension liability.

For the year ended June 30, 2021, the District recognized benefits expense and contribution revenue of \$4,160,879 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$9,292,338 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

*Actuarial Assumptions:* The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

The long-term expected rate of return on pension investments was determined using a log-normal distributions 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.

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements**

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.60%
Developed Market Intl. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%

**Discount Rate:** The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 of Connecticut.

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

**Plan Description:** The District provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses through a single-employer defined benefit plan called the Regional School District No. 14 Other Post-Employment Benefits Program (the "Plan"). Benefits provisions are established by the Board of Education and may be amended by the Board. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

**Benefits Provided:** The OPEB Plan provides for medical and life insurance benefits for all eligible District retirees.

**Eligibility:** Teachers and Administrators (Certified) – A Teacher or administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse prior to reaching the age of eligibility for Medicare.

**Employees Covered by Benefit Terms:** The membership of the Plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	17
Active plan members	245
	<u>262</u>

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements**

**Total OPEB Liability:** The District's total OPEB liability of \$10,726,697 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

**Actuarial Assumptions and Other Inputs:** The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Salary Increases	Graded by Service for Teachers and Administrators; 3.5% for all others.
Medical Trend Rate	3.00% - 4.10% over 53 years
Discount Rate	2.16% (Bond Buyer General Obligation 20-Bond Municipal Index)
Inflation Rate	2.60%
Mortality Rate	1994 GAR

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

**Changes in the Total OPEB Liability:**

	Total OPEB Liability
Balance at 6/30/20	\$ 10,796,867
Changes for the year:	
Service Cost	414,677
Interest	245,291
Effect of Economic/Demographic Gains/(Losses)	816,777
Changes in Assumptions	(1,320,908)
Benefit Payments	(226,007)
Net Changes	(70,170)
Balance at 6/30/21	\$ 10,726,697

Changes of assumptions reflects a change in the discount rate from 2.21% to 2.16%, a change in inflation from 2.70% to 2.60%, and a decrease in the medical cost trend rates.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:** The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 12,602,108	\$ 10,726,697	\$ 9,224,546

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 8,998,162	\$ 10,726,697	\$ 12,936,745

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$882,068. As of June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,107,239	\$ -
Change in assumptions	870,459	1,327,858
Total	\$ 2,977,698	\$ 1,327,858

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

Year ended June 30:

2022	\$ 222,100
2023	222,100
2024	222,100
2025	222,100
2026	230,974
Thereafter	530,466
	<u>\$ 1,649,840</u>

**Connecticut Teachers' Retirement System - OPEB**

*Plan Description* - 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—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 TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

*Benefit Provisions* - 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.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare 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. 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. 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.

*Contributions* - 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.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the District was \$100,416.

The cost of providing plan 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.

*Actuarial Assumptions* - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.21%
Prior Measurement Date	3.50%

The projected fiduciary net position is projected to be depleted in 2021.

Single equivalent interest rate

Measurement Date	2.21%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.50%, net of OPEB plan investment expense, Including price inflation

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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#### Healthcare cost trend rates:

Medicare 5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023

Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

*Long-Term Rate of Return* - 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 evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

*Discount Rate* - The discount rate used to measure the total OPEB liability was 2.21%. 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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 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 annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**REGIONAL SCHOOL DISTRICT NO. 14****Notes to the Financial Statements**

*Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates* - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 7,904,181	\$ 9,675,382	\$ 12,122,087

*Sensitivity of the Net OPEB Liability to Changes in Discount Rates* - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 11,812,042	\$ 9,675,382	\$ 8,011,083

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2021 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>9,675,382</u>
Total	<u>\$ 9,675,382</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2021, the District had no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the District recognized OPEB expense and revenue of \$100,416 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$446,929 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Notes to the Financial Statements

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**NOTE 10 – LITIGATION AND CONTINGENCIES**

**Litigation** - The District is not a defendant in any lawsuits that, in the opinion of District Management, in consultation with the District Attorney, will have an adverse, material effect on the District's financial position.

**Grants** - The District participates in several Federal and State assisted grants programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2021 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**NOTE 11 – RISK MANAGEMENT**

The District is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, and natural disasters. The District generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

**NOTE 12 – UPCOMING PRONOUNCEMENTS**

**GASB Pronouncements Issued, But Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

**GASB Statement No. 87 – Leases** - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021.

**GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period** - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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GASB Statement No. 91 – *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the District's reporting period beginning July 1, 2022.

GASB Statement No. 92 – *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the District's reporting period beginning July 1, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the District's reporting period beginning July 1, 2021.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the District's reporting period beginning July 1, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the District's reporting period beginning July 1, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the District's reporting period beginning July 1, 2021.

## REGIONAL SCHOOL DISTRICT NO. 14

### Notes to the Financial Statements

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#### NOTE 13 – **SUBSEQUENT EVENTS**

On July 22, 2021, the District replaced a maturing Bond Anticipation Note with the issuance of a new Bond Anticipation Note in the amount of \$8,500,000. The new Bond Anticipation Note carries an interest rate of 1.00% and matures in April 2022.

# **Required Supplementary Information**

**REGIONAL SCHOOL DISTRICT NO. 14**

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<b>Actual</b>	
	<u>Original</u>	<u>Amended</u>	<b>Budgetary</b>	<u>Variance</u>
			<b>Basis</b>	
<b>REVENUES</b>				
Participating Towns				
Town of Bethlehem	\$ 8,514,421	\$ 8,514,421	<b>\$ 8,514,421</b>	\$ -
Town of Woodbury	24,841,791	24,841,791	<b>24,841,791</b>	-
State of Connecticut				
Adult Education Grant	6,517	6,517	<b>4,951</b>	(1,566)
Agri-Science/Tech Grant	1,208,481	1,208,481	<b>1,376,463</b>	167,982
Other				
Tuition Income	1,963,404	1,963,404	<b>1,797,470</b>	(165,934)
Other Income	2,000	2,000	<b>1,672</b>	(328)
Capital Reserve	352,565	352,565	<b>277,020</b>	(75,545)
Investment Income	5,000	5,000	<b>1,047</b>	(3,953)
<b>Total Revenues</b>	<u>36,894,179</u>	<u>36,894,179</u>	<b><u>36,814,835</u></b>	<u>(79,344)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries - Certified	16,216,731	16,214,931	<b>15,999,229</b>	215,702
Salaries - Classified	4,045,226	4,045,226	<b>4,024,336</b>	20,890
Employee Benefits	5,805,834	5,805,834	<b>5,728,618</b>	77,216
Purchased Services	6,689,230	6,689,220	<b>5,686,962</b>	1,002,258
Supplies and Materials	965,496	969,736	<b>851,147</b>	118,589
Liability and Property Insurance	178,526	178,526	<b>155,723</b>	22,803
Dues and Fees	61,450	60,455	<b>45,385</b>	15,070
Debt Service	2,467,613	2,468,613	<b>2,467,613</b>	1,000
Capital Outlay	463,973	461,538	<b>953,359</b>	(491,821)
<b>Total Expenditures</b>	<u>36,894,079</u>	<u>36,894,079</u>	<b><u>35,912,372</u></b>	<u>981,707</u>
<b>Other Financing Uses</b>				
Transfers Out:				
Reserve for Specific Capital Improvements	100	100	<b>737,884</b>	(737,784)
Food Service	-	-	<b>164,579</b>	(164,579)
<b>Total Other Financing Uses</b>	<u>100</u>	<u>100</u>	<b><u>902,463</u></b>	<u>(902,363)</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>36,894,179</u>	<u>36,894,179</u>	<b><u>36,814,835</u></b>	<u>79,344</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - Budgetary Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Notes to Required Supplementary Information

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

***Budgetary Information and Accounting***

The District adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements in accordance with provisions of Connecticut General Statutes and annually adopted budget policies.

- On or before the last Wednesday in January of each year all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the general fund budget may be prepared.
- Before March 31<sup>st</sup>, the proposed budget is presented to the finance committee for review. By the end of April, the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.
- Not less than two weeks before the annual meeting held pursuant to C.G.S. Section 10-47, the Board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the Board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the Board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year, and (6) such other information as is necessary in the opinion of the Board. Persons present and eligible to vote under section 7-6 may accept or reject the proposed budget. The regional Board of Education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the district meeting held on the budget or by a “yes” or “no” vote on the voting machines in each of the member towns on the day following the district meetings. After budget approval, the Board shall estimate the net expenditures to be paid by each member town.
- The budget is prepared on the modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year.
- The state legislature established the ability to transfer to a capital reserve fund up to 2% of the Districts approved appropriations. The Board of Education voted to transfer to this fund \$737,884 for future capital or nonrecurring expenditures during the year ended June 30, 2021. This fund can be carried forward each year and is subject to the Board of Education approval for expenditures made from it.

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). The differences consist primarily of payments made by the State of Connecticut “on-behalf” of the District into the State Teachers’ Retirement System, which are not recorded for budgetary purposes, along with encumbrances, and state grants that are net with expenditures for budgetary basis.

**REGIONAL SCHOOL DISTRICT NO. 14**  
**Notes to Required Supplementary Information**

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A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2021:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses)</b>
Budgetary Basis	\$ 36,814,835	\$ 35,912,372	\$ (902,463)
"On-behalf" payments - State Teachers Retirement Fund	4,261,295	4,261,295	-
Excess Cost Grant	293,434	293,434	-
TEAM Grant	2,581	2,581	-
Technology Lease Activity	-	-	585,685
Reclass Transfer from CIP out of Revenue to Other Financing Sources	(277,020)	-	277,020
OPEB Activity	-	(276,760)	-
Accrued Retirement Adjustment	-	160,731	-
Adjustment for Encumbrances	-	167,789	-
GAAP Basis	<u>\$ 41,095,125</u>	<u>\$ 40,521,442</u>	<u>\$ (39,758)</u>

**REGIONAL SCHOOL DISTRICT NO. 14**  
Employee Retirement System, Non-Certified Employee Plan  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Eight Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service Cost	\$ 222,922	\$ 213,838	\$ 214,921	\$ 217,067	\$ 208,741	\$ 235,893	\$ 223,630	\$ 216,068
Interest	453,407	438,260	411,151	406,261	375,388	363,266	340,255	313,875
Differences Between Expected and Actual Experience	(438,170)	(203,801)	93,311	(241,887)	13,928	(90,824)	27,648	-
Changes of Assumptions	(87,707)	130,945	1,728	61,883	56,455	-	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(324,910)</u>	<u>(432,013)</u>	<u>(263,167)</u>	<u>(257,135)</u>	<u>(234,551)</u>	<u>(397,294)</u>	<u>(192,023)</u>	<u>(170,419)</u>
<b>Net Change in Total Pension Liability</b>	(174,458)	147,229	457,944	186,189	419,961	111,041	399,510	359,524
<b>Total Pension Liability - Beginning</b>	<u>6,190,574</u>	<u>6,043,345</u>	<u>5,585,401</u>	<u>5,399,212</u>	<u>4,979,251</u>	<u>4,868,210</u>	<u>4,468,700</u>	<u>4,109,176</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 6,016,116</u>	<u>\$ 6,190,574</u>	<u>\$ 6,043,345</u>	<u>\$ 5,585,401</u>	<u>\$ 5,399,212</u>	<u>\$ 4,979,251</u>	<u>\$ 4,868,210</u>	<u>\$ 4,468,700</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 350,000	\$ 350,000	\$ 350,000	\$ 315,000	\$ 570,000	\$ 342,600	\$ 311,452	\$ -
Net Investment Income	1,431,093	361,078	334,042	454,736	466,694	68,222	150,722	479,234
Benefit Payments, Including Refunds of Member Contributions	(324,910)	(432,013)	(263,167)	(257,135)	(234,551)	(397,294)	(192,023)	(170,419)
Administrative Expenses	<u>(34,199)</u>	<u>(30,677)</u>	<u>(29,053)</u>	<u>(27,414)</u>	<u>(24,804)</u>	<u>(22,030)</u>	<u>(21,386)</u>	<u>(18,968)</u>
<b>Net Change in Pension Fiduciary Net Position</b>	1,421,984	248,388	391,822	485,187	777,339	(8,502)	248,765	289,847
<b>Plan Fiduciary Net Position - Beginning</b>	<u>5,412,701</u>	<u>5,164,313</u>	<u>4,772,491</u>	<u>4,287,304</u>	<u>3,509,965</u>	<u>3,518,467</u>	<u>3,269,702</u>	<u>2,979,855</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 6,834,685</u>	<u>\$ 5,412,701</u>	<u>\$ 5,164,313</u>	<u>\$ 4,772,491</u>	<u>\$ 4,287,304</u>	<u>\$ 3,509,965</u>	<u>\$ 3,518,467</u>	<u>\$ 3,269,702</u>
<b>Net Pension Liability (Asset) - Ending: (a) - (b)</b>	<u>\$ (818,569)</u>	<u>\$ 777,873</u>	<u>\$ 879,032</u>	<u>\$ 812,910</u>	<u>\$ 1,111,908</u>	<u>\$ 1,469,286</u>	<u>\$ 1,349,743</u>	<u>\$ 1,198,998</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	113.61%	87.43%	85.45%	85.45%	79.41%	70.49%	72.27%	73.17%
<b>Covered Payroll</b>	\$ 2,616,044	\$ 2,648,824	\$ 2,627,003	\$ 2,534,857	\$ 2,662,340	\$ 2,498,132	\$ 2,504,616	\$ 2,400,883
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	-31.29%	29.37%	33.46%	32.07%	41.76%	58.82%	53.89%	49.94%

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

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Employee Retirement System, Non-Certified Employee Plan  
Schedule of Contributions  
Last Eight Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 344,229	\$ 347,949	\$ 336,953	\$ 369,039	\$ 332,247	\$ 315,120	\$ 307,332	\$ 311,452
Contributions in Relation to the ADEC	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>315,000</u>	<u>570,000</u>	<u>342,600</u>	<u>311,452</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ (5,771)</u>	<u>\$ (2,051)</u>	<u>\$ (13,047)</u>	<u>\$ 54,039</u>	<u>\$ (237,753)</u>	<u>\$ (27,480)</u>	<u>\$ (4,120)</u>	<u>\$ 311,452</u>
Covered Payroll	2,562,965	2,541,851	2,452,692	2,534,857	2,662,340	2,498,132	2,504,616	2,400,883
Contributions as a Percentage of Covered Payroll	13.66%	13.77%	14.27%	12.43%	21.41%	13.71%	12.44%	0.00%

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

**Notes to Schedule**

Valuation Date: 1/1/2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Remaining amortization period	15 yrs
Asset valuation method	5-year Smoothed Market
Inflation	2.60%
Salary increases	3.35%
Investment rate of return	7.25%
Normal Retirement	Age 65
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2019.

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Employee Retirement System, Non-Certified Plan  
Schedule of Investment Returns  
Last Eight Fiscal Years\*

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	26.80%	7.06%	7.03%	10.61%	12.02%	1.95%	4.43%	16.55%

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

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 14**  
State Teacher's Retirement System  
Proportionate Share of Net Pension Liability  
Last Seven Fiscal Years\*

**Schedule of Proportionate Share of Net Pension Liability**

	2021	2020	2019	2018	2017	2016	2015
District's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the District	<u>64,870,126</u>	<u>61,076,960</u>	<u>47,093,885</u>	<u>47,747,856</u>	<u>50,374,354</u>	<u>39,553,506</u>	<u>36,559,289</u>
Total	<u>\$ 64,870,126</u>	<u>\$ 61,076,960</u>	<u>\$ 47,093,885</u>	<u>\$ 47,747,856</u>	<u>\$ 50,374,354</u>	<u>\$ 39,553,506</u>	<u>\$ 36,559,289</u>
District's covered payroll	<u>\$ 15,023,443</u>	<u>\$ 14,705,200</u>	<u>\$ 14,915,106</u>	<u>\$ 14,682,350</u>	<u>\$ 14,318,692</u>	<u>\$ 13,899,431</u>	<u>\$ 13,613,280</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

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

**Notes to Schedule**

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	6.9% net of investment expense, including inflation

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 14**

State Teacher's Retirement System  
Proportionate Share of Net OPEB Liability  
Last Four Fiscal Years\*

**Schedule of Proportionate Share of Net OPEB Liability**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the District	<u>9,675,382</u>	<u>9,525,296</u>	<u>9,414,387</u>	<u>12,289,755</u>
Total	<u>\$ 9,675,382</u>	<u>\$ 9,525,296</u>	<u>\$ 9,414,387</u>	<u>\$ 12,289,755</u>
District's covered-employee payroll	<u>\$ 15,023,443</u>	<u>\$ 14,705,200</u>	<u>\$ 14,915,106</u>	<u>\$ 14,682,350</u>
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

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

**Notes to Schedule**

Actuarial Cost Method	Entry age
Amortization Method	Level Percent of Payroll over a closed period
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense including price inflation
Price Inflation	2.50%

See accountant's report.

**REGIONAL SCHOOL DISTRICT NO. 14**  
Other Post Employment Benefits (OPEB) Plan  
Schedule of Changes in Total OPEB Liability  
Last Four Fiscal Years\*

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 414,677	\$ 360,205	\$ 320,914	\$ 267,655
Interest	245,291	346,952	276,761	253,613
Economic/Demographic Gains/(Losses)	816,777	-	1,928,412	-
Changes of Assumptions	(1,320,908)	673,575	475,997	(257,373)
Benefit Payments	<u>(226,007)</u>	<u>(270,828)</u>	<u>(288,576)</u>	<u>(212,020)</u>
<b>Net Change in Total OPEB Liability</b>	(70,170)	1,109,904	2,713,508	51,875
<b>Total OPEB Liability - Beginning</b>	<u>10,796,867</u>	<u>9,686,963</u>	<u>6,973,455</u>	<u>6,921,580</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 10,726,697</u></u>	<u><u>\$ 10,796,867</u></u>	<u><u>\$ 9,686,963</u></u>	<u><u>\$ 6,973,455</u></u>

There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

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

**Notes to Schedule**

Measurement Date	June 30, 2021
Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.60% (Prior 2.70%)
Salary Increases	Graded by Service for Teachers and Administrators; 3.50% for all others
Healthcare Cost Trend Rates	3.00% - 4.10% over 53 years (Prior 5.30% - 4.50% over 52 years)

See accountant's report.

## ***Appendix B***

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

## APPENDIX B

July \_\_, 2022

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

Re: \$8,400,000 General Obligation Bonds, Issue of 2022  
Dated July \_\_, 2022

We have acted as Bond Counsel in connection with the issuance by the Regional School District No. 14 (the “District”), in the State of Connecticut, of its \$8,400,000 General Obligation Bonds, Issue of 2022 (the “Bonds”) dated July \_\_, 2022. In such capacity, we have examined a record of proceedings of the District authorizing the Bonds, a Tax Regulatory Agreement of the District dated July \_\_, 2022 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the District has made covenants and representations designed to assure compliance with such requirements of the Code. The District has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall be excluded from gross income for federal income tax purposes retroactive to the date of

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

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

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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

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

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

Respectfully,

PULLMAN & COMLEY, LLC

## ***Appendix C***

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

## FORM OF CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of**  
**\$ \_\_\_\_\_ General Obligation Bonds, Issue of 2022, dated July \_\_, 2022**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of July \_\_, 2022, by the Regional School District No. 14 of the State of Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2022 dated July \_\_, 2022 (the “Bonds”).

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

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

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

“Final Official Statement” means the official statement of the Issuer dated July \_\_, 2022, prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

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

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

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

**Section 2. Annual Reports.**

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2022):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts. If audited financial statements for any Fiscal Year End are not available to

be provided to the MSRB through EMMA by the Deadline (as hereinafter defined in Section 3 hereof), the Issuer shall provide to the MSRB through EMMA: i) unaudited financial statements for such Fiscal Year End, and when available; ii) audited financial statements for such Fiscal Year End, as soon as practicable after its receipt thereof.

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

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

(B) the percentage and amount of the annual property tax levy collected and uncollected of each of the Issuer's member towns;

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

(D) a schedule of the long-term debt through maturity on outstanding long-term bonded indebtedness of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year;

(E) a calculation of the total net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt) of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year;

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer and each of the Issuer's member towns per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer and of each of the Issuer's member towns to the applicable net taxable grand list;

(H) a statement of statutory debt limitations and debt margins of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year, and;

(I) the funding status of the pension benefit obligations of the Issuer and of each of the member towns.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

**Section 3. Timing.** The Issuer shall provide the information and data referenced in Section 2(a) to the MSRB through EMMA not later than eight months after each Fiscal Year End for which such information is being provided (the "Deadline").

#### **Section 4.     Event Notices.**

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

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

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

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

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

- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders.

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

**Section 5. Notice of Failure.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

**Section 6. Termination of Reporting Obligation.** The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 7. Agent.** The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

**Section 8. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

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

**Section 10. Enforceability.** The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Regional School District No. 14, 67 Washington Avenue,

PO Box 469, Woodbury, Connecticut 06798-0469, ATTN: George Bauer, Chairman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 14**

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George Bauer, Chairman of the Board of Education

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James Crocker, Treasurer

***Appendix D***

***Notice of Sale***

**NOTICE OF SALE**  
**REGIONAL SCHOOL DISTRICT NO. 14 OF THE STATE OF CONNECTICUT**  
**\$8,400,000 GENERAL OBLIGATION BONDS, ISSUE OF 2022**  
**BOOK ENTRY ONLY**  
**(the “Bonds”)**

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

**July 6, 2022**

(the “Bid Date”) for the purchase of all (but not less than all) of \$8,400,000 General Obligation Bonds, Issue of 2022, of the District (the “Bonds”), when issued, at not less than par, which mature on August 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$350,000	2036	\$350,000
2025	\$350,000	2037	\$350,000
2026	\$350,000	2038	\$350,000
2027	\$350,000	2039	\$350,000
2028	\$350,000	2040	\$350,000
2029	\$350,000	2041	\$350,000
2030	\$350,000	2042	\$350,000
2031	\$350,000	2043	\$350,000
2032	\$350,000	2044	\$350,000
2033	\$350,000	2045	\$350,000
2034	\$350,000	2046	\$350,000
2035	\$350,000	2047	\$350,000

**The Issue**

The Bonds will be general obligations of the District and its member towns, Bethlehem and Woodbury (the “Member Towns”). The District and its Member Towns will pledge their full faith and credit to pay the principal of and the interest on the Bonds. Unless paid from other sources, the Bonds are payable from general property tax revenues of the Member Towns. The Member Towns have the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in said Member Towns without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on August 15, 2023 and semiannually thereafter on each February 15 and August 15 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated June 28, 2022.

## Optional Redemption

The Bonds maturing on August 15, 2032 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after August 15, 2031 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
August 15, 2031 and thereafter	100%

The District, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

## Ratings

The Town has applied to Moody's Investors Service for assignment of their municipal bond ratings to the Bonds. The assigned ratings may be obtained from the rating agency or will be posted through the facilities of **PARITY**<sup>®</sup> prior to sale.

## Official Statement and Continuing Disclosure Agreement

The District has prepared a Preliminary Official Statement for the Bonds which is dated June 28, 2022, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The District will provide the winning purchaser a reasonable number of copies of the Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the District's municipal advisor no later than seven (7) business days of the bid opening. If the District's municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, and any changes on the Bonds. The winning purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The District will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the District to provide the required annual financial

information. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

### **Electronic Bidding Procedures**

Electronic bids for the purchase of the Bonds must be submitted electronically via **PARITY**<sup>®</sup>, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Wednesday, July 6, 2022, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**<sup>®</sup>, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The District neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

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

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

## **Bid Requirements**

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

## **Establishment of Issue Price**

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

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

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

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

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

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

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

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

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

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

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

### **Award, Delivery and Payment**

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the District. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 21, 2022, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the District will determine by lot which of such bidders will be awarded the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

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

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

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

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the District to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of District Officials relating to the accuracy and completeness of the Official Statement.

The Bonds **SHALL BE** designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986.

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

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

## **Settlement of the Bonds**

The Bonds will be delivered to The Depository Trust Company, New York, New York (“DTC”) or its agent via Fast Automated Securities Transfer (“FAST”) on or about July 21, 2022 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the municipal advisor to obtain CUSIP numbers for the Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the municipal advisor to obtain such numbers and to supply them to the District in a timely manner. The municipal advisor will provide CUSIP Global Services with the final details of the sale, including the identity of the winning purchaser. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

## **Right to Reject Bids; Waiver**

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

## **Postponement; Change of Terms**

The District reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

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

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the District or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The District will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the District fails to identify another qualified securities depository to replace DTC, or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the District will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be the close of business on the last business day of January and July in each year, or the preceding business day if such last day is not a business day.)

**Additional Information**

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

George Bauer  
Chairman of the Board of Education

James Crocker  
Treasurer

June 28, 2022

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