

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 24, 2015

REFUNDING ISSUE

STANDARD AND POOR'S RATING: AA+

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"), based on existing law, interest on the Bonds is excludable 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. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax on certain corporations, as described under Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax.

**REGIONAL SCHOOL DISTRICT NUMBER 8
OF THE STATE OF CONNECTICUT
(TOWNS OF ANDOVER, HEBRON AND MARLBOROUGH)**

**\$3,720,000* GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2015
(BANK QUALIFIED)**

<u>DATED</u>					<u>DUE</u>				
Date of Delivery					January 15, as shown below				
Due	Principal				Due	Principal			
January 15	Amount	Coupon	Yield	CUSIP ¹	January 15	Amount	Coupon	Yield	CUSIP ¹
2016	\$ 30,000	*		759098	2022	\$ 335,000	*		759098
2017	290,000	*		759098	2023	345,000	*		759098
2018	295,000	*		759098	2024	355,000	*		759098
2019	310,000	*		759098	2025	365,000	*		759098
2020	315,000	*		759098	2026	370,000	*		759098
2021	325,000	*		759098	2027	385,000	*		759098

Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity, commencing July 15, 2015.

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

The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. 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. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry-Only Transfer System" herein.

The Bonds will be general obligations of Regional School District Number 8 of the State of Connecticut (the "District"), and its member towns of Andover, Hebron and Marlborough ("Member Towns"), and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. See "Security and Remedies" herein.

U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut will act as Registrar, Certifying Agent, Transfer Agent, Paying Agent and Escrow Agent for the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by Robinson & Cole LLP, Underwriter's Counsel. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC in New York, New York on or about March 18, 2015.

**UNDERWRITER
ROOSEVELT & CROSS, INCORPORATED**

This cover page contains certain information for quick reference only. It is NOT a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds 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.

*Preliminary. Subject to change.

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

No dealer, broker, salesman or other person has been authorized by Regional School District Number 8 of the State of Connecticut (the "District") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation 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. The information set forth has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

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

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

The Underwriter has reviewed the information in this Official Statement in accordance with and as a part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The District deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

In accordance with the requirements of SEC Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided (i) annual financial information and operating data with respect to the Bonds, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds, to be executed by the District in substantially the form contained in Appendix C to this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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No dealer, broker, salesman or other person has been authorized by Regional School District Number 8 of the State of Connecticut (the "District") to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation 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, 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.

BOND ISSUE SUMMARY

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

Issuer:	Regional School District Number 8 of the State of Connecticut (Towns of Andover, Hebron and Marlborough) (the "District").
Issue:	\$3,720,000* General Obligation Refunding Bonds, Issue of 2015, Book-Entry-Only (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Semiannually on January 15 and July 15 in each year until maturity, commencing July 15, 2015.
Principal Due:	Serially, January 15, 2016 through 2027, as detailed in this Official Statement.
Purpose:	The proceeds of the Bonds will be used to refund at or prior to maturity any or all of the principal amounts outstanding of the District's General Obligation Bonds, Issue of 2007, Series A, including applicable interest. See "Authorization and Purpose" and "Plan of Refunding" herein.
Redemption:	The Bonds are subject to redemption prior to maturity as more fully described herein.
Security:	The Bonds will be general obligations of Regional School District Number 8 of the State of Connecticut and its Member Towns of Andover, Hebron and Marlborough and the District will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The District received a credit rating of AA+ from Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P") on the Bonds. See "Rating" herein.
Bond Insurance:	The District does not expect to purchase a credit enhancement facility.
Tax Exemption	See Appendix B, "Form of Opinion of Bond Counsel and Tax Exemption" herein.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, with respect to the Bonds, pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix C to this Official Statement.
Bank Qualification:	The Bonds will be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent:	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 rd Floor, Hartford, Connecticut, 06103.
Legal Opinion:	Shipman & Goodwin LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about March 18, 2015 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be addressed to Dr. Robert Siminski, Superintendent of Schools, Regional School District Number 8, P.O. Box 1438, 85 Wall Street, Hebron, Connecticut 06248. Telephone 860-228-2115.
Financial Advisor:	FirstSouthwest Company, 628 Hebron Avenue, Suite 306, Glastonbury, Connecticut 06033, attention: Janette J. Marcoux, Senior Vice President, Telephone: 860-290-3003.

The Preliminary Official Statement is available in electronic form only at www.i-dealprospectus.com. For additional information please contact the Financial Advisor at janette.marcoux@firstsw.com

*Preliminary. Subject to change.

I. BOND INFORMATION

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to Regional School District Number 8 of the State of Connecticut (the “District”) in connection with the issuance and sale of \$3,720,000* General Obligation Refunding Bonds, Issue of 2015 (the “Bonds”) of the District.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the District.

First Southwest Company, LLC is engaged as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, LLC cannot submit a bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. First Southwest Company, LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the District with respect to the financial statements of the District included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B “Form of Opinion of Bond Counsel and Tax Exemption” herein) and it makes no representation that it has independently verified the same.

The District considers this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on January 15 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in denominations

*Preliminary. Subject to change.

of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity, commencing July 15, 2015 and will be payable to the registered owners of the Bonds as of the close of business on the last business day of December and June in each year. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent, and Escrow Agent will be U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103 (email: bhcorporatetrust@usbank.com). The legal opinion on the Bonds will be rendered by Shipman & Goodwin LLP, in substantially the form set forth in Appendix B to this Official Statement.

The Bonds are subject to optional redemption prior to maturity as more fully described herein.

OPTIONAL REDEMPTION

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

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
January 15, 2025 and thereafter	100%

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date to the registered owner of such Bonds at the address of such registered owner as the name shall appear on the registration books for the Bonds kept for such purpose. 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. So long as Cede & Co., as nominee of the Depository Trust Company (“DTC”), is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all 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 Bonds to be redeemed shall be in the principal amount of \$5,000 or 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 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. Redemption of a portion of the Bonds of any maturity by the District will reduce the outstanding principal amount of Bonds 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 interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest 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, or be the responsibility of, the District, the Registrar or Paying Agent.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, 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 each 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Bond (“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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect 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 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 Bond 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).

All payments on 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/Registrar, 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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/Registrar, 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 the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

DTC PRACTICES

The District can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds 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.

SECURITY AND REMEDIES

The Bonds will be general obligations of Regional School District Number 8 of the State of Connecticut and its Member Towns of Andover, Hebron and Marlborough (collectively, the "Member Towns") and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues of the Member Towns. The Member Towns have the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in 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 taxable at limited amounts.

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

There are no statutory provisions for priorities in the payment of general obligations of the District. There are no statutory provisions for a lien on any portion of the revenues 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.

Section 10-58a of the Connecticut General Statutes, Revision of 1958, as amended, provides that upon verification of a default by a regional school district in the payment of principal of or interest on its bonds, 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 any member town which is currently in default of its annual payments to such district must similarly be withheld and applied. The withheld payments are to be forwarded promptly to the paying agent or agents for the bonds in default for the sole purpose of paying the defaulted principal of and interest on such obligations.

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

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

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations. The District does not have the direct power to levy taxes.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE

Regional School District Number 8 of the State of Connecticut prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The District provides, and will continue to provide, to the rating agency

ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The District will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement, (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. 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 bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the District has not failed to comply, in any material respect, with its undertaking in such agreements with the exception of the following: the District recently determined that a notice of a rating upgrade by Standard & Poor’s to “A+” from “A” on July 29, 2010 was not properly filed. The District filed a notice of late filing of the rating upgrade on February 20, 2015.

In making the foregoing disclosure, the District does not thereby admit that this matter is material.

The District is not responsible for any failure by EMMA or any other nationally recognized municipal securities information repository to timely post disclosure submitted to it by the District or any failure to associate such submitted disclosure to all related CUSIPs.

AUTHORIZATION AND PURPOSE

The Bonds are issued pursuant to Title 10 of the General Statutes of Connecticut, as amended, and a resolution of the District’s Board of Education adopted at a meeting held on January 20, 2015.

The Bonds are being issued to current or advance refund all or any portion of the aggregate principal amount outstanding of certain Regional School District Number 8 General Obligation Bonds. See “Plan of Refunding” herein.

PLAN OF REFUNDING

The Bonds are being issued to current or advance refund all or any portion of the aggregate principal amount outstanding of Regional School District Number 8 \$5,550,000 General Obligation Bonds, Issue of 2007, Series A, (the “Refunded Bonds”) as set forth below.

<u>Issue</u>	<u>Dated Date</u>	<u>Original Issue</u>	<u>Principal Amount Refunded</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
General Obligation Bonds, Issue of 2007, Series A...	1/15/2007	\$5,550,000	\$3,710,000 *	1/15/17-27 *	1/15/2016	100%

*Preliminary. Subject to change.

The list of Refunded Bonds may be changed by the District in its sole discretion due to market factors or other factors considered relevant by the District at the time of pricing and no assurance can be given that any particular bonds listed or that any particular maturity thereof will be refunded. The refunding is contingent upon delivery of the Bonds.

Upon delivery of the Bonds, a portion of proceeds of the Bonds will be placed in an irrevocable escrow deposit fund (the “Escrow Deposit Fund”) established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the date of delivery of the Bonds, between the Escrow Agent and the District. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of or obligations guaranteed by the government of the United States of America, including United States Treasury State and Local Government Series (“SLGS”) securities, Federal National Mortgage Association (“FNMA”) securities and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer of the securities (the

“Escrow Securities”), the principal of and interest on which, when due, will provide amounts sufficient to pay the principal, interest and redemption premium on the Refunded Bonds to the redemption dates (the “Escrow Requirements”) or maturity. All investment income on and maturing principal of the Escrow Securities held in the Escrow Deposit Fund and needed to pay the principal, interest and redemption premium on the Refunded Bonds will be irrevocably deposited by the District for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and Underwriter’s discount.

SOURCES AND USES OF BOND PROCEEDS

<i>Sources</i>	
Par Amount.....	\$3,720,000.00 *
Net Premium.....	_____
Total Sources	
 <i>Uses</i>	
Deposit to Escrow Deposit Fund.....	
Costs of Issuance.....	
Underwriter's Discount.....	_____
Total Uses	

*Preliminary. Subject to change.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations relating to (i) the adequacy of the maturing principal amounts of the Escrow Securities together with the interest income thereon and uninvested cash, if any, to pay when due, the principal of and interest income and call premium on the Refunded Bonds and (ii) the yield on the Bonds and on the Escrow Securities for purposes of determining compliance with certain requirements of the Internal Revenue Code of 1986, as amended, will be verified by Grant Thornton LLP. Such verification will be based upon information and assumptions supplied by the Underwriter and the District, and such verification, information and assumptions will be relied on by Bond Counsel in rendering its opinion described herein.

RATING

The District received a credit rating of AA+ from Standard and Poor’s, a division of McGraw-Hill Companies, Inc. (“S&P”) on the Bonds. The District furnished to the rating agency certain information and materials, some of which may not have been included in this Official Statement.

The rating reflects only the views of the rating agency and an explanation of the significance of such rating may be obtained from Standard and Poor’s, 225 Franklin Street, 15th Floor, Boston, Massachusetts 02110. There is no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by such rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse affect on the marketability or market price of the District’s bonds or notes, including the Bonds.

Certain outstanding bonds of the District are rated “Aa3” by Moody’s Investors Service, Inc.

II. THE ISSUER



DESCRIPTION OF THE DISTRICT

Regional School District Number 8 was established in 1955 under the provisions of the General Statutes of Connecticut upon approval of the voters of the Towns of Andover, Hebron, and Marlborough (“Member Towns”). The affairs of Regional School District Number 8 are administered by a Regional Board of Education which consists of five members from the Town of Hebron, four members from the Town of Marlborough, and two members from the Town of Andover. Members are elected in their respective towns in the same manner as town officers and serve four-year terms. The terms are staggered so that not more than 50 percent expire in any one year per State Statute. The Board meets on the third Monday of each month. The policies of the Board are adopted or amended only upon a simple majority vote of all the members of the Board.

The District provides educational facilities for grades 7 and 8 at Regional Hebron, Andover, Marlborough (RHAM) Middle School, and grades 9-12 at Regional Hebron, Andover, Marlborough (RHAM) High School. Each Member Town maintains and funds its own school district, providing elementary education for grades K-6.

In conjunction with the adoption of the annual budget by the voters in the District each spring, the Board of Education of the Regional School District determines the amount of the total budgetary appropriation to be paid by each Member Town, such amount to bear the same ratio to the net expenses of the District as the number of pupils resident in such town in average daily membership during the preceding school years bears to the total number of such pupils in the Member Towns. In the current Fiscal Year 2014-15, the Towns of Andover, Hebron and Marlborough will contribute 14.71%, 56.26% and 29.03%, respectively, of the District’s budget.

The District’s operating and debt service expenses are paid from State grants for transportation, special education, and bond principal and interest subsidies, from miscellaneous revenues such as tuition reimbursement, earnings on investments, and by the Member Towns in proportion to the number of students attending the District. Payments are made bi-monthly in accordance with a budget to operate the District on a current cash basis.

If a Member Town of the District fails to include in its annual town budget amounts necessary to pay its proportionate share of the annual District budget, ten or more taxable inhabitants of a Member Town within the District, a majority of the board of selectmen of any Member Town, the attorney general, a holder or owner of bonds or notes of the District, the board of education of the District or the State Board of Education may petition the Superior Court to determine the amount of the alleged deficiency. If the court finds such deficiency to exist, it shall order such Member Town, through its treasurer, selectmen and assessor, to provide a sum of money equal to

such deficiency, together with a sum of money equal to twenty-five percent thereof. The amount of the deficiency shall be paid by the Member Town to the District as soon as it is available; the additional sum of twenty-five percent shall be kept in a separate account by such Member Town and shall be applied toward payment of such Member Town's share of the annual budget of the District in the following year. If such order is made after the fixing of the annual tax rate of such Member Town, the sums included in such order shall be provided by the Member Town from any available cash surplus, from any contingent fund, from borrowing, through a rate bill under the provisions of Section 12-123 of the General Statutes, Revision of 1958, or from any combination thereof.

Under the provisions of Section 10-63f of the Connecticut General Statutes, the withdrawal of a town from the District or the dissolution of the District will not impair the obligation of the withdrawing town or the District to the holders of the District bonds or other indebtedness issued prior to withdrawal or dissolution.

GENERAL DESCRIPTION – TOWN OF ANDOVER

The Town of Andover, located in Tolland County 20 miles east of the City of Hartford, was incorporated on May 18, 1848 and covers an area of 15.6 square miles. The Town is bordered by the Towns of Coventry to the north and northeast, Hebron to the south and southwest, Columbia to the southeast and Bolton to the northwest. Andover is located within five minutes from Interstate 384 and ten minutes from Interstate 84. The Town is also served by U.S. Route 6 and State Routes 87, 316, and 603.

The Town of Andover is a rural-residential community with a population of 3,273 in 2013. The Town operates under a Town Meeting, Board of Selectmen form of government consisting of five elected members, and a Board of Finance consisting of seven elected members.

The median home sales price for 2013 was \$287,200. (*Source: U.S. Census Bureau, 2009-2013 American Community Survey*).

GENERAL DESCRIPTION – TOWN OF HEBRON

The Town of Hebron, incorporated in May of 1708, is located in Tolland County 20 miles southeast of the City of Hartford. Hebron, covering 37.5 square miles, is bordered by the Towns of Andover and Bolton to the north, Colchester to the south, Columbia and Lebanon to the east and Glastonbury and Marlborough to the west. The Town is traversed by Connecticut Routes 66 and 85. It is near this intersection that the Town's business community is primarily located, although there is also a neighborhood business center located in the southern area of Town near Amston Lake. Amston and Gilead are two sections located within the Town limits.

The Town of Hebron, a rural-residential community with a population of 9,588 in 2013, operates under a Town Meeting form of government, with a Board of Selectmen consisting of five elected members and a Board of Finance consisting of six elected members both serving overlapping four-year terms. The Board of Selectmen appoints a Town Manager who acts as the chief executive and chief administrative officer of the Town, and is responsible to the Board of Selectmen for the administration of all departments and agencies with elected heads or members. The Town Manager has the authority to appoint various officers, including a Director of Finance who acts as the Town Treasurer and the agent of all Town funds among other duties.

The median home sales price for 2013 was \$318,800. (*Source: U.S. Census Bureau, 2009-2013 American Community Survey*).

GENERAL DESCRIPTION – TOWN OF MARLBOROUGH

The Town of Marlborough, incorporated in October of 1803, is located in Hartford County 16 miles from the City of Hartford. Marlborough, covering 23.4 square miles, is bordered by the Towns of Glastonbury to the north, Colchester to the south, Hebron to the east and East Hampton to the west. The Town is traversed by Connecticut Routes 2 and 66.

The Town of Marlborough, a rural-residential community with a population of 6,431 in 2013, has major parcels of commercial land located in the center and west end of Town with various light commercial businesses such as restaurants and real estate offices scattered throughout the Town. Marlborough has a town meeting form of government under the charter revised in 1985 and is governed by a three-member Board of Selectmen, consisting of a First Selectman and two Selectmen. Their duties and responsibilities include directing and supervising the affairs of the Town. The First Selectman is the Chief Executive and Administrative Officer of the Town. The legislative

powers are vested in the Town Meeting and the Board of Selectmen. The Board of Finance, consisting of six members, is primarily responsible for reviewing the estimates presented by the Boards of Selectmen and Education, and preparing a budget for Town Meeting action.

The median home sales price for 2013 was \$307,600. (Source: U.S Census Bureau, 2009-2013 American Community Survey).

PRINCIPAL DISTRICT OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>	<u>Current Term</u>
Chairman.....	Danny Holts claw	Elected	8	7/11-6/15
Vice-Chairman.....	Kevin Williams	Elected	1	12/13-11/17
Treasurer.....	Manny Catarino	Elected	1	12/13-11/17
Secretary.....	Judy Benson-Clarke	Elected	1	12/13-11/17
Member.....	Amy D'Amaddio	Elected	4	12/11-11/15
Member.....	Michael Turner	Elected	12	12/11-11/15
Member.....	Kenneth Lee	Elected	12	7/11-6/15
Member.....	Rich Jacobson	Elected	1	12/13-11/17
Member.....	Thomas Treemont	Elected	10	12/11-11/15
Member.....	Joseph E. O'Connor	Elected	1	12/13-11/17
Member.....	Carol Shea ¹	Elected	1	12/14-11/15
Superintendent of Schools.....	Dr. Robert Siminski	Appointed	11	N/A
Business Manager.....	Jane A. Neel	Appointed	1	N/A
Director of Pupil Services.....	Pamela Potemri	Appointed	1	N/A

¹ Replaced Diter Zimmer mid-term.
Source: District Officials.

DISTRICT EMPLOYEES

The following table illustrates the full and part-time District employees for the last five fiscal years:

<u>Fiscal Year</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<i>Total</i>	266	266	264	260	257

The following is a breakdown by category of the District's approved positions for the 2014-2015 school year:

<u>Department</u>	<u>2014-2015</u>
Certified Staff	176
Non-Certified Staff	90
Grand Total Staff.....	266

Source: District Officials.

MUNICIPAL EMPLOYEES BARGAINING UNITS

Bargaining Groups	Positions Covered	Current Contract Expiration Date
Administrators - Region #8 Administrator Association.....	7	June 30, 2017
Teachers - Region #8 Education Association (CEA/NEA).....	168	June 30, 2018
Custodians - Amer. Fed. of State & Mun. Emp. (CSEA/SEIU, AFL-CIO, Local 760).....	16	June 30, 2014 ¹
Secretaries - Amer. Fed. of State & Mun. Emp. (CSEA/SEIU, AFL-CIO, Local 760).....	8	June 30, 2014 ¹
Paraprofessionals.....	48	June 30, 2014 ¹

¹ *In negotiation.*
 Source: District Officials.

Connecticut 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 certificated teachers and certain other employees. The legislative body of a municipality (or in the case of a regional school district, the legislative body of each member town) may reject an 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 then appoints 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 towns in the regional school district, including consideration of other demands on the financial capability of the towns in the regional school district. For binding arbitration of teachers' contracts, in assessing the financial capability of the towns in the regional school district, 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 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 wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SCHOOL FACILITIES – DISTRICT

School	Grades	Date of Construction/ Remodeling	Number of Classrooms	2014-2015 Enrollment	Rated Capacity
RHAM Middle School.....	7-8	1980, 2004	62	555	750
RHAM High School.....	9-12	1959, 1984, 2001, 2003	84	1,094	1,200
Total				1,649	

Source: District Officials

SCHOOL ENROLLMENT – DISTRICT

School Year	7-8	9-12	Total
<i>Historical</i>			
2010-2011	609	1,156	1,765
2011-2012	608	1,175	1,783
2012-2013	627	1,131	1,758
2013-2014	607	1,119	1,726
2014-2015	555	1,094	1,649
<i>Projected</i>			
2015-2016	573	1,069	1,642
2016-2017	534	1,045	1,579
2017-2018	476	1,032	1,508
2018-2019	476	964	1,440
2019-2020	437	926	1,363

Source: District Officials.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Town of Andover

Year	Population ¹	% Increase	Density ²
2013	3,273	(0.9)	210
2010	3,303	8.8	212
2000	3,036	19.5	195
1990	2,540	18.5	163
1980	2,144	2.1	137
1970	2,099	18.5	135

Town of Hebron

Year	Population ¹	% Increase	Density ²
2013	9,588	(1.0)	256
2010	9,686	12.5	258
2000	8,610	21.6	230
1990	7,079	29.8	189
1980	5,453	42.9	145
1970	3,815	109.7	102

Town of Marlborough

Year	Population ¹	% Increase	Density ²
2013	6,431	0.4	274
2010	6,404	12.2	273
2000	5,709	3.1	243
1990	5,535	16.6	236
1980	4,746	58.7	202
1970	2,991	52.5	127

¹ 1970-2010 – U.S. Department of Commerce, Bureau of Census, 2013 - Connecticut Department of Public Health, Estimate

² Andover: 15.6 square miles; Hebron: 37.5 square miles; Marlborough: 23.5 square miles.

AGE DISTRIBUTION OF THE POPULATION

	Town of Andover		Town of Hebron	
	Number	Percent	Number	Percent
Under 5.....	178	5.8%	583	6.0%
5 - 19.....	662	21.4%	2,261	23.5%
20 - 44	854	27.6%	2,516	26.1%
45 - 64.....	998	32.2%	3,302	34.3%
65 - 84.....	320	10.3%	865	9.0%
85 and over.....	83	2.7%	111	1.2%
Totals.....	3,095	100.0%	9,638	100.0%
Median Age (years)		42.6		41.9

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

AGE DISTRIBUTION OF THE POPULATION

	Town of Marlborough		State of Connecticut	
	Number	Percent	Number	Percent
Under 5.....	465	7.3%	197,395	5.5%
5 - 19.....	1,351	21.1%	712,697	19.9%
20 - 44.....	1,664	26.0%	1,127,712	31.5%
45 - 64.....	2,076	32.4%	1,025,473	28.6%
65 - 84.....	795	12.4%	433,682	12.1%
85 and over.....	47	0.7%	86,602	2.4%
Totals.....	6,398	100.0%	3,583,561	100.0%
Median Age (years)		42.0		40.2

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

INCOME DISTRIBUTION

	Town of Andover		Town of Hebron	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	-	-	-	-
10,000 - 14,999.....	25	3.1%	-	-
15,000 - 24,999.....	7	0.9%	10	0.4%
25,000 - 34,999.....	9	1.1%	114	4.1%
35,000 - 49,999.....	31	3.9%	203	7.2%
50,000 - 74,999.....	95	11.9%	386	13.7%
75,000 - 99,999.....	190	23.7%	406	14.5%
100,000 - 149,999.....	216	27.0%	776	27.6%
150,000 - 199,999.....	105	13.1%	453	16.1%
200,000 and over.....	123	15.4%	461	16.4%
Totals.....	801	100.0%	2,809	100.0%

	Town of Marlborough		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	-	-	29,895	3.3%
10,000 - 14,999.....	-	-	19,176	2.1%
15,000 - 24,999.....	-	-	47,319	5.2%
25,000 - 34,999.....	34	1.8%	56,997	6.3%
35,000 - 49,999.....	181	9.3%	86,025	9.5%
50,000 - 74,999.....	252	13.0%	143,989	15.9%
75,000 - 99,999.....	298	15.4%	131,874	14.6%
100,000 - 149,999.....	602	31.1%	187,718	20.8%
150,000 - 199,999.....	311	16.1%	90,602	10.0%
200,000 and over.....	259	13.4%	109,982	12.2%
Totals.....	1,937	100.0%	903,577	100.0%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

INCOME LEVELS

	<u>Town of Andover</u>	<u>Town of Hebron</u>	<u>Town of Marlborough</u>	<u>State of Connecticut</u>
Per Capita Income, 2013.....	\$38,340	\$42,218	\$41,729	\$37,892
Per Capita Income, 2010.....	\$38,710	\$39,416	\$41,669	\$36,775
Per Capita Income, 1999.....	\$30,273	\$30,797	\$35,605	\$28,766
Per Capita Income, 1989	\$18,786	\$20,087	\$21,792	\$20,189
Median Family Income, 2013.....	\$102,364	\$118,821	\$114,375	\$87,245
Median Family Income, 2010.....	\$96,286	\$112,894	\$110,527	\$84,170
Median Family Income, 1999.....	\$75,000	\$80,623	\$90,346	\$65,521
Median Family Income, 1989.....	\$52,782	\$57,303	\$62,352	\$49,199
Percent Below Poverty Level 2013.....	3.1%	0.0%	0.0%	7.3%
Percent Below Poverty Level 2010.....	1.8%	0.8%	0.7%	6.5%
Percent Below Poverty Level 1999.....	2.5%	1.4%	2.2%	7.9%

Source: U.S. Department of Commerce, Bureau of Census, 1990, 2000, 2010; U.S. Census Bureau, 2009-2013 American Community Survey.

EDUCATIONAL ATTAINMENT Years of School Completed Age 25 and Over

	<u>Town of Andover</u>		<u>Town of Hebron</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	13	0.6%	20	0.3%
9th to 12th grade.....	89	4.4%	151	2.4%
High School graduate.....	556	27.5%	1,224	19.1%
Some college, no degree.....	330	16.3%	1,163	18.1%
Associate's degree	277	13.7%	659	10.3%
Bachelor's degree.....	472	23.4%	1,838	28.6%
Graduate or professional degree....	284	14.1%	1,361	21.2%
Totals.....	<u>2,021</u>	<u>100.0%</u>	<u>6,416</u>	<u>100.0%</u>
Total high school graduate or higher (%)......		95.0%		97.3%
Total bachelor's degree or higher (%)......		37.4%		49.9%
	<u>Town of Marlborough</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	4	0.1%	109,133	4.5%
9th to 12th grade.....	173	3.9%	155,272	6.4%
High School graduate.....	1,031	23.4%	678,370	27.8%
Some college, no degree.....	783	17.8%	431,469	17.7%
Associate's degree	279	6.3%	178,597	7.3%
Bachelor's degree.....	1,112	25.2%	498,124	20.4%
Graduate or professional degree....	1,025	23.3%	392,796	16.1%
Totals.....	<u>4,407</u>	<u>100.0%</u>	<u>2,443,761</u>	<u>100.0%</u>
Total high school graduate or higher (%)......		96.0%		89.2%
Total bachelor's degree or higher (%)......		48.5%		36.5%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

MAJOR EMPLOYERS – ANDOVER

Employer	Product	Estimated Number of Employees
Scott Electrocrafts, Inc.....	Technology - Circuit Boards	50
Network.....	Administration for Group Homes	25
MTM Corp.....	Fixture/Precision Tooling	7
SDR Enterprises, Inc.....	Flowers/Christmas Trees	6

Source: Telephone Survey.

MAJOR EMPLOYERS – HEBRON

Employer	Product	Estimated Number of Employees
Town of Hebron.....	Municipality	214
Ted's Supermarket.....	Shopping Plaza	90
Blackledge Country Club.....	Country Club	50
CVS Pharmacy.....	Pharmacy	26
Country Carpenters.....	Carpentry	22
Gina Maries Restaurant.....	Restaurant	18
Tallwood Country Club.....	Country Club	17
Fireside Supply.....	Retailer	17

Source: Town of Hebron CAFR 2014.

MAJOR EMPLOYERS – MARLBOROUGH

Employer	Product	Estimated Number of Employees
Marlborough Health Care.....	Nursing Home	140
Marlborough Medical Center.....	Medical Center	85
Intelligent Motion Systems (IMS).....	Motor Controls	70
Diversified Group Brokerage Corp.....	Insurance/Fitness	65
MPS Plastics.....	Injection Molding	25
Marlborough Family Practice.....	Medical	25
Pediatric Association of Marlborough.....	Medical	8

Source: Telephone Survey.

EMPLOYMENT BY INDUSTRY

Sector	Town of Andover		Town of Hebron	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	6	0.4%	74	1.4%
Construction.....	173	10.1%	293	5.7%
Manufacturing.....	82	4.8%	544	10.5%
Wholesale Trade.....	52	3.0%	82	1.6%
Retail Trade.....	207	12.1%	359	6.9%
Transportation and warehousing, and utilities....	101	5.9%	227	4.4%
Information	3	0.2%	139	2.7%
Finance, insurance, real estate, and rental and leasing.....	146	8.6%	726	14.0%
Professional, scientific, management, administrative, and waste management svcs....	145	8.5%	642	12.4%
Educational, health and social services.....	497	29.1%	1,176	22.7%
Arts, entertainment, recreation, accommodation and food services.....	85	5.0%	244	4.7%
Other services (except public administration).....	74	4.3%	142	2.7%
Public Administration	135	7.9%	537	10.4%
Total Labor Force, Employed.....	1,706	100.0%	5,185	100.0%

Sector	Town of Marlborough		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	-	0.0%	6,945	0.4%
Construction.....	213	6.4%	99,444	5.7%
Manufacturing.....	500	15.0%	193,945	11.0%
Wholesale Trade.....	36	1.1%	43,550	2.5%
Retail Trade.....	351	10.5%	191,841	10.9%
Transportation and warehousing, and utilities....	80	2.4%	65,630	3.7%
Information	85	2.6%	41,588	2.4%
Finance, insurance, real estate, and rental and leasing.....	403	12.1%	160,976	9.1%
Professional, scientific, management, administrative, and waste management svcs....	293	8.8%	194,959	11.1%
Educational, health and social services.....	880	26.4%	464,177	26.4%
Arts, entertainment, recreation, accommodation and food services.....	183	5.5%	148,097	8.4%
Other services (except public administration).....	147	4.4%	81,443	4.6%
Public Administration	159	4.8%	66,817	3.8%
Total Labor Force, Employed.....	3,330	100.0%	1,759,412	100.0%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

EMPLOYMENT DATA

Period ¹	Percentage Unemployed				
	Town of Andover	Town of Hebron	Town of Marlborough	Hartford Labor Market	State of Connecticut
Annual Average					
2014.....	5.6%	5.0%	5.3%	6.7%	6.7%
2013.....	6.4	5.4	5.7	7.8	7.8
2012.....	6.7	5.7	6.6	8.4	8.4
2011.....	6.5	6.3	6.5	8.8	8.8
2010.....	7.3	6.8	7.3	9.4	9.3
2009.....	6.5	6.3	7.1	8.3	8.3
2008.....	4.0	4.2	4.3	5.7	5.6
2007.....	3.4	3.6	3.4	4.7	4.6
2006.....	3.4	3.5	3.4	4.6	4.4
2005.....	4.2	3.9	3.7	5.1	4.9
2004.....	3.6	3.6	3.9	5.2	4.9

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Andover		Town of Hebron	
	Units	Percent	Units	Percent
1939 or earlier.....	215	18.8%	300	8.7%
1940 to 1969.....	306	26.7%	712	20.7%
1970 to 1979.....	119	10.4%	456	13.2%
1980 to 1989.....	221	19.3%	721	20.9%
1990 to 1999.....	158	13.8%	655	19.0%
2000 and later.....	125	10.9%	602	17.5%
Total housing units, 2013....	1,144	100.0%	3,446	100.0%
Percent Owner Occupied, 2013		88.8%		92.0%

Year Built	Town of Marlborough		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	95	4.2%	882,026	59.3%
1940 to 1969.....	794	34.9%	80,070	5.4%
1970 to 1979.....	538	23.6%	252,085	17.0%
1980 to 1989.....	332	14.6%	80,615	5.4%
1990 to 1999.....	242	10.6%	179,348	12.1%
2000 and later.....	276	12.1%	12,851	0.9%
Total housing units, 2013....	2,277	100.0%	1,486,995	100.0%
Percent Owner Occupied, 2013		89.6%		67.8%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

HOUSING INVENTORY

Type	Town of Andover		Town of Hebron		Town of Marlborough	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	1,071	93.6%	3,127	90.7%	2,034	89.3%
1 unit attached.....	7	0.6%	101	2.9%	40	1.8%
2 to 4 units.....	-	-	173	5.0%	184	8.1%
5 to 9 units.....	66	5.8%	45	1.3%	-	-
10 or more units.....	-	-	-	-	-	-
Mobile home, trailer, other.	-	-	-	-	19	0.8%
Total Inventory.....	1,144	100.0%	3,446	100.0%	2,277	100.0%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

Specified Owner-Occupied Units	Town of Andover		Town of Hebron	
	Number	Percent	Number	Percent
Less than \$50,000.....	7	0.7%	7	0.2%
\$50,000 to \$99,999.....	-	-	6	0.2%
\$100,000 to \$149,999.....	49	5.0%	50	1.7%
\$150,000 to \$199,999.....	121	12.3%	313	10.5%
\$200,000 to \$299,999.....	334	34.1%	930	31.1%
\$300,000 to \$499,999.....	383	39.1%	1,458	48.8%
\$500,000 to \$999,999.....	80	8.2%	214	7.2%
\$1,000,000 or more.....	6	0.6%	11	0.4%
Totals.....	980	100.0%	2,989	100.0%

Median Sales Price ¹	\$153,000	\$168,800
Median Sales Price	\$287,200	\$318,800

Specified Owner-Occupied Units	Town of Marlborough		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	19	1.0%	20,800	2.3%
\$50,000 to \$99,999.....	-	-	24,638	2.7%
\$100,000 to \$149,999.....	-	-	66,934	7.3%
\$150,000 to \$199,999.....	87	4.4%	135,714	14.8%
\$200,000 to \$299,999.....	836	42.6%	264,832	28.8%
\$300,000 to \$499,999.....	699	35.6%	250,076	27.2%
\$500,000 to \$999,999.....	285	14.5%	114,622	12.5%
\$1,000,000 or more.....	38	1.9%	41,872	4.6%
Totals.....	1,964	100.0%	919,488	100.0%

Median Sales Price ¹	\$180,100	\$166,900
Median Sales Price	\$307,600	\$278,900

¹ U.S. Department of Commerce, Bureau of Census, 2000.

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

IV. TAX BASE DATA

ASSESSMENTS

The Towns of Andover, Hebron and Marlborough each had a general property revaluation effective October 1, 2011. Under Section 12-62 of the General Statutes, each of the Towns of Andover, Hebron and Marlborough must do a revaluation every five years and the assessors must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten assessment years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may chose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within each of the Member Towns for inclusion onto each Grand List are the responsibilities of the respective Assessor's Offices. The Grand Lists represent the total assessed values for all taxable and tax exempt real estate and taxable, personal property and motor vehicles located within each Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

All commercial personal property (furniture, fixtures, equipment, and machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal 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 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 July 31 are subject to a property tax as if the motor vehicle had been included on the October 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. Motor vehicles 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.

PROPERTY TAX COLLECTION PROCEDURE

Taxes for the fiscal year are levied on the Grand List of each Member Town of the prior October 1. Taxes for real, personal property or motor vehicles in excess of \$500 are payable in two installments on July 1 and January 1 in the Towns of Hebron and Marlborough, and in four equal installments on July 1, October 1, January 1, and April 1 in the Town of Andover. Taxes under \$500 are payable in one installment on July 1 in all three towns. Payments not received by August 1 and February 1, respectively, become delinquent, with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

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 a 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.

Sections 12-170V-W of the Connecticut General Statutes permit a municipality, upon approval of its legislative body, to freeze the real property taxes due for certain low income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of the total tax relief granted plus interest.

COMPARATIVE ASSESSED VALUATIONS – TOWN OF ANDOVER

Grand List of 10/1	Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions¹	Net Taxable Grand List	% Growth
2013	87.8%	2.5%	9.8%	\$263,152,055	\$2,332,290	\$260,819,765	0.70%
2012	88.2	2.4	9.4	260,854,905	1,860,460	258,994,445	0.19%
2011 ²	88.1	2.4	9.5	260,346,247	1,839,974	258,506,273	-6.95%
2010	89.9	2.1	8.3	279,578,369	1,749,092	277,829,277	0.88%
2009	89.6	2.1	8.5	276,944,250	1,537,008	275,407,242	0.64%
2008	89.8	2.0	8.2	274,451,159	800,530	273,650,629	0.25%
2007	89.0	2.1	8.9	273,975,634	1,009,150	272,966,484	1.44%
2006 ²	89.7	2.1	8.2	270,086,346	1,007,575	269,078,771	48.36%
2005	84.0	2.9	13.1	182,570,462	1,197,055	181,373,407	3.37%
2004	85.3	2.3	12.4	176,596,029	1,130,704	175,465,325	4.48%

¹ Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

² Revaluation year.

Source: Assessor's Office, Town of Andover.

COMPARATIVE ASSESSED VALUATIONS – TOWN OF HEBRON

Grand List of 10/1	Real Property (%)¹	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions²	Net Taxable Grand List	% Growth
2013	88.7%	2.0%	9.3%	\$782,145,280	\$3,493,430	\$778,651,850	0.78%
2012	89.0	1.9	9.1	776,032,135	3,383,630	772,648,505	0.59%
2011 ³	90.9	1.5	7.6	771,607,380	3,479,650	768,127,730	-11.53%
2010	90.9	1.5	7.6	871,545,420	3,326,600	868,218,820	0.80%
2009	90.9	1.5	7.6	864,569,515	3,266,010	861,303,505	0.63%
2008	91.0	1.5	7.4	858,168,630	2,260,490	855,908,140	-0.05%
2007	90.8	1.5	7.7	858,808,647	2,483,000	856,325,647	1.20%
2006 ³	90.8	1.6	7.6	848,774,744	2,607,000	846,167,744	40.46%
2005	87.3	2.1	10.6	604,814,004	2,404,139	602,409,865	2.66%
2004	87.7	2.1	10.2	589,158,745	2,334,749	586,823,996	3.06%

¹ Represents land with a use assessment, 10 mill land and real estate penalties.

² Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

³ Revaluation year.

Source: Assessor's Office, Town of Hebron.

COMPARATIVE ASSESSED VALUATIONS – TOWN OF MARLBOROUGH

Grand List of 10/1	Real Property	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemptions ²	Net Taxable Grand List	% Growth
2013	89.0%	2.0%	8.9%	\$574,581,315	\$2,534,270	\$572,047,045	0.78%
2012	89.4	1.8	8.8	569,536,815	1,903,910	567,632,905	0.47%
2011 ¹	89.4	1.7	8.9	566,920,130	1,955,030	564,965,100	-9.90%
2010	91.1	1.4	7.5	629,339,448	2,267,630	627,071,818	0.39%
2009	91.8	1.4	7.4	626,501,047	1,851,390	624,649,657	0.42%
2008	91.1	1.6	7.3	623,733,639	1,679,570	622,054,069	0.36%
2007	90.8	1.5	7.6	621,328,410	1,534,116	619,794,294	0.62%
2006	90.9	1.5	7.6	617,426,120	1,436,394	615,989,726	1.45%
2005 ¹	90.7	1.6	7.7	608,593,851	1,382,850	607,211,001	39.10%
2004	87.6	2.2	10.2	440,717,769	4,188,770	436,528,999	3.99%

¹ Revaluation year.

² Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

Source: Assessor's Office, Town of Marlborough.

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF ANDOVER

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Uncollected	
						Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2013
2013	2015	\$260,819,765	30.72	\$8,105,949	<i>Collected 7/14, 10/14, 1/15 & 4/15</i>		
2012	2014	258,994,445	30.77	8,042,566	<i>Unaudited</i>		
2011	2013	258,506,273	30.80	7,983,691	98.8%	1.2%	1.2%
2010	2012	277,829,277	27.60	7,663,034	98.9%	1.1%	0.4%
2009	2011	275,407,242	27.60	7,610,947	99.1%	0.9%	0.1%
2008	2010	273,650,629	27.60	7,543,508	99.4%	0.6%	0.0%
2007	2009	272,966,484	27.60	7,513,565	98.8%	1.2%	0.0%
2006	2008	269,078,771	26.30	7,124,778	99.0%	1.0%	0.0%
2005	2007	181,373,407	41.30 ¹	7,560,022	98.9%	1.1%	0.0%
2004	2006	175,465,325	34.50	6,114,688	98.1%	1.9%	0.0%

¹ Includes 3.8 mill special tax levy for FY 2006-07.

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF HEBRON

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Uncollected	
						Percent Annual Levy Uncollected End of Fiscal Year	Percent Annual Levy Uncollected 6/30/2014
2013	2015	\$778,651,850	35.75	\$27,417,342	<i>Collected 7/14 & 1/15</i>		
2012	2014	772,648,505	34.70	26,944,807	98.3%	1.7%	1.7%
2011	2013	768,127,730	33.55	25,914,117	98.5%	1.5%	0.9%
2010	2012	868,218,820	30.26	26,370,297	98.5%	1.5%	0.5%
2009	2011	861,303,505	28.94	25,010,852	98.7%	1.3%	0.3%
2008	2010	855,908,140	28.17	24,208,195	98.4%	1.6%	0.2%
2007	2009	856,325,647	27.20	23,357,186	98.4%	1.6%	0.1%
2006	2008	846,167,744	26.27	22,406,413	98.7%	1.3%	0.1%
2005	2007	602,409,865	34.89	21,278,613	99.1%	0.9%	0.1%
2004	2006	586,823,996	33.24	19,799,850	99.3%	0.7%	0.1%

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF MARLBOROUGH

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Annual Levy Collected End of Fiscal Year	Uncollected	
						Percent Annual Levy Uncollected	Percent Annual Levy Uncollected
						End of Fiscal Year	6/30/2014
2013	2015	\$572,047,045	31.45	\$17,815,340		<i>Collected 7/14 & 1/15</i>	
2012	2014	567,632,905	30.76	17,554,560	99.2%	0.8%	0.8%
2011	2013	564,965,100	31.03	17,659,929	99.0%	1.0%	0.3%
2010	2012	627,071,818	27.20	17,135,312	99.0%	1.0%	0.1%
2009	2011	624,649,657	26.58	16,646,398	99.1%	0.9%	0.0%
2008	2010	622,054,069	26.48	16,531,506	99.3%	0.7%	0.0%
2007	2009	619,794,294	25.86	16,169,143	99.2%	0.8%	0.0%
2006	2008	615,989,726	25.21	15,657,751	99.4%	0.6%	0.0%
2005	2007	607,211,001	24.71	15,146,318	99.4%	0.6%	0.0%
2004	2006	436,528,999	30.64	13,664,021	99.3%	0.7%	0.0%

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

TEN LARGEST TAXPAYERS – TOWN OF ANDOVER

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light and Power Company...	Electric Utility	\$3,267,720	1.25%
Whispering Hills LLC.....	Real Estate	905,200	0.35%
Martin Marshall.....	Office Space	790,200	0.30%
Eastern Connecticut Housing Org.....	Real Estate	781,800	0.30%
B & B Realty Company ²	Technology	765,800	0.29%
Marcia Kenneth R & Katherine.....	Real Estate	582,600	0.22%
Hillside Self Storage Center LLC.....	Self Storage	578,300	0.22%
Hatem Pamela B.....	Electric Utility	569,700	0.22%
Andover Plaza LLC.....	Retail Plaza	524,700	0.20%
Gudz Irene & Myron E.....	Real Estate	524,300	0.20%
Total		\$9,290,320	3.56%

¹ Based on a 10/1/13 Net Taxable Grand List of \$260,819,765.

² Holding Company for Scott Elektokrafts.

Source: Assessor's Office, Town of Andover.

TEN LARGEST TAXPAYERS – TOWN OF HEBRON

Name of Taxpayer	Nature of Business	Assessed Valuation	Percent of Net Taxable Grand List ¹
Connecticut Light & Power.....	Utility	\$6,721,980	0.86%
Village Shoppes LLC.....	Shopping Plaza	1,995,070	0.26%
Blackledge Country Club, Inc.....	Golf Course	1,732,660	0.22%
Grayville Estates of Hebron, LLC.....	Real Estate	1,717,660	0.22%
Hebron Properties LLC.....	Apartments	1,470,000	0.19%
Connecticut Water Company.....	Utility	1,454,950	0.19%
Hebron Country Manor.....	Apartments	1,309,770	0.17%
41-61 Main Street.....	Plaza	1,071,350	0.14%
Holland, Deborah & Jones Steet, LLC.....	Real Estate	857,920	0.11%
Houston, Hayden O., Jr.....	Real Estate	855,590	0.11%
Total		\$19,186,950	2.46%

¹ Based on a 10/1/13 Net Taxable Grand List of \$778,651,850.

Source: Assessor's Office, Town of Hebron.

TEN LARGEST TAXPAYERS – TOWN OF MARLBOROUGH

Name of Taxpayer	Nature of Business	Assessed	Percent of Net
		Valuation	Taxable Grand List ¹
Connecticut Light & Power Co.....	Utility	\$4,095,295	0.72%
Elliot Enterprises LLC.....	Restaurant/Com. Office	3,923,920	0.69%
Both LLC.....	Medical/Office	3,311,700	0.58%
Milborough Health Care Center.....	Health Care	2,579,500	0.45%
Soleau, Robert H & Mary C.....	Office Complex	1,722,390	0.30%
C&B Marlborough Associates LLC.....	Commercial	1,326,220	0.23%
BCD Holdings, LLC.....	Real Estate	1,123,640	0.20%
Lacava Construction Co.....	Construction	1,081,450	0.19%
Country Barn Properties LLC.....	Commercial	949,200	0.17%
Known Litigations Holdings, LLC.....	Real Estate	907,340	0.16%
Total.....		\$21,020,655	3.67%

¹ Based on a 10/1/13 Net Taxable Grand List of \$572,047,045.
Source: Assessor's Office, Town of Marlborough.

EQUALIZED NET GRAND LIST – TOWN OF ANDOVER

Grand List of 10/1	Equalized Net Grand List	% Growth
2012	\$359,165,307	-4.29%
2011	369,373,776	-1.57%
2010	375,282,778	-0.46%
2009	377,034,536	0.18%
2008	376,368,494	-9.53%
2007	416,011,483	8.15%
2006	384,665,337	-6.48%
2005	411,321,604	7.29%
2004	383,370,381	13.40%
2003	338,067,466	19.31%

Source: State of Connecticut, Office of Policy and Management.

EQUALIZED NET GRAND LIST – TOWN OF HEBRON

Grand List of 10/1	Equalized Net Grand List	% Growth
2012	\$1,080,916,746	-3.08%
2011	1,097,934,379	-1.55%
2010	1,115,238,901	-0.15%
2009	1,116,961,988	-1.50%
2008	1,133,998,456	-4.68%
2007	1,189,642,022	-1.61%
2006	1,209,139,624	-0.09%
2005	1,210,208,623	5.01%
2004	1,152,513,923	12.90%
2003	1,020,869,269	10.67%

Source: State of Connecticut, Office of Policy and Management.

EQUALIZED NET GRAND LIST – TOWN OF MARLBOROUGH

Grand List of 10/1	Equalized Net Grand List	% Growth
2012	\$819,164,512	3.31%
2011	807,409,860	1.83%
2010	792,883,433	-3.76%
2009	823,874,005	-4.66%
2008	864,120,395	-2.59%
2007	887,051,559	-3.25%
2006	916,884,957	5.68%
2005	867,577,130	4.28%
2004	831,987,065	11.73%
2003	744,649,120	8.37%

Source: State of Connecticut, Office of Policy and Management.

V. FINANCIAL INFORMATION

FISCAL YEAR

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

ACCOUNTING POLICIES

The financial statements of Regional School District Number 8 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District has changed its financial reporting to comply with GASB Statement No. 34 beginning with its financial report for Fiscal Year ended June 30, 2004. Please refer to Appendix A "Notes to the Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

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

Government-wide financial statements – consists of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements report financial information for the District as a whole excluding fiduciary activities.

Fund financial statements – provide information about the District's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A, "Notes to the Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of Regional School District Number 8.

BUDGETARY PROCEDURES

The Superintendent of Schools directs the preparation of the budget and submits such budget to the District Board of Education for its review and approval.

The following deadlines for adoption of an annual operating budget are set by Connecticut Law:

- The budget must be presented for vote of the electors of the Member Towns at the Annual Meeting of the District, which meeting must be held on the first Monday or Tuesday of May. Not less than two weeks prior to such Annual Meeting, the Board must hold a public district meeting on the proposed budget, at which time any person may recommend inclusion or deletion of expenditures.
- At least five days before the Annual Meeting of the District, the Board must deliver copies of its completed budget to the Town Clerks of the Member Towns and make available additional copies on request.
- If the budget is rejected by a majority vote at the Annual Meeting of the District, the Board must, within four weeks, and upon notice of not less than one week, call another district meeting to consider the same or a revised budget. Such meetings must be convened at such intervals until a budget is passed.

ANNUAL AUDIT

Pursuant to Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2014, the examination was conducted by the firm of Michaud, Accavallo, Woodbridge and Cusano, LLC, certified public accountants and consultants, of Killingworth, Connecticut.

PENSION PLANS – THE DISTRICT

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board participate in a contributory defined 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 plan and are required to contribute 7.25% of their annual earnings to the plan. The District does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual District basis.

Office Employees Pension Plan: Non-certified employees may elect to participate in a District sponsored defined contribution pension plan. Under the terms of the plan, employees who have attained one year of service may contribute to the plan. The District will match employee contributions to the plan to a maximum of 3% of the employees annual regular wages.

The plan is administered by the Equitable Life Assurance Company, which has established the plan in accordance with Internal Revenue Code Section 403(b). The District submits all contributions directly to a third party administrator who holds the assets in trust; therefore, this plan is not included in the District's financial statements.

Please refer to the "Notes to the Financial Statements - Note 7" in Appendix A herein for further information regarding the District's pension plans.

PENSION PLANS – TOWN OF ANDOVER

Plan Description - Town employees participate in the Connecticut Municipal Employees' Retirement System ("CMERS"), a cost-sharing multiple-employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits. CMERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Plan provisions are set by statute of the State of Connecticut. CMERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement.

Connecticut State Teachers' Retirement System: Certified teachers employed by the Town of Andover participate in the State of Connecticut Teachers' Retirement System under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

PENSION PLANS – TOWN OF HEBRON

Town of Hebron Retirement Plan: The Town established a single employer defined contribution money accumulation retirement plan to provide benefits for all Town and non-certified Board of Education employees. Under the provisions of the Plan, all employees must be at least twenty-one years of age and have completed one year of service to participate. The Town is required to contribute an amount equal to 5% of employee covered payroll for Board of Education non-certified employees and 7% of employee covered payroll for all Town employees. Plan participants are not eligible to contribute to the Plan. The Plan is accounted for in the fiduciary

fund financial statements as a pension trust fund. Contribution requirements of the Town are established and may be amended by the Board of Selectmen.

Connecticut State Teachers' Retirement System: All teachers employed by the Town of Hebron participate in the State of Connecticut Teachers' Retirement System under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

PENSION PLAN – TOWN OF MARLBOROUGH

Connecticut State Teachers' Retirement System: All teachers employed by the Town of Marlborough participate in the Connecticut Teachers' Retirement System under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

OTHER POST EMPLOYMENT BENEFITS – THE DISTRICT

The District provides healthcare insurance benefits for eligible retirees and their spouses through the District's group health insurance plan (the "Plan"), which covers both active and retired members. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity. Certified Board of Education Employees and their spouses are eligible for medical benefits upon retirement at the earlier of age 55 with 20 years of service or 25 years of service until the retiree reaches age 65. Benefits continue for retirees and their spouses after age 65 for life for those that are not eligible for Medicare (pre-1986 hires). Those who choose to participate must pay 100% of the premium. Benefits valued are equal to the implicit rate subsidy. The District finances the plan on a pay-as-you-go basis.

The District has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 1, 2011:

GASB 45 Valuation	Employees
Actuarial Accrued Unfunded Liability 7/1/11.....	\$3,399,000
AOC for Fiscal Year Ended 6/30/14.....	\$303,000
Contributions Made.....	113,000
Increase in net OPEB obligation.....	\$190,000
Net OPEB obligation, as of 6/30/13.....	\$1,214,000
Net OPEB obligation, as of 6/30/14.....	\$1,404,000

OTHER POST EMPLOYMENT BENEFITS – TOWN OF ANDOVER

The Board of Education and the Town maintain a single employer defined benefit OPEB Plan. The Plan provides a benefit to employees based on certain eligibility guidelines. Certified Board of Education employees and their spouses are eligible for medical benefits upon retirement at the earlier of reaching age 55 with at least 20 years of service or upon reaching 25 years of service. Benefits will continue past age 65 for these eligible employees and their spouses who are not covered by Medicare. Both the retiree and their spouse must pay 100% of the cost of the Plan. Town employees and their spouses are eligible for medical benefits upon retirement at the earlier of reaching age 55 with at least 20 years of service or upon reaching 25 years of service. Benefits will not continue past age 65 for these eligible employees and their spouses. Eligible Town employees do not pay any of the cost of the benefits. The spouses of eligible Town employees must pay 100% of the cost of the Plan.

The District has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 1, 2010:

GASB 45 Valuation	Employees
Actuarial Accrued Unfunded Liability 7/1/10.....	\$553,000
AOC for Fiscal Year Ended 6/30/13.....	\$54,000
Contributions Made.....	22,000
Increase in net OPEB obligation.....	\$32,000
Net OPEB obligation, as of 6/30/12.....	\$121,000
Net OPEB obligation, as of 6/30/13.....	\$153,000

OTHER POST EMPLOYMENT BENEFITS – TOWN OF HEBRON

The Town provides healthcare insurance benefits for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Benefit provisions are established by various collective bargaining and employment agreements with the Town. The Plan is considered to be part of the Town’s financial reporting entity. Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, Board of Education employees and spouses who are age 55 with 20 years of service or any with 25 years of service in the Hebron School System are eligible to receive benefits. Those who choose to participate must pay 100% of the premium cost. Town employees and spouses who are age 62 with 15 years of service in the Town are eligible to receive benefits. Those who choose to participate must pay 100% of the spouses premium cost. The Town has not established a trust fund to irrevocable segregate assets to fund the liability for post-employment benefits.

The District has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 1, 2011:

GASB 45 Valuation	Employees
Actuarial Accrued Unfunded Liability 7/1/11.....	\$1,717,000
AOC for Fiscal Year Ended 6/30/14.....	\$161,000
Contributions Made.....	132,000
Increase in net OPEB obligation.....	\$29,000
Net OPEB obligation, as of 6/30/13.....	\$793,000
Net OPEB obligation, as of 6/30/14.....	\$822,000

OTHER POST EMPLOYMENT BENEFITS – TOWN OF MARLBOROUGH

The Town, in accordance with the various collective bargaining agreements, is required to provide health benefits to certain eligible retirees and/or their spouses. The OPEB program covers the Board of Education’s teachers and administrators. Retired but not yet Medicare-eligible members and/or their dependents currently receiving benefits are required to contribute towards the cost of receiving those benefits under the Town’s fully insured health insurance plans. The contribution paid by the retirees and/or their dependents for these benefits varies based on plan selection as detailed within the Town’s various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits.

The Town’s decision to not fund the liability is based on the following:

1. Eligibility for benefits includes the earlier of age 55 with 20 years of service or 25 years of service.
2. Retirees and spouses contribute 100% of the premium. Benefits valued are equal to the implicit rate subsidy.

The District has obtained an actuarial valuation of OPEB liability and costs under GASB 45 as of July 1, 2011:

GASB 45 Valuation	Employees
Actuarial Accrued Unfunded Liability 7/1/11.....	\$1,594,000
AOC for Fiscal Year Ended 6/30/14.....	\$121,000
Contributions Made.....	19,000
Increase in net OPEB obligation.....	\$102,000
Net OPEB obligation, as of 6/30/13.....	\$528,000
Net OPEB obligation, as of 6/30/14.....	\$630,000

Investment Policies and Practices – The District

Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the District is permitted to acquire. Generally, the District may invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government and money market mutual funds.

The District’s investment practices are in compliance with the Connecticut General Statutes.

GENERAL FUND REVENUES AND EXPENDITURES
The District
Summary of Audited Revenues and Expenditures
(GAAP BASIS)

	Budget 2014-15¹	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
REVENUES:						
Member Town Assessments.....	\$26,259,649	\$25,939,833	\$24,709,345	\$24,567,855	\$24,186,620	\$23,870,792
Local Sources.....	0	18,072	16,452	35,275	36,358	28,669
Intergovernmental.....	586,273	3,463,972	3,074,845	3,377,361	2,476,923	2,186,328
Interest Income.....	10,000	0	0	0	0	0
Other Revenues.....	0	326,481	10,471	11,201	38,852	20,002
Transfers In.....	0	0	0	6,788,346 ²	0	0
Total Revenues and Transfers In.....	\$26,855,922	\$29,748,358	\$27,811,113	\$34,780,038	\$26,738,753	\$26,105,791
EXPENDITURES:						
General Operations.....	\$24,359,565	\$27,093,892	\$25,658,925	\$24,941,930	\$23,812,338	\$23,360,263
Capital Outlays.....	0	0	0	196,139	0	0
Debt Service.....	2,496,357	2,500,006	2,503,531	2,942,512	2,671,932	2,682,265
Transfers Out.....	0	0	0	6,605,800 ³	0	0
Total Expenditures and Transfers Out.....	\$26,855,922	\$29,593,898	\$28,162,456	\$34,686,381	\$26,484,270	\$26,042,528
Results from Operations.....		\$154,460	(\$351,343)	\$93,657	\$254,483	\$63,263
Fund Balance, July 1.....		\$289,789⁴	\$479,779	\$386,122	\$131,639	\$68,376
Fund Balance, June 30.....		\$444,249	\$128,436	\$479,779	\$386,122	\$131,639

¹ Budgetary basis.

² Includes \$6,045,000 in proceeds and \$547,207 of premium, from the issuance of refunding bonds.

³ Includes \$6,485,800 in payments made to escrow agent.

⁴ Restated.

ANALYSIS OF GENERAL FUND EQUITY
The District
(GAAP BASIS)

	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Assigned.....	N/A	\$153,306	\$69,595	\$63,105	\$305,304	\$102,920
Unassigned.....	N/A	290,943	58,841	416,674	80,818	28,719
Total Fund Balance	N/A	\$444,249	\$128,436	\$479,779	\$386,122	\$131,639

Source: Audit Reports 2010-2014; Budget 2015.

**GENERAL FUND REVENUES AND EXPENDITURES
Town of Andover**

Summary of Audited Revenues and Expenditures (GAAP BASIS)

	Budget 2014-15¹	Budget 2013-14¹	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
REVENUES:							
Property Taxes.....	\$8,119,199	\$8,171,566	\$7,845,981	\$7,520,427	\$7,414,142	\$7,692,664	\$7,532,534
Intergovernmental	2,405,289	2,392,837	2,930,349	2,835,725	2,431,822	2,378,006	2,720,551
Investment Income.....	1,000	800	905	1,093	2,538	4,491	11,904
Charges for Services.....	57,220	61,000	72,887	60,255	65,045	70,739	90,152
Other Revenues.....	69,124	52,950	77,708	34,341	26,968	12,546	49,085
Transfers In.....	0	0	0	0	1,738	2,454	0
Total Revenues and Transfers In	\$10,651,832	\$10,679,153	\$10,927,830	\$10,451,841	\$9,942,253	\$10,160,900	\$10,404,226
EXPENDITURES:							
General Government.....	\$899,212	\$884,534	\$782,185	\$728,127	\$785,590	\$710,180	\$700,606
Public Works.....	378,638	359,272	303,297	271,873	318,946	305,724	319,641
Public Safety.....	252,231	244,719	136,582	136,135	125,243	112,586	128,363
Health & Welfare.....	56,612	57,169	56,834	58,548	129,902	133,044	129,362
Community Services.....	51,492	45,188	80,571	77,991	0	0	0
Recreation.....	7,255	7,255	6,161	7,085	7,126	6,615	8,113
Sanitation and Waste.....	157,115	156,395	138,545	132,914	131,199	132,929	148,425
Building, Planning & Zoning.....	90,137	83,981	63,721	65,939	77,722	71,709	71,204
Board of Education.....	8,218,814	8,295,793	8,562,868	8,408,601	8,009,858	7,844,581	8,056,856
Library.....	112,011	107,229	0	0	0	0	0
Capital Outlay.....	271,951	277,384	272,240	158,391	163,649	152,694	129,135
Debt Service.....	121,365	125,235	129,060	132,885	136,710	221,444	228,951
Transfers Out.....	35,000	35,000	0	59	0	164,405	146,004
Total Expenditures and Transfers Out.....	\$10,651,832	\$10,679,153	\$10,532,064	\$10,178,548	\$9,885,945	\$9,855,911	\$10,066,660
Results from Operations		³	\$395,766	\$273,293	\$56,308	\$304,989	\$337,566
Fund Balance, July 1.....			\$2,029,919	\$1,756,626	\$1,700,318	\$1,395,329 ²	\$1,019,023
Fund Balance, June 30.....			\$2,425,685	\$2,029,919	\$1,756,626	\$1,700,318	\$1,356,589

¹ Budgetary basis.

² Restated.

³ Town Officials anticipate revenues and transfers in will offset expenditures and transfers out for Fiscal Year ended June 30, 2014.

**ANALYSIS OF GENERAL FUND EQUITY
Town of Andover
(GAAP BASIS)**

	Budget 2014-15	Budget 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10	Actual 2008-09
Nonspendable.....	N/A	N/A	\$11,343	\$2,187	\$0	\$0	\$1,103
Assigned.....	N/A	N/A	147,430	84,012	223,524	201,808	2,050
Unassigned.....	N/A	N/A	2,266,912	1,943,720	1,533,102	1,498,510	1,353,436
Total Fund Balance.....	N/A	N/A	\$2,425,685	\$2,029,919	\$1,756,626	\$1,700,318	\$1,356,589
Unassigned Fund Balance As % of Total Expenditures....	N/A	N/A	<u>21.52%</u>	<u>19.10%</u>	<u>15.51%</u>	<u>15.20%</u>	<u>13.44%</u>

Source: Audit Reports 2009-2013, Budgets 2014 and 2015.

GENERAL FUND REVENUES AND EXPENDITURES
Town of Hebron
Summary of Audited Revenues and Expenditures
(GAAP BASIS)

	Budget 2014-15¹	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
REVENUES:						
Property Taxes.....	\$27,647,342	\$27,078,435	\$26,016,823	\$26,356,371	\$25,122,507	\$24,234,224
Charges for Services.....	484,180	680,437	730,486	717,224	545,393	550,077
Intergovernmental.....	7,334,285	8,990,878	8,839,751	8,531,099	8,184,027	8,098,555
Interest Income.....	0	17,375	13,137	13,595	26,140	19,090
Other Revenues.....	294,600	94,847	356,330	111,246	129,380	191,653
Debt Management Fund.....	0	0	0	0	0	0
Transfers In.....	0	4,012,487 ⁵	1,601,392 ⁴	529,785 ³	950,000	1,230,000
Total Revenues and Transfers In.....	\$35,760,407	\$40,874,459	\$37,557,919	\$36,259,320	\$34,957,447	\$34,323,599
EXPENDITURES:						
General Government.....	\$2,779,074	\$2,642,754	\$2,643,968	\$2,705,413	\$2,890,079	\$2,361,415
Public Safety.....	882,914	833,543	884,815	848,375	809,348	849,513
Public Works.....	998,099	975,317	963,490	840,028	971,170	969,220
Civic and Human Service.....	680,969	632,184	610,463	623,832	692,084	653,140
Planning and Land Use.....	135,445	108,366	103,723	87,989	108,318	110,754
Sewer Fees.....	30,856	9,800	9,800	10,150	9,280	8,700
Insurance and Benefits.....	1,334,602	1,203,852	1,125,058	1,105,978	1,127,567	978,574
Health and Welfare.....	0	0	0	0	0	0
Parks and Recreation.....	0	0	0	0	0	0
Education.....	27,093,970	27,866,472	26,945,745	26,592,584	26,052,515	25,224,497
Library.....	0	0	0	0	0	0
Capital Outlay.....	861,114	378,487	1,303,022	55,756	0	121,813
Debt Service.....	963,364	1,141,036	1,233,882	1,930,732	1,875,270	1,909,982
Transfers Out.....	0	4,071,530 ⁶	551,700	1,091,544	726,627	1,107,522
Total Expenditures and Transfers Out.....	\$35,760,407	\$39,863,341	\$36,375,666	\$35,892,381	\$35,262,258	\$34,295,130
Results from Operations.....		\$1,011,118	\$1,182,253	\$366,939	(\$304,811)	\$28,469
Fund Balance, July 1.....		\$4,461,595	\$3,279,342	\$2,912,403²	\$3,427,023	\$3,398,554
Fund Balance, June 30.....		\$5,472,713	\$4,461,595	\$3,279,342	\$3,122,212	\$3,427,023

¹ Budgetary basis.

² Restated

³ Includes \$55,756 proceeds from capital leases.

⁴ Includes \$1,303,022 proceeds from capital leases.

⁵ Includes \$3,391,000 proceeds from issuance of refunding bonds and \$378,487 proceeds from capital leases.

⁶ Includes \$3,344,073 payment to refunding bond escrow agent.

ANALYSIS OF GENERAL FUND EQUITY
Town of Hebron
(GAAP BASIS)

	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Assigned.....	N/A	\$262,071	\$337,742	\$194,396	\$77,095	\$213,975
Unassigned.....	N/A	5,210,642	4,123,853	3,084,946	3,045,117	3,213,048
Total Fund Balance	N/A	\$5,472,713	\$4,461,595	\$3,279,342	\$3,122,212	\$3,427,023
Unassigned Fund Balance As % of Total Expenditures	N/A	<u>13.07%</u>	<u>11.34%</u>	<u>8.59%</u>	<u>8.64%</u>	<u>9.37%</u>

Source: Audit Reports 2010-2014; Budget 2015.

GENERAL FUND REVENUES AND EXPENDITURES
Town of Marlborough
Summary of Audited Revenues and Expenditures
(GAAP BASIS)

	Budget 2014-15¹	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
REVENUES:						
Property Taxes.....	\$17,925,340	\$17,710,133	\$17,705,831	\$17,204,707	\$16,708,647	\$16,621,819
Intergovernmental Revenues	3,343,122	4,287,160	4,242,806	4,225,526	3,973,599	3,911,325
Charges for Services.....	241,500	208,905	199,277	219,694	196,457	196,581
Investment Income.....	6,200	6,224	6,153	9,795	11,517	24,832
Other Revenue.....	33,700	131,645	141,085	37,270	31,490	37,526
Transfers In.....	680,263	417,298 ⁵	296,936	6,956,691 ³	186,342	23,200
Total Revenues and Transfers In.....	\$22,230,125	\$22,761,365	\$22,592,088	\$28,653,683	\$21,108,052	\$20,815,283
EXPENDITURES:						
General Government.....	\$2,193,828	\$1,839,661	\$1,742,988	\$1,813,796	\$1,807,087	\$1,982,596
Public Safety.....	520,292	574,043	523,436	544,342	492,180	469,468
Public Works.....	1,413,630	1,408,813	1,309,726	1,232,893	1,432,655	1,220,264
Health and Welfare.....	50,084	178,934	172,760	172,749	169,264	178,605
Parks and Recreation.....	117,091	101,213	99,369	125,342	103,317	131,316
Education.....	15,064,955	15,434,472	15,213,918	14,996,229	14,575,527	14,609,129
Library.....	317,931	309,326	305,538	301,023	298,400	302,947
Capital Outlay.....	0	183,545	0	0	0	0
Contingency.....	20,000	0	0	0	0	0
Debt Service.....	2,532,314	2,635,702	2,387,896	2,521,254	2,388,245	1,806,995
Transfers Out.....	0	418,349	273,414	6,716,969 ⁴	62,181	103,200
Total Expenditures and Transfers Out.....	\$22,230,125	\$23,084,058	\$22,029,045	\$28,424,597	\$21,328,856	\$20,804,520
Operating Results.....		(\$322,693)	\$563,043	\$229,086	(\$220,804)	\$10,763
Fund Balance, July 1.....		\$3,276,646	\$2,713,603	\$2,484,517	\$2,705,321 ²	\$2,683,517
Fund Balance, June 30.....		\$2,953,953	\$3,276,646	\$2,713,603	\$2,484,517	\$2,694,280

¹ Budgetary basis.

² Restated.

³ Includes \$6,205,000 of bond proceeds and \$417,199 of premium, from the issuance of refunding bonds.

⁴ Includes \$6,531,845 payment to refunding bond escrow agent.

⁵ Includes \$183,545 in capital lease issuance.

ANALYSIS OF GENERAL FUND EQUITY
Town of Marlborough
(GAAP BASIS)

	Budget 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11	Actual 2009-10
Reserved.....	N/A					\$255,276
Assigned.....	N/A	\$642,167	\$713,024	\$506,299	\$618,963	568,683
Unassigned.....	N/A	2,311,786	2,563,622	2,207,304	1,865,554	1,870,321
Total Fund Balance.....	N/A	\$2,953,953	\$3,276,646	\$2,713,603	\$2,484,517	\$2,694,280
Unassigned Fund Balance As % of Total Expenditures...		<u>10.01%</u>	<u>11.64%</u>	<u>7.77%</u>	<u>8.75%</u>	<u>8.99%</u>

Source: Audit Reports 2010- 2014; Budget 2015.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT

As of March 18, 2015

(Pro Forma)

Long-Term Debt - Bonds¹			Original	Debt	Date of
Date	Purpose	Rate %	Issue	Outstanding	Fiscal Year
				3/18/2015	Maturity
01/15/07	Various Schools, Series A.....	4.08	\$5,550,000	\$265,000	2016
01/15/07	Schools Refunding, Series B ..	4.03	18,145,000	10,505,000	2022
02/23/12	Schools Refunding	1.95	6,045,000	5,345,000	2024
03/18/15	Schools Refunding.....	This Issue	3,720,000 *	3,720,000 *	2027
	Total Long-Term Debt.....		\$33,460,000 *	\$19,835,000 *	

¹ Excludes the Refunded Bonds.

*Preliminary. Subject to change.

Short-Term Debt:

None

Other Long-Term Commitments:

None

Source: Audited Financial Statements; District Officials.

PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF ANDOVER

As of March 18, 2015

(Pro Forma)

Long-Term Debt - Bonds			Original	Debt	Date of
Date	Purpose	Rate %	Issue	Outstanding	Fiscal Year
				3/18/2015	Maturity
02/15/02	Elementary School.....	4.40	\$1,800,000	\$630,000	2022
	Total Long-Term Debt....		\$1,800,000	\$630,000	

Short-Term Debt:

None

Other Long-Term Commitments:

None

Source: Audited Financial Statements; Town Officials.

PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF HEBRON
As of March 18, 2015
(Pro Forma)

<u>Long-Term Debt - Bonds</u>			Original	Debt	Date of
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Issue</u>	<u>Outstanding</u>	<u>Fiscal Year</u>
				<u>3/18/2015</u>	<u>Maturity</u>
07/15/08	Recreational Facilities.....	3.70	\$4,300,000	\$3,107,570	2024
07/12/13	Refunding Bonds.....	2.25	1,164,000	1,118,960	2025
03/11/14	Refunding Bonds.....	1.80	2,227,000	1,887,244	2024
	Total Long-Term Debt.....		\$7,691,000	\$6,113,774	

Short-Term Debt

None

Other Long-Term Commitments

None

Source: Audited Financial Statements; Town Officials.

PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF MARLBOROUGH

As of March 18, 2015

(Pro Forma)

Long-Term Debt: Bonds

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding 3/18/2015</u>	<u>Date of Fiscal Year Maturity</u>
<u>General Purpose</u>					
12/15/05	Various.....	3.6500	\$2,330,000	\$230,000	2016
09/15/07	Various.....	3.7627	1,448,000	285,000	2018
12/09/09	Various.....	3.4901	2,305,000	1,305,000	2020
09/08/11	Various.....	2.1129	2,315,000	1,565,000	2022
	Sub-Total.....		\$8,398,000	\$3,385,000	
<u>Schools</u>					
12/15/05	Schools.....	3.6500	\$565,000	\$55,000	2016
09/08/11	Schools Refunding.....	2.1129	5,500,000	4,560,000	2023
	Sub-Total.....		\$6,065,000	\$4,615,000	
<u>Sewers</u>					
07/31/07	Sewers - CWF - PLO.....	2.0000	\$908,774	\$551,251	2026
10/31/10	Sewers - CWF - PLO.....	2.0000	8,151,743	6,650,991	2031
	Sub-Total.....		\$9,060,517	\$7,202,242	
	Total.....		\$23,523,517	\$15,202,242	

Short-Term Debt:

<u>Project</u>	<u>Amount Authorized</u>	<u>Bonds Issued/ Funds Applied</u>	<u>Notes Outstanding</u>	<u>Authorized/ Unissued</u>	<u>Legal Renewable Limit</u>
Land Acquisition.....	\$2,100,000	\$1,330,000	\$405,000	\$365,000	12/13/2017

Other Long-Term Commitments:

None

Source: Audited Financial Statements; Town Officials.

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT^{1,2}

As of March 18, 2015
(Pro Forma)

Fiscal Year Ending 6/30	Principal	Interest	Total	The Bonds	Cumulative Percent Retired
2015	\$1,675,000	\$821,356	\$2,496,356		8.34
2016	1,920,000	749,506	2,669,506	\$30,000 *	18.05
2017	1,720,000	518,000	2,238,000	290,000 *	28.06
2018	1,790,000	442,100	2,232,100	295,000 *	38.44
2019	1,870,000	362,900	2,232,900	310,000 *	49.29
2020	1,965,000	274,700	2,239,700	315,000 *	60.64
2021	2,040,000	196,100	2,236,100	325,000 *	72.42
2022	2,125,000	114,500	2,239,500	335,000 *	84.67
2023	620,000	33,000	653,000	345,000 *	89.47
2024	640,000	14,400	654,400	355,000 *	94.42
2025	-	-	-	365,000 *	96.24
2026	-	-	-	370,000 *	98.08
2027	-	-	-	385,000 *	100.00
Totals	\$16,365,000	\$3,526,563	\$19,891,563	\$3,720,000 *	

¹ Includes \$250,000 in principal payments made in the current Fiscal Year 2014-15.

² Excludes the Refunded Bonds.

*Preliminary. Subject to change.

ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF ANDOVER^{1,2}

As of March 18, 2015
(Pro Forma)

Fiscal Year Ending 6/30	Principal	Interest	Total	Cumulative Percent Retired
2015	\$90,000	\$31,365	\$121,365	12.50
2016	90,000	27,405	117,405	25.00
2017	90,000	23,378	113,378	37.50
2018	90,000	19,283	109,283	50.00
2019	90,000	15,098	105,098	62.50
2020	90,000	10,845	100,845	75.00
2021	90,000	6,548	96,548	87.50
2022	90,000	2,194	92,194	100.00
Totals	\$720,000	\$136,116	\$856,116	

¹ Does not include capital lease obligations.

² Includes \$90,000 in principal payments made in the current Fiscal Year 2014-15.

Source: Audited Financial Statements.

ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF HEBRON ^{1,2}

As of March 18, 2015

(Pro Forma)

Fiscal Year				Cumulative
Ending 6/30	Principal	Interest	Total	Percent Retired
2015	\$743,000	\$208,364	\$951,364	12.15
2016	852,738	67,736	920,474	26.10
2017	832,004	57,984	889,988	39.71
2018	802,338	48,022	850,360	52.83
2019	781,559	38,207	819,766	65.62
2020	419,880	28,136	448,016	72.48
2021	409,078	21,332	430,410	79.18
2022	407,963	14,528	422,491	85.85
2023	391,477	7,770	399,247	92.25
2024	384,736	18,112	402,848	98.54
2025	89,001	0	89,001	100.00
Totals	\$6,113,774	\$510,191	\$6,623,965	

¹ Does not include capital lease obligations.

Source: Audited Financial Statements.

ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF MARLBOROUGH ^{1,2}

As of March 18, 2015

(Pro Forma)

Fiscal Year				Cumulative
Ending 6/30	Principal	Interest	Total	Percent Retired
2015	\$1,860,677	\$557,076	\$2,417,753	11.37
2016	1,863,865	487,776	2,351,641	22.76
2017	1,537,218	434,936	1,972,154	32.15
2018	1,530,740	377,951	1,908,691	41.50
2019	1,429,435	322,057	1,751,492	50.23
2020	1,393,306	267,711	1,661,017	58.74
2021	1,152,352	213,453	1,365,805	65.78
2022	1,156,585	165,869	1,322,454	72.85
2023	966,003	113,927	1,079,930	78.75
2024	485,611	65,119	550,730	81.72
2025	495,413	55,317	550,730	84.75
2026	482,054	45,396	527,450	87.69
2027	458,757	36,103	494,860	90.49
2028	468,017	26,843	494,860	93.35
2029	477,463	17,396	494,859	96.27
2030	487,101	7,759	494,860	99.25
2031	123,304	411	123,715	100.00
Totals	\$16,367,901	\$3,195,100	\$19,563,001	

¹ Does not include capital lease obligations.

² Includes \$1,165,659 in principal payments made in current Fiscal Year 2014-15.

Source: Audited Financial Statements.

OVERLAPPING/UNDERLYING DEBT - THE DISTRICT

As of March 18, 2015
(Pro Forma)

Regional School District Number 8 has no overlapping debt.

The political subdivisions underlying Regional School District Number 8 with power to issue debt are the Towns of Andover, Hebron and Marlborough.

The outstanding indebtedness of the Towns of Andover, Hebron, and Marlborough is considered underlying debt of the District:

<u>Member Town</u>	<u>Net Direct Indebtedness</u>	<u>Applicable to District's Net Debt</u>
Town of Andover.....	\$630,000	\$630,000
Town of Hebron.....	6,113,774	6,113,774
Town of Marlborough.....	11,917,867	11,917,867
Totals	\$18,661,641	\$18,661,641

Source: Towns of Andover, Hebron, and Marlborough.

OVERLAPPING/UNDERLYING DEBT - TOWNS OF ANDOVER, HEBRON, AND MARLBOROUGH¹

As of March 18, 2015
(Pro Forma)

The only overlapping political subdivision with power to issue debt in the Towns of Andover, Hebron and Marlborough is Regional School District Number 8.

The outstanding indebtedness of Regional School District Number 8 is considered overlapping debt of the Towns of Andover, Hebron, and Marlborough:

<u>District's Net Direct Indebtedness</u>	<u>Applicable to Town of Andover (14.71%)</u>	<u>Applicable to Town of Hebron (56.26%)</u>	<u>Applicable to Town of Marlborough (29.03%)</u>
\$19,835,000*	\$2,917,729*	\$11,159,171*	\$5,758,101*

¹ Located in the Town of Hebron is the Amston Lake – Hebron Tax District. It is estimated that the District has less than \$30,000 in outstanding bonded debt. The Town of Hebron makes no representation that it has independently verified the same.

Source: District Officials and Amston Lake – Hebron Tax District Treasurer.

*Preliminary. Subject to change.

The Towns of Andover and Marlborough have no underlying debt.

DEBT STATEMENT - THE DISTRICT¹

As of March 18, 2015
(Pro Forma)

LONG TERM DEBT - Including This Issue	\$19,835,000 *
SHORT TERM DEBT	0
TOTAL DIRECT DEBT.....	\$19,835,000 *
TOTAL DIRECT NET DEBT.....	\$19,835,000 *
NET UNDERLYING DEBT - Member Towns	18,661,641
DIRECT NET DEBT PLUS NET UNDERLYING.....	\$38,496,641 *

¹ Excludes the Refunded Bonds.

*Preliminary. Subject to change.

CURRENT DEBT RATIOS - DISTRICT

As of March 18, 2015

(Pro Forma)

Population ¹		19,292	
Net Taxable Grand List ² - 10/1/13 @ 70% of full value		\$1,611,518,660	
Estimated Full Value ³		\$2,302,169,514	
Equalized Net Taxable Grand List - 2012 ⁴		\$2,259,246,565	
	Total	Total Net	Total Overall
	Direct Debt	Direct Debt	Net Debt
	\$19,835,000 *	\$19,835,000 *	\$38,496,641 *
Per Capita	\$1,028.15	\$1,028.15	\$1,995.47
Ratio to Net Taxable Grand List	1.23%	1.23%	2.39%
Ratio to Estimated Full Value	0.86%	0.86%	1.67%
Ratio to Equalized Grand List	0.88%	0.88%	1.70%

¹ Connecticut Department of Public Health, Estimates 2013 for the Towns of Andover, Hebron, and Marlborough.

² Represents 2013 Net Taxable Grand Lists for the Towns of Andover, Hebron, and Marlborough.

³ Represents estimated full values of 2013 Net Taxable Grand Lists of the Towns of Andover, Hebron, and Marlborough.

⁴ Represents 2012 Equalized Grand Lists published by Office of Policy and Management, State of Connecticut for the Towns of Andover, Hebron, and Marlborough.

*Preliminary. Subject to change.

DEBT STATEMENT - TOWN OF ANDOVER

As of March 18, 2015

(Pro Forma)

LONG TERM DEBT

Bonds

General Purpose.....	\$0
Schools.....	630,000
TOTAL LONG TERM DEBT.....	\$630,000

SHORT TERM DEBT.....	\$0
TOTAL DIRECT DEBT.....	\$630,000

TOTAL NET DIRECT INDEBTEDNESS.....	\$630,000
NET OVERLAPPING DEBT - Regional Sch. Dist. No. 8.....	2,917,729 *
TOTAL OVERALL DIRECT NET DEBT.....	\$3,547,729 *

*Preliminary. Subject to change.

CURRENT DEBT RATIOS – TOWN OF ANDOVER

As of March 18, 2015

(Pro Forma)

Population ¹	3,273
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$260,819,765
Estimated Full Value	\$372,599,664
Equalized Net Taxable Grand List - 2012 ²	\$359,165,307
Money Income per Capita - 2013 ³	\$38,340

	Total Direct Debt \$630,000	Total Net Direct Debt \$630,000	Total Overall Net Debt \$3,547,729 *
Per Capita	\$192.48	\$192.48	\$1,083.94
Ratio to Net Taxable Grand List	0.24%	0.24%	1.36%
Ratio to Estimated Full Value	0.17%	0.17%	0.95%
Ratio to Equalized Grand List	0.18%	0.18%	0.99%
Debt per Capita to Money Income per Capita	0.50%	0.50%	2.83%

¹ Connecticut Department of Public Health, Estimate 2013.

² 2012 Equalized Grand List published by Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2009-2013 American Community Survey.

*Preliminary. Subject to change.

DEBT STATEMENT - TOWN OF HEBRON

As of March 18, 2015

(Pro Forma)

LONG TERM DEBT

Bonds

General Purpose.....	\$4,226,530
Schools.....	1,887,244
TOTAL LONG TERM DEBT.....	\$6,113,774

SHORT TERM DEBT.....	\$0
TOTAL DIRECT DEBT.....	\$6,113,774

TOTAL NET DIRECT INDEBTEDNESS.....	\$6,113,774
NET OVERLAPPING DEBT - Regional Sch. Dist. No. 8.....	11,159,171 *
NET UNDERLYING DEBT- Amston Lake - Hebron Tax District.....	0
TOTAL OVERALL DIRECT NET DEBT.....	\$17,272,945 *

*Preliminary. Subject to change.

CURRENT DEBT RATIOS – TOWN OF HEBRON

As of March 18, 2015

(Pro Forma)

Population ¹	9,588
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$778,651,850
Estimated Full Value	\$1,112,359,786
Equalized Net Taxable Grand List - 2012 ²	\$1,080,916,746
Money Income per Capita - 2013 ³	\$42,218

	Total Direct Debt \$6,113,774	Total Net Direct Debt \$6,113,774	Total Overall Net Debt \$17,272,945 *
Per Capita	\$637.65	\$637.65	\$1,801.52
Ratio to Net Taxable Grand List	0.79%	0.79%	2.22%
Ratio to Estimated Full Value	0.55%	0.55%	1.55%
Ratio to Equalized Grand List	0.57%	0.57%	1.60%
Debt per Capita to Money Income per Capita	1.51%	1.51%	4.27%

¹ Connecticut Department of Public Health, Estimate 2013.

² 2012 Equalized Grand List published by Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2009-2013 American Community Survey.

*Preliminary. Subject to change.

DEBT STATEMENT - TOWN OF MARLBOROUGH

As of March 18, 2015

(Pro Forma)

LONG TERM DEBT

Bonds

General Purpose.....	\$3,385,000
Schools.....	4,615,000
Sewers.....	7,202,242

TOTAL LONG TERM DEBT..... \$15,202,242

SHORT TERM DEBT

BANs.....	\$405,000
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TOTAL DIRECT DEBT..... \$15,607,242

Less: Sewer Assessments.....	3,689,375
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TOTAL NET DIRECT INDEBTEDNESS..... \$11,917,867

NET OVERLAPPING DEBT - Regional Sch. Dist. No. 8..... 5,758,101 *

TOTAL OVERALL DIRECT NET DEBT..... \$17,675,968 *

*Preliminary. Subject to change.

CURRENT DEBT RATIOS – TOWN OF MARLBOROUGH

As of March 18, 2015

(Pro Forma)

Population ¹	6,431
Net Taxable Grand List - 10/1/13 @ 70% of full value	\$572,047,045
Estimated Full Value	\$817,210,064
Equalized Net Taxable Grand List - 2012 ²	\$819,164,512
Money Income per Capita - 2013 ³	\$41,729

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	\$15,607,242	\$11,917,867	\$17,675,968 *
Per Capita	\$2,426.88	\$1,853.19	\$2,748.56
Ratio to Net Taxable Grand List	2.73%	2.08%	3.09%
Ratio to Estimated Full Value	1.91%	1.46%	2.16%
Ratio to Equalized Grand List	1.91%	1.45%	2.16%
Debt per Capita to Money Income per Capita	5.82%	4.44%	6.59%

¹ Connecticut Department of Public Health, Estimate 2013.

² 2012 Equalized Grand List published by Office of Policy and Management, State of Connecticut.

³ U.S. Census Bureau, 2009-2013 American Community Survey.

*Preliminary. Subject to change.

BOND AUTHORIZATION

Regional School District Number 8 has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations. Bond and note issues, except refunding bond issues, must be authorized by the Board of Education of the District and must be approved at a referendum of the voters of the Towns of Andover, Hebron, and Marlborough. Prior to the referendum, a public hearing is held at a District Meeting called for such purpose. The referendum is held simultaneously in each of the Member Towns and notice thereof is published in each of the Member Towns. A majority vote of the District's voters as a whole is the approval requirement. Refunding bond issues are authorized by resolution of the regional Board of Education of the District.

The Board of Education may also borrow sums of money and pay interest for necessary expenses in principal amounts which may not exceed five hundred thousand dollars when authorized by a majority vote at a District meeting (CGS Sec. 10-60). Such sums may be borrowed for a term not to exceed ten years.

TEMPORARY FINANCING

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

LIMITATION OF INDEBTEDNESS

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

for a district empowered to provide for the 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, late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The District serves the same towns as are served by two or more town school districts.

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 bonds in an amount sufficient to pay such debt.

**STATEMENT OF STATUTORY DEBT LIMITATION
THE DISTRICT
As of March 18, 2015
(Pro Forma)**

	<u>Andover³</u>	<u>Hebron</u>	<u>Marlborough</u>	<u>District Total</u>
TOTAL TAX COLLECTIONS June 30, 2014.....	\$8,010,224	\$27,025,299	\$17,716,000	\$52,751,523
REIMBURSEMENT FOR REVENUE LOSS ON:				
Tax Relief for Elderly.....	13,243	32,945	-	46,188
BASE.....	<u>\$8,023,467</u>	<u>\$27,058,244</u>	<u>\$17,716,000</u>	<u>\$52,797,711</u>

DEBT LIMITATION:

Total debt limitation (2 1/4 times base)¹..... \$118,794,850

INDEBTEDNESS:

Bonds Payable - *Including This Issue*²..... \$19,835,000 *
Notes Payable..... 0
Net Underlying Debt..... 18,661,641
Authorized but Unissued Debt..... 0
TOTAL DIRECT INDEBTEDNESS: \$38,496,641 *

TOTAL NET INDEBTEDNESS \$38,496,641 *

DEBT LIMITATION IN EXCESS

OF OUTSTANDING AND

AUTHORIZED DEBT \$80,298,209 *

¹ The State of Connecticut General Statutes require that in no event shall the total debt for a regional school district that serves the same towns as are served by two or more town school districts exceeds 2 1/4 times the annual receipts for taxation of its member towns.

² Excludes the Refunded Bonds.

³ FY 2013.

*Preliminary. Subject to change.

Source: Audited Financial Statements; District Officials.

STATEMENT OF STATUTORY DEBT LIMITATION
TOWN OF ANDOVER
As of March 18, 2015
(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2013.....	\$8,010,224
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	13,243
BASE.....	<u>\$8,023,467</u>

DEBT LIMITATION:	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
2¼ times base.....	\$18,052,801				
4½ times base.....		\$36,105,602			
3¾ times base.....			\$30,088,001		
3¼ times base.....				\$26,076,268	
3 times base.....					\$24,070,401
Total debt limitation.....	<u>\$18,052,801</u>	<u>\$36,105,602</u>	<u>\$30,088,001</u>	<u>\$26,076,268</u>	<u>\$24,070,401</u>
 INDEBTEDNESS:					
Bonds Payable.....	\$0	\$630,000	\$0	\$0	\$0
Notes Payable.....	0	0	0	0	0
Net Overlapping Debt ¹	0	2,917,729 *	0	0	0
Authorized but Unissued Debt.....	0	0	0	0	0
TOTAL DIRECT INDEBTEDNESS:	<u>\$0</u>	<u>\$3,547,729 *</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TOTAL NET INDEBTEDNESS.....	 <u>\$0</u>	 <u>\$3,547,729 *</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....					
	<u>\$18,052,801</u>	<u>\$32,557,873 *</u>	<u>\$30,088,001</u>	<u>\$26,076,268</u>	<u>\$24,070,401</u>

¹ Represents Andover's share of Regional School District Number 8 Net Direct Indebtedness. The percentage of participation for the 2014-2015 Fiscal Year is 14.71%.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$56,164,269.

*Preliminary. Subject to change.

STATEMENT OF STATUTORY DEBT LIMITATION
TOWN OF HEBRON
As of March 18, 2015
(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2014.....	\$27,025,299
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	32,945
BASE.....	<u>\$27,058,244</u>

DEBT LIMITATION:	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
2¼ times base.....	\$60,881,049				
4½ times base.....		\$121,762,098			
3¾ times base.....			\$101,468,415		
3¼ times base.....				\$87,939,293	
3 times base.....					\$81,174,732
Total debt limitation.....	<u>\$60,881,049</u>	<u>\$121,762,098</u>	<u>\$101,468,415</u>	<u>\$87,939,293</u>	<u>\$81,174,732</u>
 INDEBTEDNESS¹:					
Bonds Payable.....	\$4,226,530	\$1,887,244	\$0	\$0	\$0
Net Overlapping Debt ²	0	11,159,171 *	0	0	0
Authorized but Unissued Debt.....	500,000	0	0	0	0
TOTAL DIRECT INDEBTEDNESS:	<u>\$4,726,530</u>	<u>\$13,046,415</u> *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Less:					
Sewer Assessments ⁴	0	0	0	0	0
TOTAL NET INDEBTEDNESS.....	<u>\$4,726,530</u>	<u>\$13,046,415</u> *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....					
	<u>\$56,154,519</u>	<u>\$108,715,683</u> *	<u>\$101,468,415</u>	<u>\$87,939,293</u>	<u>\$81,174,732</u>

¹ Excludes debt of \$23,700 of the Amston Lake – Hebron Tax District subject to debt limitation.

² Represents Hebron's share of Regional School District Number 8 Net Direct Indebtedness. The percentage of participation for the 2014-2015 Fiscal Year is 56.26%.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$189,407,708.

*Preliminary. Subject to change.

**STATEMENT OF STATUTORY DEBT LIMITATION
TOWN OF MARLBOROUGH**
As of March 18, 2015
(Pro Forma)

TOTAL TAX COLLECTIONS (including interest and lien fees)	
received by the Treasurer for the year ended June 30, 2014.....	\$17,716,000
REIMBURSEMENT FOR REVENUE LOSS ON:	
Tax Relief for Elderly.....	0
BASE.....	<u>\$17,716,000</u>

DEBT LIMITATION:	General Purposes	Schools	Sewers	Urban Renewal	Pension Obligation
2¼ times base.....	\$39,861,000				
4½ times base.....		\$79,722,000			
3¾ times base.....			\$66,435,000		
3¼ times base.....				\$57,577,000	
3 times base.....					\$53,148,000
Total debt limitation.....	<u>\$39,861,000</u>	<u>\$79,722,000</u>	<u>\$66,435,000</u>	<u>\$57,577,000</u>	<u>\$53,148,000</u>
INDEBTEDNESS:					
Bonds Payable.....	\$3,385,000	\$4,615,000	\$7,202,242	\$0	\$0
Notes Payable.....	405,000	0	0	0	0
Net Overlapping Debt.....	0	5,758,101 *	0	0	0
Authorized but Unissued Debt.....	675,000	0	20,448	0	0
TOTAL DIRECT INDEBTEDNESS:	<u>\$4,465,000</u>	<u>\$10,373,101 *</u>	<u>\$7,222,690</u>	<u>\$0</u>	<u>\$0</u>
Less: Sewer Assessments.....			4,670,000		
TOTAL NET INDEBTEDNESS.....	<u>\$4,465,000</u>	<u>\$10,373,101 *</u>	<u>\$2,552,690</u>	<u>\$0</u>	<u>\$0</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....					
	<u>\$35,396,000</u>	<u>\$69,348,900 *</u>	<u>\$63,882,310</u>	<u>\$57,577,000</u>	<u>\$53,148,000</u>

¹ Represents Marlborough's share of Regional School District Number 8 Net Direct Indebtedness. The percentage of participation for the 2014-2015 Fiscal Year is 29.03%.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$124,012,000.

*Preliminary. Subject to change

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT
As of March 18, 2015
(Pro Forma)

None

AUTHORIZED BUT UNISSUED DEBT - TOWN OF ANDOVER
As of March 18, 2015
(Pro Forma)

None

AUTHORIZED BUT UNISSUED DEBT - TOWN OF HEBRON
As of March 18, 2015
(Pro Forma)

Project	Authorized	Bonded/ Grants	Debt Authorized but Unissued			
			General Purpose	Schools	Sewers	Total
Fire House.....	\$2,300,000	\$1,800,000	\$500,000	\$0	\$0	\$500,000 ¹
Total.....	\$2,300,000	\$1,800,000	\$500,000	\$0	\$0	\$500,000

¹ The Town does not plan to issue any further debt pursuant to this authorization.

AUTHORIZED BUT UNISSUED DEBT - TOWN OF MARLBOROUGH
As of March 18, 2015
(Pro Forma)

Project	Authorized	Prior Bonds/ Paydowns/ Grants	Debt Authorized but Unissued			
			General Purpose	Schools	Sewers	Total
Land Acquisition (Taxable).....	\$2,100,000	\$1,795,000	\$305,000	\$0	\$0	\$305,000
Sewers.....	12,020,000	11,999,552	0	0	20,448	20,448
Engineering and Design (Park)..	450,000	80,000	370,000	0	0	370,000
Total.....	\$14,570,000	\$13,874,552	\$675,000	\$0	\$20,448	\$695,448

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT¹
Last Five Fiscal Years

	2014	2013	2012	2011	2010
Long-Term Debt					
Bonds.....	\$20,075,000	\$21,690,000	\$23,250,000	\$24,955,000	\$26,490,000
Short-Term Debt					
Bond Anticipation Notes.	0	0	0	120,000	350,000
Totals.....	\$20,075,000	\$21,690,000	\$23,250,000	\$25,075,000	\$26,840,000

¹ Does not include underlying debt, and capital lease obligations.
Source: Annual Audited Financial Statements 2010- 2014.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF ANDOVER¹
Last Five Fiscal Years

	2014 Est.	2013	2012	2011	2010	2009
Long-Term Debt						
Bonds.....	\$720,000	\$810,000	\$900,000	\$990,000	\$1,080,000	\$1,230,000
Short-Term Debt						
Bond Anticipation Notes.	0	0	0	0	0	0
Totals.....	\$720,000	\$810,000	\$900,000	\$990,000	\$1,080,000	\$1,230,000

¹ Does not include overlapping debt, and capital lease obligations.
Source: Annual Audited Financial Statements 2009- 2013, Estimate 2014.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF HEBRON¹
Last Five Fiscal Years

Long-Term Debt	2014	2013	2012	2011	2010
Bonds	\$5,811,000	\$6,385,000	\$7,240,000	\$8,751,090	\$10,255,810
Short-Term Debt					
Bond Anticipation Notes	0	0	0	0	0
Totals	\$5,811,000	\$6,385,000	\$7,240,000	\$8,751,090	\$10,255,810

¹ Does not include overlapping debt or capital lease.
Source: Annual Audited Financial Statements 2010-2014.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF MARLBOROUGH¹
Last Five Fiscal Years

Long-Term Debt	2014	2013	2012	2011	2010
Bonds	\$16,367,901	\$18,455,552	\$20,320,335	\$20,027,408	\$13,392,495
Short-Term Debt					
Bond Anticipation Notes	545,000	605,000	665,000	1,125,000	8,885,018
Totals	\$16,912,901	\$19,060,552	\$20,985,335	\$21,152,408	\$22,277,513

¹ Does not include overlapping debt, and capital lease obligations.
Source: Annual Audited Financial Statements 2010- 2014.

RATIO OF DIRECT DEBT TO VALUATION AND POPULATION - THE DISTRICT

Fiscal Year Ended 6/30	Net Assessed Value¹	Estimated Full Value²	Direct Debt³	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population⁴	Direct Debt per Capita
2014	\$1,605,279,200	\$2,293,256,000	\$20,075,000	1.25%	0.88%	19,292	\$1,040.59
2013	1,596,119,878	2,280,171,254	21,690,000	1.36%	0.95%	19,292	1,124.30
2012	1,673,028,825	2,390,041,179	23,250,000	1.39%	0.97%	19,329	1,202.86
2011	1,768,275,719	2,526,108,170	25,075,000	1.42%	0.99%	19,381	1,293.79
2010	1,757,008,203	2,510,011,719	26,840,000	1.53%	1.07%	19,393	1,384.00
2009	1,748,668,918	2,498,098,454	28,325,000	1.62%	1.13%	18,873	1,500.82

¹ Represents the Net Taxable Grant Lists of the Member Towns.
² Represents the estimated full value of the Member Towns' Net Taxable Grand Lists.
³ Does not include underlying debt and capital lease obligations.
⁴ Represents the total population of the Member Towns.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF ANDOVER

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2014 Est.	\$258,994,445	\$369,992,064	\$720,000	0.28%	0.19%	3,273	\$219.98	0.57%
2013	258,506,273	369,294,676	810,000	0.31%	0.22%	3,273	247.48	0.65%
2012	277,829,277	396,898,967	900,000	0.32%	0.23%	3,272	275.06	0.72%
2011	275,407,242	393,438,917	990,000	0.36%	0.25%	3,298	300.18	0.78%
2010	273,650,629	390,929,470	1,080,000	0.39%	0.28%	3,303	326.98	0.85%
2009	272,966,484	389,952,120	1,230,000	0.45%	0.32%	3,210	383.18	1.00%

¹ Does not include overlapping and capital lease obligations.
² State of Connecticut, Department of Public Health Services Estimates, 2009 and 2011-2013; U.S. Census Bureau, 2010.
³ Income per Capita: \$38,340 American Community Survey 2009-2013.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF HEBRON

Fiscal Year	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
Ended 6/30	Value	Full Value	Debt¹	Value (%)	Full Value (%)	Population²	Capita	Income (%)³
2014	\$778,651,850	\$1,112,359,786	\$5,811,000	0.75%	0.52%	9,588	\$606.07	1.44%
2013	772,648,505	1,103,783,579	6,385,000	0.83%	0.58%	9,588	665.94	1.58%
2012	768,127,730	1,097,325,329	7,240,000	0.94%	0.66%	9,624	752.29	1.78%
2011	868,218,820	1,240,312,600	8,751,090	1.01%	0.71%	9,673	904.69	2.14%
2010	861,303,505	1,230,433,579	10,255,810	1.19%	0.83%	9,686	1,058.83	2.51%
2009	855,908,140	1,222,725,914	11,750,151	1.37%	0.96%	9,304	1,262.91	2.99%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Services Estimates, 2009 and 2011-2013, U.S. Census Bureau 2010.

³ Income per Capita: \$42,218 American Community Survey 2009-2013.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME - TOWN OF MARLBOROUGH

Fiscal Year	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
Ended 6/30	Value	Full Value	Debt¹	Value (%)	Full Value (%)	Population²	Capita	Income (%)³
2014	\$567,632,905	\$810,904,150	\$16,912,901	2.98%	2.09%	6,431	\$2,629.90	6.30%
2013	564,965,100	807,093,000	19,060,552	3.37%	2.36%	6,431	2,963.86	7.10%
2012	627,071,818	895,816,883	20,985,335	3.35%	2.34%	6,433	3,262.14	7.82%
2011	624,649,657	892,356,653	21,152,408	3.39%	2.37%	6,410	3,299.91	7.91%
2010	622,054,069	888,648,670	22,277,513	3.58%	2.51%	6,404	3,478.69	8.34%
2009	619,794,294	885,420,420	15,857,975	2.56%	1.79%	6,359	2,493.78	5.98%

¹ Does not include overlapping debt and capital lease obligations.

² State of Connecticut, Department of Public Health Services Estimates 2009 and 2011-2013, U.S. Census Bureau, 2010.

³ Income per Capita: \$41,729 American Community Survey 2009-2013.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES AND OTHER FINANCING USES THE DISTRICT

Fiscal Year	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
Ended 6/30	Debt Service	Expenditures	to Total General Fund Expenditures %
2014	\$2,500,006	\$29,593,898	8.45%
2013	2,503,531	28,162,456	8.89%
2012	2,942,512	34,686,381	8.48%
2011	2,671,932	26,484,270	10.09%
2010	2,682,265	26,042,528	10.30%
2009	2,675,513	25,796,140	10.37%

Source: Annual Audited Financial Statements 2009-2014.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES AND OTHER FINANCING USES
TOWN OF ANDOVER**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2014 Est.	\$125,235	\$10,679,153	1.17%
2013	129,060	10,532,064	1.23%
2012	132,885	10,178,548	1.31%
2011	136,710	9,885,945	1.38%
2010	221,444	9,855,911	2.25%
2009	228,951	10,066,660	2.27%

Source: Annual Audited Financial Statements 2009- 2013, Estimate 2014.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES AND OTHER FINANCING USES
TOWN OF HEBRON**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2014	\$1,141,036	\$39,863,341	2.86%
2013	1,233,882	36,375,666	3.39%
2012	1,930,732	35,892,381	5.38%
2011	1,875,270	35,262,258	5.32%
2010	1,909,982	34,295,130	5.57%
2009	1,610,537	34,419,027	4.68%

Source: Annual Audited Financial Statements 2009-2014.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL FUND EXPENDITURES AND OTHER FINANCING USES
TOWN OF MARLBOROUGH**

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures	Ratio of General Fund Debt Service to Total General Fund Expenditures %
2014	\$2,635,702	\$23,084,058	11.42%
2013	2,387,896	22,029,045	10.84%
2012	2,521,254	28,424,597	8.87%
2011	2,388,245	21,328,856	11.20%
2010	1,806,995	20,804,520	8.69%
2009	1,876,689	21,063,056	8.91%

Source: Annual Audited Financial Statements 2009- 2014.

**REGIONAL SCHOOL DISTRICT NUMBER 8 HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

VII. LEGAL AND OTHER INFORMATION

LITIGATION

The District

Following consultation with the attorney for the District and other attorneys providing legal services to the District, District officials advise that there are no claims or litigation pending which would have a material adverse affect on the financial position of the District.

Town of Andover

The Town Attorney is of the opinion that there are no pending lawsuits which would materially adversely affect the financial position of the Town of Andover.

Town of Hebron

Following consultation with the Town attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of Hebron, its officers, employees, and boards are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

Town of Marlborough

Following consultation with the Town attorney and other attorneys providing legal services to the Town, the First Selectman advises that the Town of Marlborough, its officers, employees, and boards are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the First Selectman's opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

UNDERWRITING

Roosevelt & Cross, Incorporated (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the District at a net aggregate purchase price of \$_____ (consisting of the principal amount of \$3,720,000* plus original issue premium of \$_____, less underwriter's discount of \$_____.) The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

TRANSCRIPT AND DOCUMENTS DELIVERED AT CLOSING

Upon the delivery of the Bonds, the Underwriter will be furnished with the following:

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 and the Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the Contract of Purchase for the Bonds was executed, the description and statements in the Official Statement relating to the District and its Member Towns and their finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in 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 or its Member Towns from that set forth in or contemplated by the Official Statement.

Preliminary. Subject to change.

3. A receipt of the purchase price of the Bonds.
4. The approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.
6. Any other documents required by the Contract of Purchase.
7. Regional School District Number 8 has prepared a Preliminary Official Statement for the Bond issue which is dated February 24, 2015. The District deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b) (5), but is subject to revision or amendment. The District will make available to the Underwriter of the Bonds 100 copies of the Official Statement at the District's expense within seven business days of the signing of the Contract of Purchase for the Bonds. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the District in authorizing the Bonds will be kept on file at the offices of U.S. Bank National Association, in Hartford, Connecticut and will be available for examination upon reasonable request.

CONCLUDING STATEMENT

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 of 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. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or its Member Towns since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the District from various officials, departments 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 Regional School District Number 8 by the following officials:

REGIONAL SCHOOL DISTRICT NUMBER 8

Danny Holtsclaw
Chairman of the Board of Education

Manny Catarino
Treasurer

March ____, 2015

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Appendix A - Basic Financial Statements - is taken from the Annual Report of Regional School District Number 8 for the Fiscal Year ended June 30, 2014 as presented by the Auditors and does not include all of the schedules made in such report. A copy of the complete report is available upon request to the Director of Finance and Operations, Regional School District Number 8, P.O. Box 1438, 85 Wall Street, Hebron, Connecticut 06248.



Ansonia
158 Main Street, Suite 301
Ansonia, Connecticut 06401
P: 203-732-2311

Killingworth
166 Route 81
Killingworth, Connecticut 06419
P: 860-663-0110

New Haven
900 Chapel Street, Suite 620
New Haven, Connecticut 06510
P: 203-773-0384

Westport
611 Riverside Avenue
Westport, Connecticut 06880
P: 877-839-7423

Principals
Francis H. Michaud Jr. CPA
John A. Accavallo CPA
Sandra M. Woodbridge CPA
Dominic L. Cusano MBA CPA
Darin L. Offerdahl MBA CPA

Guiding Successful People

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Regional School District No. 8
Hebron, Connecticut 06248

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Regional School District No. 8 (the Committee), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Committee'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 and the major fund of the Regional School District No. 8, as of June 30, 2014, and the respective changes in financial position, thereof 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 and schedule of funding on pages 6–12 and 45 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2015, on our consideration of the Regional School District No. 8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional School District No. 8's internal control over financial reporting and compliance.

Michaud Accavallo Woodbridge & Cusano, LLC

Killingworth, Connecticut

January 28, 2015

REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

As management of Regional School District No. 8 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$23,667,090 (net position). The District has an unrestricted surplus of \$2,500,744.
- The District's total net position decreased by \$172,168. This decrease is primarily due to the recognition of an increase in the liability for other post-employment benefits and the annual depreciation expense on the District's capital assets used in its operations.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$501,446 an increase of \$166,760 in comparison with the prior year, primarily related to a lesser amount of prior year surplus returned to member Towns offset by state and local grant revenues.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$290,943.
- The District's total long-term debt, consisting of bonds payable and capital leases payable, decreased by \$1,615,000 or 7.4% during the current fiscal year due to regularly scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District'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 District's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by member town assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through charges for goods and services (business-type activities). The governmental activities of the District are comprised of education services. The business-type activities of the District include activities related to the operation of the District's School Lunch Program.

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The government-wide financial statements include only the District because there are no legally separate organizations for which the District is legally accountable.

The government-wide financial statements can be found on pages 14 and 15 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 District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District'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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund and the Grant Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary Fund

The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its School Lunch Program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the School Lunch Fund, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the District government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

funds are not available to the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 24 of this report.

Notes to the Financial Statements

The notes to the financial statements 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 25-44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules that can be found on pages 46-51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position of the District totaling \$23,667,090 and \$23,677,905 as of June 30, 2014 and 2013, respectively, are summarized as follows:

	Governmental	Business-		Governmental	Business-	
	Activities	type	2014	Activities	type	2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current and other assets	\$ 2,524,981	\$ 77,967	\$ 2,602,948	\$ 1,912,223	\$ 25,791	\$ 1,938,014
Capital assets, net	45,769,519	184,595	45,954,114	47,381,512	237,900	47,619,412
Total assets	48,294,500	262,562	48,557,062	49,293,735	263,691	49,557,426
Deferred outflow of resources	444,965	-	444,965	572,036	-	572,036
Long-term liabilities	23,063,525		23,063,525	24,504,229		24,504,229
Other liabilities	<u>2,208,818</u>	<u>62,594</u>	<u>2,271,412</u>	<u>1,947,328</u>	<u>-</u>	<u>1,947,328</u>
Total liabilities	25,272,343	62,594	25,334,937	26,451,557	-	26,451,557
Net position:						
Net investment in capital assets	20,981,751	199,968	21,181,719	25,218,160	237,900	25,456,060
Unrestricted (deficit), as restated	<u>2,485,371</u>	<u>-</u>	<u>2,485,371</u>	<u>(1,803,946)</u>	<u>25,791</u>	<u>(1,778,155)</u>
Total net position	<u>\$ 23,467,122</u>	<u>\$ 199,968</u>	<u>\$23,667,090</u>	<u>\$ 23,414,214</u>	<u>\$ 263,691</u>	<u>\$23,677,905</u>

At June 30, 2014, \$21,181,719 of the District's net position reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its member towns; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Overall, net position decreased by \$172,168 or .72% in comparison to the prior year due primarily to the recognition of an increase in the liability for other post-employment benefits and the annual depreciation expense on the District's capital assets used in its operations.

Changes in Net Position

Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

	Governmental Activities	Business- type Activities	2014	Governmental Activities	Business- type Activities	2013
Revenues						
Program revenues:						
Charges for services	\$ 224,338	\$ 608,752	\$ 833,090	\$ 16,452	\$ 600,327	\$ 616,779
Operating grants and contributions	4,213,631	101,690	4,315,321	3,474,439	95,156	3,569,595
General revenues:						
Member town assessments	25,939,833	-	25,939,833	24,709,345	-	24,709,345
Investment earnings	3,694	116	3,810	10,471	106	10,577
Total revenues	<u>30,381,496</u>	<u>710,558</u>	<u>31,092,054</u>	<u>28,210,707</u>	<u>695,589</u>	<u>28,906,296</u>
Program expenses						
Regular programs	13,732,239	-	13,732,239	9,403,300	-	9,403,300
Special education	4,329,694	-	4,329,694	4,977,648	-	4,977,648
Adult education	72,620	-	72,620	73,340	-	73,340
Pupil services	996,899	-	996,899	960,399	-	960,399
Improvement of instructional services	20,677	-	20,677	35,599	-	35,599
Educational media	866,927	-	866,927	752,116	-	752,116
Support services - students	745,492	-	745,492	496,303	-	496,303
Principal's office services	1,136,584	-	1,136,584	1,275,257	-	1,275,257
Fiscal and business support	157,399	-	157,399	2,705,715	-	2,705,715
Plant operations and maintenance	2,169,876	-	2,169,876	2,135,319	-	2,135,319
Transportation	1,082,650	-	1,082,650	1,139,847	-	1,139,847
Other support services	3,483,420	-	3,483,420	3,343,269	-	3,343,269
Student activities	479,969	-	479,969	357,364	-	357,364
Tuition	330,489	-	330,489	173,604	-	173,604
Interest on long-term debt	885,006	-	885,006	933,320	-	933,320
School lunch	-	774,281	774,281	-	736,589	736,589
Total expenses	<u>30,489,941</u>	<u>774,281</u>	<u>31,264,222</u>	<u>28,762,400</u>	<u>736,589</u>	<u>29,498,989</u>
Change in net position	<u>\$ (108,445)</u>	<u>\$ (63,723)</u>	<u>\$ (172,168)</u>	<u>\$ (551,693)</u>	<u>\$ (41,000)</u>	<u>\$ (592,693)</u>

Governmental Activities

Governmental activities decreased the District's net position by \$108,445. This decrease is primarily due to the recognition of an increase in the liability for other post-employment benefits and the annual depreciation expense on the District's capital assets used in its operations.

Business-type Activities

Business-type activities decreased the District's net position by \$63,723. The decrease is attributable to slight increases in operational expenses and annual depreciation expense.

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$501,446, an increase of \$166,700 in comparison with the prior year, primarily related to a lesser amount of prior year surplus returned to the member Towns.

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$290,943 while total fund balance was \$444,249.

The General Fund balance increased by \$154,460 during the current fiscal year. This increase is primarily related to a lesser amount of prior year surplus returned to the member Towns.

Grant Fund

The Grant Fund balance increased by \$12,300. This increase was primarily due to increases in revenues from other local sources such as private grants and contributions.

Proprietary Funds

Total net position of the School Lunch Fund at the end of the year totaled \$199,968, which was a decrease of \$63,723 as compared to the prior year. The decrease is attributable to slight increases in operational expenses and annual depreciation expense.

BUDGETARY HIGHLIGHTS

The budget is adopted by the Board of Education on a modified accrual basis. The adopted annual budget covers the General Fund. There were no additional appropriations to the 2014 budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2014 totaled \$45,954,114 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements and equipment. The net decrease in the District's investment in capital assets for the current fiscal year was \$1,665,298, or a 3.5% decrease due to current year depreciation expense.

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 6,088,611	\$ 6,575,257	\$ -	\$ -	\$ 6,088,611	\$ 6,575,257
Buildings and improvements	39,010,986	40,251,117		-	39,010,986	40,251,117
Equipment	669,922	555,138	184,595	237,900	854,517	793,038
Totals	<u>\$ 45,769,519</u>	<u>\$ 47,381,512</u>	<u>\$ 184,595</u>	<u>\$ 237,900</u>	<u>\$ 45,954,114</u>	<u>\$ 47,619,412</u>

Additional information on the District's capital assets can be found in Note 5 on pages 34-35 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$20,075,000. This entire amount is comprised of debt backed by the full faith and credit of the District.

The District's total long-term bonded debt had a net decrease of \$1,615,000 or 7.4% during the current fiscal year due to regularly scheduled principal repayments.

The District maintains an Aa3 rating from Standard and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to approximately four and one-half times its annual receipts from member assessments, as defined by the statutes. The current debt limitation for the District is \$116,729,249, which is significantly in excess of the District's outstanding general obligation debt.

The following table is a two year comparison of long-term debt including capital leases payable presented for governmental activities:

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Bonds payable	\$ 20,075,000	\$ 21,690,000
Capital leases payable	317,875	238,154
	<u>\$ 20,392,875</u>	<u>\$ 21,928,154</u>

Additional information on the District's long-term debt can be found in Note 6 on pages 35-38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy which may affect the amount of intergovernmental revenues the District will receive in fiscal year 2014 and thereafter. This was considered in preparing the District's budget for fiscal year 2014.

**REGIONAL SCHOOL DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

During the current fiscal year, the budgetary fund balance of the General Fund increased \$70,749 to \$290,943.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Superintendent of Regional School District No. 8, P.O. Box 1438, Hebron, CT 06248.

**REGIONAL SCHOOL DISTRICT NO. 8
BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,197,219	\$ 56,378	\$ 2,253,597
Grants and contracts receivable	57,261	12,821	70,082
Other receivables	89,418		89,418
Inventories	-	8,768	8,768
Due from other funds	181,083	-	181,083
Capital assets:	-		-
Non-depreciable	1,724,243		1,724,243
Depreciable, net	44,045,276	184,595	44,229,871
Total Assets	48,294,500	262,562	48,557,062
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	444,965	-	444,965
LIABILITIES			
Accounts payable	\$ 85,451	\$ 42,594	\$ 128,045
Accrued payroll and benefits	1,759,972	-	1,759,972
Due to other funds	161,083	20,000	181,083
Accrued interest	185,283	-	185,283
Unearned revenue	17,029	-	17,029
Non-current liabilities:	-		-
Due within one year	1,851,648	-	1,851,648
Due in more than one year	21,211,877	-	21,211,877
Total liabilities	25,272,343	62,594	25,334,937
NET POSITION			
Net investment in capital assets	20,981,751	184,595	21,166,346
Unrestricted (deficit)	2,485,371	15,373	2,500,744
Total Net Position	\$ 23,467,122	\$ 199,968	\$ 23,667,090

**REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Net (Expense) Revenue and changes in Net					
	Expenses	Program Revenues		Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Regular programs	\$ (13,732,239)	\$ 151,742	\$ 102,209	\$ (13,478,288)	\$ -	\$ (13,478,288)
Special education	(4,329,694)	18,072	959,521	(3,352,101)	-	(3,352,101)
Adult education	(72,620)	-	24,800	(47,820)	-	(47,820)
Pupil services	(996,899)	-	-	(996,899)	-	(996,899)
Improvement of instructional services	(20,677)	-	-	(20,677)	-	(20,677)
Educational media	(866,927)	-	-	(866,927)	-	(866,927)
Support services	(745,492)	-	-	(745,492)	-	(745,492)
Principal's office services	(1,136,584)	-	-	(1,136,584)	-	(1,136,584)
Fiscal and business support	(157,399)	-	2,925,914	2,768,515	-	2,768,515
Plant operation and maintenance	(2,169,876)	54,524	-	(2,115,352)	-	(2,115,352)
Transportation	(1,082,650)	-	138,398	(944,252)	-	(944,252)
Other support services	(3,483,420)	-	62,789	(3,420,631)	-	(3,420,631)
Student activities	(479,969)	-	-	(479,969)	-	(479,969)
Tuition	(330,489)	-	-	(330,489)	-	(330,489)
Interest on long-term debt	(885,006)	-	-	(885,006)	-	(885,006)
Total governmental activities	<u>(30,489,941)</u>	<u>224,338</u>	<u>4,213,631</u>	<u>(26,051,972)</u>	<u>-</u>	<u>(26,051,972)</u>
Business-type activities:						
School lunch	(774,281)	608,752	101,690	-	(63,839)	(63,839)
Total	<u>\$ (31,264,222)</u>	<u>\$ 833,090</u>	<u>\$ 4,315,321</u>	<u>(26,051,972)</u>	<u>(63,839)</u>	<u>(26,115,811)</u>
General revenues:						
Member town assessments				25,939,833		25,939,833
Investment earnings				3,694	116	3,810
Total general revenues				<u>25,943,527</u>	116	<u>25,943,643</u>
Change in net assets				(108,445)	(63,723)	(172,168)
Net assets - beginning, as restated				<u>23,575,567</u>	<u>263,691</u>	<u>23,839,258</u>
Net assets - ending				<u>\$ 23,467,122</u>	<u>\$ 199,968</u>	<u>\$ 23,667,090</u>

REGIONAL SCHOOL DISTRICT NO. 8
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,024,830	\$ 172,389	\$ 2,197,219
Grant receivables from State of Connecticut	10,488	46,773	57,261
Other receivables	89,418	-	89,418
Due from other funds	<u>164,936</u>	<u>16,147</u>	<u>181,083</u>
Total Assets	<u>\$ 2,289,672</u>	<u>\$ 235,309</u>	<u>\$ 2,524,981</u>
LIABILITIES			
Accounts payable	\$ 85,451	\$ -	\$ 85,451
Accrued payroll and expenses	1,759,972	-	1,759,972
Due to other funds	-	161,083	161,083
Unearned/deferred revenue	<u>-</u>	<u>17,029</u>	<u>17,029</u>
Total Liabilities	<u>1,845,423</u>	<u>178,112</u>	<u>2,023,535</u>
FUND BALANCES			
Assigned			
Regular programs	-	-	-
Special education	-	-	-
Educational media	-	-	-
Support services	-	-	-
Plant operation and maintenance	153,306	-	153,306
Transportation	-	-	-
Student activities	-	-	-
Unassigned	<u>290,943</u>	<u>57,197</u>	<u>348,140</u>
Total Fund Balances	<u>444,249</u>	<u>57,197</u>	<u>501,446</u>
Total Liabilities and Fund Balances	<u>\$ 2,289,672</u>	<u>\$ 235,309</u>	<u>\$ 2,524,981</u>

**REGIONAL SCHOOL DISTRICT NO. 8
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balances for governmental funds \$ 501,446

Total net position reported for governmental activities in the statement of net position is different because:

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

Those assets consist of:

Land	1,724,243	
Buildings and improvements	56,791,359	
Equipment	8,878,636	
Land improvements	9,657,412	
Less: accumulated depreciation and amortization	<u>(31,282,131)</u>	
Total capital assets, net		45,769,519

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets. Those liabilities consist of:

Accrued interest payable	(185,283)	
Long-term debt:		
Bonds payable	(20,075,000)	
Unamortized premiums	(693,107)	
Deferred amount on refundings	444,965	
Obligations under capital lease	(317,875)	
Other long-term liabilities:		
Net OPEB obligation	(1,404,000)	
Compensated absences	<u>(573,543)</u>	
Total long-term liabilities		<u>(22,803,843)</u>

Net position of governmental activities \$ 23,467,122

**REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Member town assessments	\$ 25,939,833	\$ -	\$ 25,939,833
Local sources	18,072	59,751	77,823
Intergovernmental	3,463,972	570,349	4,034,321
Other	<u>326,481</u>	<u>3,038</u>	<u>329,519</u>
Total revenues	29,748,358	633,138	30,381,496
EXPENDITURES			
Current:			
Regular programs	11,405,385	436,649	11,842,034
Special education	4,184,758	144,936	4,329,694
Adult education	72,620	-	72,620
Pupil services	996,899	-	996,899
Improvement of instructional services	20,677	-	20,677
Educational media	866,927	-	866,927
Support services	745,492	-	745,492
Principal's office services	1,136,584	-	1,136,584
Fiscal and business support	157,399	-	157,399
Plant operations and maintenance	2,169,876	-	2,169,876
Transportation	1,082,650	-	1,082,650
Other supportive activities	3,483,420	-	3,483,420
Student activities	440,716	39,253	479,969
Tuition	<u>330,489</u>	<u>-</u>	<u>330,489</u>
Total support services	27,093,892	620,838	27,714,730
Debt Service	<u>2,500,006</u>	<u>-</u>	<u>2,500,006</u>
Total expenditures	<u>29,593,898</u>	<u>620,838</u>	<u>30,214,736</u>
Excess of revenues over expenditures	154,460	12,300	166,760
Fund balances - beginning as restated	<u>289,789</u>	<u>44,897</u>	<u>334,686</u>
Fund balances - ending	<u>\$ 444,249</u>	<u>\$ 57,197</u>	<u>\$ 501,446</u>

**REGIONAL SCHOOL DISTRICT NO. 8
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, 2014**

Net Change in Fund Balances for Governmental funds \$ 166,760

Total change in net position reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	312,596	
Depreciation and amortization expense	<u>(2,174,179)</u>	
Net adjustment		(1,861,583)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:		
Bonds payable	1,615,000	
Capital lease financing	<u>169,869</u>	1,784,869

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

The net effect of such items is as follows:

Compensated absences	(18,702)	
Accrued interest	23,155	
Net OPEB obligation	(190,000)	
Amortization of bond premium	114,127	
Amortization of deferred amount on refunding	<u>(127,071)</u>	(198,491.00)

Change in net assets of governmental activities \$ (108,445)

**REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Member town assessments	\$ 25,939,833	\$ 25,939,833	\$ 25,939,833	\$ -
Investment	5,000	5,000	3,694	1,306
Miscellaneous	-	-	91,721	(91,721)
Athletics	-	-	123,958	(123,958)
Use of buildings	-	-	55,374	(55,374)
Tuition	-	-	45,006	(45,006)
Intergovernmental revenues	-	-	562,858	(562,858)
Total revenues	25,944,833	25,944,833	26,822,444	(877,611)
EXPENDITURES				
Salaries	\$ 14,728,293	\$ 14,728,293	\$ 15,126,803	\$ (398,510)
Employee benefits	3,452,100	3,450,100	3,326,923	123,177
Professional services	732,616	730,616	828,311	(97,695)
Property services	1,298,077	1,302,077	1,412,002	(109,925)
Purchased services	2,634,035	2,634,035	2,847,762	(213,727)
Supplies and materials	542,881	542,881	650,089	(107,208)
Other	56,824	56,824	59,799	(2,975)
Debt services	2,500,007	2,500,007	2,500,006	1
Total expenditures	25,944,833	25,944,833	26,751,695	(806,862)
Excess of revenues over expenditures	\$ -	\$ -	70,749	\$ 70,749
Beginning fund balance as restated			220,194	
Ending fund balance			<u>290,943</u>	

REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Business-Type Activities
	Enterprise Fund - School Lunch
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 56,378
Grants and contracts receivable	12,821
Inventories	8,768
Total current assets	77,967
Noncurrent assets:	
Capital assets	844,718
Less: accumulated depreciation	(660,123)
Total noncurrent assets	184,595
Total assets	\$ 262,562
LIABILITIES	
Accounts payable	\$ 42,594
Due to general fund	20,000
Total liabilities	62,594
NET POSITION	
Net investment in capital assets	184,595
Unrestricted	15,373
Total net position	199,968
Total liabilities and net position	\$ 262,562

**REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities
	Enterprise Fund - School Lunch
OPERATING REVENUES	
Charges for services	\$ 608,022
Grants	101,690
Commissions	730
Total operating revenues	710,442
OPERATING EXPENSES	
Operations	688,687
Office expense	9,266
Food commodity expenses	23,023
Depreciation	53,305
Total operating expenses	774,281
Operating loss	(63,839)
NON-OPERATING REVENUES	
Investment income	116
Total non-operating revenues	116
Change in net position	(63,723)
Net position - beginning	263,691
Net position - ending	\$ 199,968

**REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type activities
	Enterprise Fund - School Lunch
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 608,055
Cash received from intergovernmental grants and commissions	101,690
Cash paid to suppliers	(678,382)
Net cash used in operating activities	31,363
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to general fund	20,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	116
Net increase in cash and cash equivalents	51,479
Cash and cash equivalents, beginning of year	4,899
Cash and cash equivalents, end of year	\$ 56,378
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (63,839)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	53,305
Increase in accounts payable	42,594
Increase in grants and contract receivable	(664)
Increase in inventories	(33)
Net cash used in operating activities	\$ 31,363

REGIONAL SCHOOL DISTRICT NO. 8
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 318,557
Investments	<u>86,993</u>
Total assets	<u>\$ 405,550</u>
 LIABILITIES	
Due to Student groups and others	<u>\$ 405,550</u>

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Regional School District No. 8 (the “District”) conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies.

FINANCIAL REPORTING ENTITY

The District is governed by a Board of Education (the “Board”). The Board is an elected group of individuals which has governance responsibilities over all activities related to providing education for grades 7-12 within the jurisdiction of Regional School District No. 8, serving the towns of Hebron, Andover and Marlborough, Connecticut (“Towns”). The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. The District is not included in any other governmental “reporting entity” since Board members are elected by the public, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The basic financial statements of the reporting entity include only the funds of the District as no component units exist based on operational or financial relationships with the District.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through payments from the member Towns, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its governmental funds and fiduciary funds. Separate statements for each fund category – governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund - This fund is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Grant Fund - This fund is used to account for grant funds primarily from the state and federal government that have been applied for and approved for specific purposes.

The District reports the following proprietary fund:

School Lunch Fund - This fund is an enterprise fund that accounts for the activities of the District's school lunch program.

In addition, the District reports the following fiduciary fund:

Agency Fund - This fund accounts for monies held as a custodian for outside groups. The District includes three agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency funds include student activities; memorials, class accounts and an employee flex account.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from the member Towns are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's School Lunch fund are fees received from participants. Operating expenses of the District's School lunch consist of costs incurred and administrative expenses related to food service. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter 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 period. Revenues from member towns, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer’s Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer’s Office. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission’s (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though it is not registered by the SEC.

Inventories

Purchased inventories are reported at cost using the first-in first-out (FIFO) method. Inventories of governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased. Inventories primarily consist of federal donated food held for consumption. The cost of the District’s food inventories is based on stated value approximating fair value assigned by the federal government.

Capital Assets

Capital assets, which include land and land improvements, buildings and improvements and equipment, 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 \$1,000 for equipment and \$20,000 for other assets 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land improvements	10-30
Buildings and building improvements	40
Equipment:	
Vehicles	8
Office/classroom equipment	5-20
Computer equipment	5

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Long-Term Debt 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 related bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized 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, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District, as of June 30, 2014 had deferred outflows of financial resources related to deferred amounts on bond refunding of \$444,965.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits up to certain limits. All compensated absences are recorded when incurred in the government-wide and proprietary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Upon retirement under the Connecticut State Teachers' Retirement System, or death, a certified professional employee, or the estate of that employee, will be paid 15% of all accumulated unused sick days up to a limit of 180 days. Retirees have the option of receiving retirement sick leave payments at the time of retirement or after January 1 of the succeeding year. Payments are made as a retirement contribution into the District's 403(b) retirement plan. The retiree must notify the Board of their choice in writing at least one year prior to the desired payment date. The District will include in the applicable financial statements a liability for those eligible teachers upon notification of planned retirement.

The District has established a teacher retirement stipend program that allows eligible teachers to receive a stipend upon retirement from the District. Certified personnel hired prior to July 1, 1997, having completed fifteen years of District employment, are eligible for a grant stipend of five percent of the teacher's base salary plus one – half

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

percent for each year of service in the District beyond fifteen years, for up to a maximum of fifteen percent of the base salary. The stipend is based on the 1996-97 salary rates for the degree track/step held by the teacher immediately preceding retirement. The stipend is granted to the teacher for each of the three school years immediately following his or her retirement date. Participants under this program are required to provide the Board of Education with at least a three year advance notice of their planned retirement and submit a letter of resignation to take effect on that date. Payments are made as retirement contributions into the District's 403(b) retirement plan.

Net Position/Fund Balance

Information presented in the government-wide statement of net position column includes the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net positions are reported in three categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that is attributed to the acquisition, construction or improvement of those assets.

Restricted net position - This category consists of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the District's net position are considered to be restricted as of June 30, 2014.

Unrestricted net position - This component of net position is the net amount of the assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the two preceding categories.

The District's governmental funds report the following fund balance categories:

Non-spendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact. None of the District's fund balance is considered to be nonspendable as of June 30, 2014.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation. None of the District's fund balance is considered to be restricted as of June 30, 2014.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education (the highest level of decision making authority of the District) and cannot be used for any other purpose unless the District removes or changes the specified use by taking the same formal action. None of the District's fund balance is considered to be committed as of June 30, 2014.

Assigned – Amounts are constrained by the District's intent to be used for specific purposes, but are not restricted or committed. The Board of Education is the body authorized to assign fund balance via a majority vote of the Board.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Net Position Flow Assumption

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The District does not have a formal policy over the use of restricted resources. The District considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The District does not have a formal policy over the use of fund balance. The District uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

USE OF 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 and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY INFORMATION AND FUND DEFICITS

The District adheres to the following procedures in establishing the budgetary data included in the basic financial statements for the General Fund:

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

- School administrators prepare their annual budget request based on prior year’s activity and projected needs for the future periods. These requests are then reviewed by the District Finance Director, the Superintendent of Schools and the Finance Committee of the Board of Education in the month of January.
- Upon completion of the proposed budget, the Finance Committee presents the budget to the full Board for additional refinement and adjustments. The full Board then votes on the budget for presentation to the District voters in the month of May.
- The budget is formally voted on at a District-wide referendum and, if approved, becomes binding for that budget year. Should the budget not receive voter support, the Board of Education will continue to modify the budget until approved by the District voters.
- The budget for the General Fund of the District is prepared on the modified accrual basis of accounting. Unencumbered appropriations lapse at the end of the year.

Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). 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, 2014:

	Total	Total	Net Change
	Revenues	Expenditures	in Fund
	<u> </u>	<u> </u>	<u>Balance</u>
Budgetary basis	\$ 26,822,444	\$ 26,751,695	\$ 70,749
"On-behalf" payments- State Teachers Retirement Fund (see Note 7)	2,925,914	2,925,914	-
Encumbrances outstanding:			
June 30, 2013		69,595	(69,595)
June 30, 2014	-	(153,306)	153,306
GAAP basis	<u>\$ 29,748,358</u>	<u>\$ 29,593,898</u>	<u>\$ 154,460</u>

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

The carrying value of the District’s cash deposits as of June 30, 2014 totaled \$2,215,338. A reconciliation of the District’s cash deposits, as of June 30, 2014, are as follows:

Government-wide statement of net assets

Cash and cash equivalents	\$ 2,194,491
Less: cash equivalents considered as investments for disclosure purposes	<u>(31,462)</u>
	2,163,029

Statement of fiduciary net assets:

Cash and cash equivalents	318,557
	<u>\$ 2,481,586</u>

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$2,450,382 of the Town's bank balance of \$2,700,382 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,190,515
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the District's name	243,391
	<u>\$ 2,433,906</u>

All of the District's deposits were in qualified public institutions as defined by Connecticut General Statutes. Under Connecticut General Statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

INVESTMENTS

As of June 30, 2014, the District's investments consisted of the following:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
Short Term Investment Fund	\$ 31,462	\$ 31,462	\$ -	\$ -	\$ -
 Other investments:					
Equity Mutual Funds	86,993				
	<u>\$ 118,455</u>				

Because STIF has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 1 year. As of June 30, 2014, the District's investments in STIF were rated AAA by Standard and Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. The District's investments in STIF do not require custodial credit risk disclosures because they are not evidenced by securities that exist in physical or book entry form.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the District to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Pension trust funds may also invest in certain real estate mortgages, savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

A reconciliation of the District's investments as of June 30, 2014 is as follows:

Government-wide statement of net assets:

Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	31,462
	31,462

Statement of fiduciary net assets:

Investments	86,993
	\$ 118,455

NOTE 4 – INTERFUND ACCOUNTS

As of June 30, 2014, the interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General fund	Grants	\$ 144,936
Grants	General fund	16,147
 Business type funds		
School lunch	General fund	20,000
		\$ 181,083

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - RECEIVABLES AND UNEARNED REVENUE

Grants and contracts receivable for governmental activities consist of a receivable from the State of Connecticut for reimbursement of certain special education expenses. No allowance for doubtful accounts has been applied to the receivable due to it being considered fully collectible.

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there was \$17,029 of unearned revenue and no deferred revenue reported in the governmental funds.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,724,243	\$ -	\$ -	\$ 1,724,243
Total capital assets, not being depreciated	1,724,243	-	-	1,724,243
Capital assets, being depreciated				
Buildings and improvements	56,606,415	184,944	-	56,791,359
Equipment	8,501,394	377,242	-	8,878,636
Land improvements	9,657,412	-	-	9,657,412
Total capital assets, being depreciated	74,765,221	562,186	-	75,327,407
Less accumulated depreciation and amortization for:				
Building and improvements	(16,355,298)	(1,425,075)		(17,780,373)
Equipment	(7,946,256)	(262,458)		(8,208,714)
Land improvements	(4,806,398)	(486,646)	-	(5,293,044)
Total accumulated depreciation and amortization	(29,107,952)	(2,174,179)	-	(31,282,131)
Total capital assets, being depreciated, net	45,657,269	(1,611,993)	-	44,045,276
Governmental activities capital assets, net	<u>\$ 47,381,512</u>	<u>\$ (1,611,993)</u>	<u>\$ -</u>	<u>\$ 45,769,519</u>
Business-type Activities				
Capital assets, being depreciated:				
Equipment	\$ 844,718	\$ -	\$ -	\$ 844,718
Total capital assets, being depreciated	844,718	-	-	844,718
Less accumulated depreciation and amortization for:				
Equipment	(606,818)	(53,305)	-	(660,123)
Total accumulated depreciation and amortization	(606,818)	(53,305)	-	(660,123)
Total capital assets, being depreciated, net	237,900	(53,305)	-	184,595
Business-type activities capital assets, net	<u>\$ 237,900</u>	<u>\$ (53,305)</u>	<u>\$ -</u>	<u>\$ 184,595</u>

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Depreciation and amortization expense was charged to functions of the District as follows for the year ended June 30, 2014

Regular programs	\$ 724,433
Special Education	366,205
Adult Education	5,857
Pupil Services	76,695
Improvement of Inst. Media	2,843
Educational Media	73,702
Support Services	39,634
Principal's Office Services	100,290
Fiscal and Business Support	216,073
Plant Operations and Maintenance	170,522
Transportation	91,026
Other Support Services	266,986
Student Activities	26,051
Tuition	13,862
	<u>\$ 2,174,179</u>

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 21,690,000	\$ -	\$ 1,615,000	\$ 20,075,000	\$ 1,675,000
Unamortized amounts:					
Premiums	<u>807,234</u>	<u>-</u>	<u>114,127</u>	<u>693,107</u>	<u>-</u>
Total bonds payable	22,497,234	-	1,729,127	20,768,107	1,675,000
Other liabilities					
Accrued interest payable	208,438		23,155	185,283	23,155
Capital leases	238,154	249,590	169,869	317,875	146,760
Compensated absences	554,841	347,305	328,603	573,543	58,711
Net OPEB obligations (see Note 9)	<u>1,214,000</u>	<u>303,000</u>	<u>113,000</u>	<u>1,404,000</u>	<u>-</u>
Total long-term liabilities	<u>\$ 24,712,667</u>	<u>\$ 899,895</u>	<u>\$ 2,363,754</u>	<u>\$ 23,248,808</u>	<u>\$ 1,903,626</u>

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the District shall not exceed four and half times base receipts, as defined in the Statute, or \$116,729,249 as of June 30, 2014. The District did not exceed the statutory debt limitation as of June 30, 2014.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2014 is as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities			
Bonds Payable			
General obligation refunding bonds issued 2/1/07, original amount of \$18,145,000	5/2022	3.50% - 5.00%	\$ 10,505,000
General obligation refunding bonds issued 1/1/07, original amount of \$5,500,000	1/2027	3.60% - 5.00%	5,345,000
General obligation refunding bonds issued 4/15/12, original amount of \$6,045,000	4/2024	2.00% - 4.00%	<u>4,225,000</u>
			<u>\$ 20,075,000</u>

Annual debt service requirements to maturity at June 30, 2014 are as follows:

<u>Year ending</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,675,000	\$ 821,357	\$ 2,498,372
2016	1,920,000	749,506	2,671,522
2017	1,995,000	666,220	2,663,237
2018	2,075,000	580,006	2,657,024
2019	2,170,000	489,406	2,661,425
2020-2024	9,075,000	1,075,830	10,150,830
2025-2028	<u>1,165,000</u>	<u>95,918</u>	<u>1,260,918</u>
	<u>\$ 20,075,000</u>	<u>\$ 4,478,243</u>	<u>\$ 24,563,328</u>

General Obligation Bonds

As of June 30, 2014, the District had \$142,418 of authorized, unissued bonds.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Debt Refundings

The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

As of June 30, 2014, \$17,985,000 of outstanding general obligation bonds, including prior year's refundings are considered defeased.

Capital Leases

A summary of assets under capital leases is as follows as of June 30, 2014:

	Governmental Activities
Equipment	\$ 1,751,213
Less: accumulated amortization	(1,251,178)
	<u>\$ 500,035</u>

Amortization expense relative to leased property under capital leases for the year ended June 30, 2014 totaled \$60,545 and is included in depreciation and amortization expense disclosed in Note 5. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

	Governmental Activities
Year ending June 30:	
2015	\$ 161,053
2016	78,928
2017	54,117
2018	54,117
Total minimum lease payments	348,215
Less: amount representing interest	30,340
Present value of minimum lease payments	<u>\$ 317,875</u>

Compensated Absences

The District accrues compensated absences (sick days) and retirement stipends in the government-wide financial statements as they are earned by employees if the leave or stipend is attributable to past service and it is probable that the District will compensate the employees by cash payments at termination or retirement. The amounts of the estimated obligations at June 30, 2014 are as follows:

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Retirement stipends	\$ 208,427
Compensated absences	<u>365,116</u>
	<u>\$ 573,543</u>

NOTE 8 - PENSION PLANS

STATE TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Board participate in a contributory defined 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 plan and are required to contribute 7.25% of their annual earnings to the plan. The District does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual District basis. For the year ended June 30, 2014, District teachers contributed \$855,703 to the plan and covered payroll for the year was \$11,802,800.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the District has reported "on behalf" payments of \$2,925,914 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

Additional information relating to the Connecticut Teachers' Retirement System may be obtained by writing to the Connecticut Teacher's Retirement Board at 21 Grand Street, Hartford, CT 06106.

OFFICE EMPLOYEES PENSION PLAN

Non-certified employees may elect to participate in a District sponsored defined contribution pension plan. Under the terms of the plan, employees who have attained one year of service may contribute to the plan. The District will match employee contributions to the plan to a maximum of 3% of the employees' annual regular wages.

The plan is administered by the Equitable Life Assurance Company, which has established the plan in accordance with the Internal Revenue Code Section 403(b). For the ended June 30, 2014, District contributions to the plan totaled \$34,706 based on eligible salaries of approximately \$2,100,000. The District submits all contributions directly to a third party administrator who holds the assets in trust; therefore, this plan is not included in the District's financial statements.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The District provides healthcare insurance benefits for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Funding Policy

Certified Board of Education Employees and their spouses are eligible for medical benefits upon retirement at the earlier of age 55 with 20 years of service or 25 years of service until the retiree reaches age 65. Benefits continue for retirees and their spouses after age 65 for life for those that are not eligible for Medicare (pre 1986 hires). Those who choose to participate must pay 100% of the premium. Benefits valued are equal to the implicit rate subsidy. The District finances the plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The District's annual OPEB cost and net OPEB obligation are primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the District for access to insurance rates offered to the District's active employees. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual Required Contribution (ARC)	\$	319,000
Interest on Net OPEB obligation		55,000
Adjustment to Annual Required Contribution		<u>(71,000)</u>
Annual OPEB cost		303,000
Contributions made		<u>(113,000)</u>
Increase in net OPEB Obligation		190,000
Net OPEB Obligation, beginning of the year		<u>1,214,000</u>
Net OPEB Obligation, end of year	\$	<u><u>1,404,000</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 is as follows:

Year	Percentage of		
Ended June	Annual	Annual OPEB	Net OPEB
30,	OPEB Cost	Cost	Obligation
30,	OPEB Cost	Contributed	Obligation
2014	\$ 303,000	37.0%	\$ 1,404,000
2013	300,000	34.7%	1,214,000
2012	285,000	36.5%	1,018,000
2011	283,000	29.0%	831,000

**REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 (the date of the most recent actuarial valuation) was as follows:

Other Post-Employment Benefit Plan

Actuarial Accrued Liability (AAL) -						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Projected Unit Credit Cost Method (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2011	\$ -	\$ 3,399,000	\$ 3,399,000	0.00%	\$ 11,254,000	30.20%

Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2011
Actuarial Cost Method:	Projected Unit Credit Cost Method
Amortization Method:	Level Dollar Amount
Remaining amortization period:	30 years, closed
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	4.50%
Inflation rate	2.50%
Healthcare cost trend rate	10.0% initial 5.0% final

Mortality	RP2000 Mortality Table for male and female, with no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scall AA.
Turnover	Percentage of Employed Terminating Prior to End of Year (Service Based) (From CT State TRS 2010 OPEB Valuation)
Retirement	Percentage of Employees with 25 years of service Retiring Prior to End of Year. (From CT State TRS 2010 OPEB Valuation)
Utilization	We assume 80% of all active participants will participate in the medical plan beginning at retirement until 65, and that 20% of teachers hired prior to 1986 will continue coverage post 65.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District purchases commercial insurance for all risks of loss, except for medical insurance. During 2014, deductibles paid by the District were insignificant. Neither the District nor its insurers have settled any claims, which exceeded the District's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The District is currently a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes for workers' compensation and employer liability coverage.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

At June 30, 2013, CIRMA had 216 members in the workers compensation pool and 157 members in the liability-automobile-property pool. The District pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums, but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

NOTE 11 - RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued several new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of these standards, as applicable, will have on its financial statements. A summary of recently issued accounting standards that will become effective in future years is as follows:

The GASB has issued Statement No. 66, *Technical Corrections – 2012*, which amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 67, *Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted.

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

REGIONAL SCHOOL DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 –IMPLEMENTATION OF NEW PRONOUNCEMENTS

The District has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2012. GASB Statement No. 63 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 results in the reclassification of certain financial statement line items on the statement of net position and balance sheet. In addition to reclassifications to these new categories, GASB No. 65 has also resulted in a change to the accounting treatment for certain items, including debt issuance costs.

NOTE 13 –RESTATEMENT OF NET POSITION/FUND BALANCE

Net position/Fund balance as of July 1, 2013 has been adjusted due to an over accrual of accounts payable as follows:

	<u>Government-wide Net position</u>	<u>General Fund Net position</u>	<u>General Fund Fund balance</u>
Net position/Fund balance-beginning of year as originally stated	\$ 23,414,214	\$ 128,436	\$ 58,841
Over accrued accounts payable	<u>161,353</u>	<u>161,353</u>	<u>161,353</u>
Net position/Fund balance-beginning of year as restated	<u>\$ 23,575,567</u>	<u>\$ 289,789</u>	<u>\$ 220,194</u>

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**REGIONAL SCHOOL DISTRICT NO. 8
SCHEDULE OF FUNDING PROGRESS – UNAUDITED
JUNE 30, 2014**

Other Post-Employment Benefit Plan

Actuarial Accrued Liability (AAL) -						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Projected Unit Credit Cost Method (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2011	\$ -	\$ 3,399,000	\$ 3,399,000	0.00%	\$ 11,254,000	30.20%
7/1/2009	-	3,130,000	3,130,000	0.00%	12,784,000	24.48%
7/1/2007	-	3,521,000	3,521,000	0.00%	11,430,000	30.80%

APPENDIX B – FORM OF OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

The opinion of Shipman & Goodwin LLP will be substantially in the following form:

Regional School District Number 8
85 Wall Street
Hebron, CT 06248

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Regional School District Number 8 of the State of Connecticut (the “District”) of its \$3,720,000* General Obligation Refunding Bonds, Issue of 2015, dated March 18, 2015 (the “Bonds”).

In connection with our representation of the District as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the District, each dated as of March 18, 2015, the executed Bonds and certified records of proceedings of the District authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Bonds under the authority of the constitution and statutes of the State of Connecticut, and that the Bonds are valid and binding general obligations of the District and its member towns of Andover, Hebron and Marlborough, payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by each member town of the District without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the District and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the District.

3. The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the

* Preliminary, subject to change.

Bonds is to be excludable from gross income under Section 103 of the Code. The District has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax for individuals or corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Bonds. In rendering the foregoing opinions regarding the federal income tax 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 Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the District with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the District to fully comply with the covenants set forth therein, 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.

4. We are 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.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

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

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt “private activity bonds” is treated as an item of tax preference. The District’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not “private activity bonds” so that interest on the Bonds will not be treated as an item of tax preference for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations, 75% of the excess of adjusted current earnings (which includes tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation’s alternative minimum tax.

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

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

Other. As noted above, interest on the Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax. Interest on the Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, 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.

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

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

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such 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 (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the District to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 18th day of March, 2015 by Regional School District Number 8 of the State of Connecticut (the "District") acting by its undersigned officers, duly authorized, in connection with the issuance of the District's \$3,720,000* General Refunding Obligation Bonds, Issue of 2015, dated March 18, 2015 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the District dated March 4, 2015, prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

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

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

Section 2. Annual Financial Information.

(a) The District agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2015), as follows:

(i) the audited general purpose financial statements of the District, which financial statements include the District's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to

* Preliminary, subject to change.

time. As of the date of this Agreement, the District prepares its financial statements in accordance with generally accepted accounting principles.

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

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

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2015. The District agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

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

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

Section 3. Listed Events.

The District agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the District;
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

The District agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the District to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The District acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the District shall fail to perform its duties hereunder, the District shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the District's Superintendent of Schools receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Superintendent of Schools is Regional School District Number 8, 85 Wall Street, Hebron, CT 06248. In the event the District does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The District expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The District shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the District from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the District elects to provide any such additional

information, data or notices, the District shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

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

(c) Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the District, (ii) the Agreement as so amended or waived 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, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

REGIONAL SCHOOL DISTRICT NUMBER 8
OF THE STATE OF CONNECTICUT

By _____
Danny Holtsclaw
Chairman of the Board of Education

By _____
Manny Catarino
Treasurer