



May 31, 2011

**TO ALL BIDDERS**

**REGIONAL SCHOOL DISTRICT NUMBER 19 OF THE STATE OF CONNECTICUT  
(Towns of Ashford, Mansfield and Willington)**

**\$2,167,000 GENERAL OBLIGATION BONDS, ISSUE OF 2011  
(BANK QUALIFIED)**

**DATED: JUNE 23, 2011                      DUE: JUNE 15, 2013 - 2026**

Enclosed is Regional School District Number 19 of the State of Connecticut's Notice of Sale which allows for electronic bidding through i-Deal's PARITY ("PARITY®"). Per the official Notice of Sale, bids for the Bonds will be received on behalf of District officials at the offices of Day Pitney LLP, 242 Trumbull Street, 6<sup>th</sup> Floor, Bushnell Conference Room, Hartford, Connecticut, until 11:00 A.M. (E.D.T.); on **THURSDAY**,

**JUNE 9, 2011**

If you have any questions regarding the issue, please note that a representative of *IBIC* will be available on the morning of the sale at the following number:

(Hartford):                      (860) 275-0519

We trust we may be of service.

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Independent Bond & Investment Consultants LLC  
*Member: National Association of Independent Public Finance Advisors*

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129 Samson Rock Drive, Suite A, Madison, CT 06443 Phone 203.245.8715 Fax 203.245.7763 Email [muniibic@aol.com](mailto:muniibic@aol.com)

# OFFICIAL STATEMENT

## NEW ISSUE

## MOODY'S RATING:

(See "Rating" herein)

*In the opinion of Bond Counsel, assuming the accuracy of and compliance by the District with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Bonds are "qualified tax-exempt obligations"; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Opinion of Bond Counsel and Tax Exemption" herein.)*

## REGIONAL SCHOOL DISTRICT NUMBER 19 OF THE STATE OF CONNECTICUT (Towns of Ashford, Mansfield and Willington)

### \$2,167,000

### GENERAL OBLIGATION BONDS, ISSUE OF 2011 (BANK QUALIFIED) BOOK-ENTRY-ONLY

#### **Dated: Date of Delivery**

**Due: June 15, 2013-2026**

The Bonds will be general obligations of Regional School District Number 19 of the State of Connecticut, and its member towns of Ashford, Mansfield and Willington ("Member Towns"). Each Member Town in the District is required to pay its proportionate share of the District's costs and, for this purpose, each Member Town has the power to levy ad valorem taxes on all taxable property in such Member Town without limitation as to rate or amount, except as to certain classified property, and, with respect to the Town of Ashford only, as provided by a certain budget limitation ordinance entitled "Resolution 80". See "Security and Remedies" herein.

Interest on the Bonds will be payable on December 15, 2011 and semiannually thereafter on June 15 and December 15 in each year until maturity. The Bonds will be issued by means of a book entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, and interest on, the Bonds will be payable by the District to DTC or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown on the records of DTC. Ownership of the Bonds may be in principal amounts of \$1,000 or integral multiples thereof. See "Book-Entry Transfer System" herein.

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

**The Bonds are subject to optional redemption prior to maturity.** (See "Optional Redemption" herein).

The Bonds are being offered for sale in accordance with an official Notice of Sale dated May 31, 2011. Electronic bids via **PARITY®** for the Bonds will be received until 11:00 o'clock A.M. (E.D.T.) on Thursday, June 9, 2011 at the offices of Day Pitney LLP, 242 Trumbull Street, 6<sup>th</sup> Floor, Bushnell Conference Room, Hartford, Connecticut, as described in the official Notice of Sale. (See "Appendix D" herein).

#### MATURITIES AND AMOUNTS

				Interest						Interest	
<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>		
2013	\$152,000	%	%	758928***	2020	\$155,000	%	%	758928***		
2014	155,000			758928***	2021	155,000			758928***		
2015	155,000			758928***	2022	155,000			758928***		
2016	155,000			758928***	2023	155,000			758928***		
2017	155,000			758928***	2024	155,000			758928***		
2018	155,000			758928***	2025	155,000			758928***		
2019	155,000			758928***	2026	155,000			758928***		

*The Bonds are offered for delivery when, as, and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive form will be made on or about June 23, 2011 in New York, New York.*

**Dated: May 31, 2011**

No dealer, broker, salesman or other person has been authorized by Regional School District Number 19 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 herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

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 hereunder 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.

Set forth in Appendix A – “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.

Other than as to matters expressly set forth in "Appendix B - Opinion of Bond Counsel and Tax Exemption" Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Independent Bond and Investment Consultants LLC, the District's Financial Advisor, has assisted the District in the preparation of this Official Statement from information supplied by District Officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

This Official Statement is in a form "deemed final" by the District for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The District currently files its official statements for primary offerings with the Municipal Rulemaking Board's Electronic Municipal Market Access web portal. 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 for Bonds"), to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events within 10 days of the occurrence of such 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 for the Bonds.

**BOND COUNSEL**  
**DAY PITNEY LLP**

Hartford, Connecticut  
(860) 275-0100

**INDEPENDENT FINANCIAL ADVISOR**  
**INDEPENDENT BOND AND**  
**INVESTMENT CONSULTANTS LLC**

Madison, Connecticut  
(203) 245-8715

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## BOND SALE SUMMARY

<b>Date of Sale:</b>	Thursday, June 9, 2011, at 11:00 o'clock A.M. (E.D.T).
<b>Location of Sale:</b>	Office of Day Pitney, LLP, 242 Trumbull Street, 6th Floor, Bushnell Conference Room, Hartford, Connecticut 06103-1212.
<b>Issuer:</b>	Regional School District No. 19, Connecticut (the "District"). (Towns of Ashford, Mansfield and Willington)
<b>Issue:</b>	\$2,167,000 General Obligation Bonds, Issue of 2011
<b>Dated Date:</b>	Date of Delivery, June 23, 2011.
<b>Interest Due:</b>	June 15 and December 15 in each year, commencing December 15, 2011.
<b>Principal Due:</b>	Serially, June 15, 2013-2026.
<b>Purpose and Authority:</b>	The Bonds are being issued to finance athletic facility improvements at the District's High School.
<b>Redemption:</b>	The Bonds <u>are</u> subject to redemption prior to maturity. (See "Optional Redemption" herein).
<b>Security:</b>	The Bonds will be general obligations of Regional School District 19 of the State of Connecticut and its member Towns of Ashford, Mansfield and Willington. The District will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The District has made an application to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. Currently, the District's outstanding bonds are rated "Aa3" by Moody's (See "Ratings" herein).
<b>Basis of Award:</b>	Lowest True Interest Cost (TIC), as of the dated date.
<b>Tax Exemption:</b>	See Appendix B herein.
<b>Availability of Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided financial information and operating data and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the District in substantially the form attached as Appendix C to this Official Statement.
<b>Bank Qualification:</b>	The Bonds <u>SHALL</u> be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds
<b>Certifying Bank, Registrar, Transfer and Paying Agent:</b>	U.S. Bank National Association, of Hartford, Connecticut.
<b>Legal Opinion:</b>	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made on or about June 23, 2011, against payment in Federal Funds.
<b>Issuer Official:</b>	Questions regarding the District and this Official Statement should be directed to Ms. Cheryl A. Trahan, School Business Manager, Regional School District # 19, Audrey P. Peck Municipal Building, 4 South Eagleville Road, Mansfield, Connecticut - Telephone (860) 429-3343.

## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page and Appendices, has been prepared by Regional School District Number 19 of the State of Connecticut (the "District"), in connection with the sale by the District of \$2,167,000 General Obligation Bonds, Issue of 2011.

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.

This 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. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the District.

### Description of the Bonds

The Bonds are general obligations of Regional School District Number 19, will be dated the date of delivery and will mature in annual installments on June 15 in the years and amounts as set forth on the cover page hereof. Interest will be payable on December 15, 2011 and semiannually thereafter on June 15 and December 15 in each year until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of the last business day of May and November in each year. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$1,000 or integral multiples thereof, except any odd amount, with transfers of ownership effected 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 System" herein.

The Registrar and Certifying, Paying Agent and Transfer Agent will be U.S. Bank National Association, Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Day Pitney LLP, of Hartford, Connecticut, as described in Appendix B. The Bonds SHALL be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and described herein. The Bonds ARE subject to optional redemption prior to maturity.

### Authorization and Purpose of Issue

Authorization: The Bonds are being issued pursuant to Titles 7 and 10 of the Connecticut General Statutes, as amended, and bond resolution adopted by the Board of Education on August 3, 2010 and approved by the voters at referendum on September 28, 2010.

Purpose: The proceeds of the bonds will be used to finance the following projects:

**Athletic Facility Improvements** – An appropriation and authorization in the amount of \$2,167,000 for costs of renovations and improvements to various athletic facilities of the District at E.O. Smith High School, including renovation of the onsite athletic track, inner game field and exterior tennis/basketball courts, installation of a synthetic athletic field and installation of conduits and wiring to provide for the possible installation of lights at a future date, and which may include, to the extent of available funds, bleacher installation; for costs of related materials, equipment and improvements; and for costs of the financing of the project.

<u>Projects</u>	<u>Appropriation/ Authorization</u>	<u>The Bonds (This Issue)</u>
Athletic Facility Improvements	\$2,167,000	\$2,167,000

## **Optional Redemption**

The Bonds maturing on or before June 15, 2016 are not subject to redemption prior to maturity. The Bonds maturing on June 15, 2017 and thereafter are subject to redemption prior to maturity, at the option of the District, on or after June 15, 2016, at any time, either in whole or in part, in such amounts and in such order of maturity, but by lot within a maturity, as the District may determine, at the redemption prices (expressed as a percentage of the par amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u><b>Redemption Dates</b></u>	<u><b>Redemption Price</b></u>
June 15, 2016 and thereafter	100%

## **Notice of Redemption**

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

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the District in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$1,000 or some 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 \$1,000.

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

## **Ratings**

The District has applied to Moody's Investor's Service ("Moody's") for a rating on the Bonds. The District's outstanding bonds are currently rated "Aa3" by Moody's. Such rating reflects only the views of such organization and any explanation of the significance of such rating should be obtained from the rating agency, at the following address: Moody's Investors Service, Inc. 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody's if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the District's bonds.

## **School Projects**

The State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. The State grants will be paid directly to the school district or municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs.

Debt service reimbursement will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the prior program, a school district or municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for principal and interest costs for eligible



school construction expenses over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the school projects. The District does not expect to receive any reimbursement for the project financed by the Bonds.

## **Security and Remedies**

The Bonds will be general obligations of Regional School District Number 19 of the State of Connecticut and its Member Towns of Ashford, Mansfield and Willington. 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 or qualified disable persons taxable at limited amounts and, with respect to the Town of Ashford only, except as provided by the budget limitation ordinance of said Town entitled "Resolution 80" adopted at referendum held April 29, 1980. Under existing statutes, the State of Connecticut is obligated to pay the Member Towns the amount of tax revenue which the Member Towns would have received except for the limitation under certain of the Statutes upon their power to tax dwelling houses of qualified elderly persons of low income.

On the last completed grand list of the Town of Ashford there were 97 such acres of certified forest land. On the last completed grand list of the Town of Mansfield there were 25 such acres of certified forest land and for the Town of Willington the last completed grand list had 225 acres of certified forest land. Under existing statutes, the State of Connecticut is obligated to pay the District's Member Towns the amount of tax revenue which each such town would have received except for the limitation on its power to tax such dwelling houses or the Town may place a lien on the property for the amount of tax relief granted plus interest.

The budget limitation ordinance of the Town of Ashford reads, in relevant portion, as follows:

"The Purpose of this ordinance is to limit by town ordinance the increase in the annual combined town budget to revenue generated by growth in The Grand List, in State and Federal assistance, and other income, except for increases, voted upon by Town Meeting, necessary to cover debt service on legal obligations, court judgments against the Town, State mandated programs and emergency expenditures."

"In the event of property revaluation, the actual dollar increase in the combined town budget shall be limited to the dollar amount of increase in the preceding year's budget or the average amount of increase over the preceding three years, whichever is lower."

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

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

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

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

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

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

**REGIONAL SCHOOL DISTRICT NUMBER 19 OF THE STATE OF CONNECTICUT HAS NEVER  
DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**Book-Entry Transfer System**

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 securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond and Note ("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 confirmation 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records

reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the 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 securities 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 nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry 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 provided by DTC. The District takes no responsibility for the accuracy thereof.

### **Replacement Bonds**

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

### **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.

### **Qualifications for Financial Institutions**

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

## SECTION II -THE ISSUER

There follows in this Official Statement a brief description of the District and its Member Towns together with certain information concerning their economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

### **General Description - The District**

The facilities and offices of Regional School District Number 19 are located in the Town of Mansfield, Connecticut. The District services the Towns of Ashford, Mansfield and Willington. District administrative offices and school are located in Mansfield, where the Superintendent's office is located. The District presently serves all of the public school population within the Member Towns in grades nine through twelve.

The District's only school, E. O. Smith High School, was owned by the State of Connecticut and had been run by the University of Connecticut since its inception in 1958 through June 30, 1987. By Public Act 84-42 the State Legislature voted to relinquish the school to the Town of Mansfield or the Town of Ashford or both towns providing that one or both towns agreed to pay for the physical rehabilitation of the school. The Town of Willington subsequently joined the District in 1993.

The University of Connecticut signed an agreement with Mansfield and Ashford which required the University to cause the State Treasurer to execute and deliver the deed to the school to the towns on July 1, 1987. When the State deeded the school, Mansfield and Ashford assumed the remaining indebtedness on the State's Bonds which were originally issued to finance the school. The final principal and interest on such debt was paid in fiscal year 1988-89.

Mansfield and Ashford voters agreed to the financing of the project which included the renovation of the school. Mansfield contributed seventy-five percent (75%) and Ashford contributed twenty-five percent (25%) of the total funding.

On February 11, 1986, the electorate of both towns voted to establish a new regional school district. On July 1, 1987, Regional School District Number 19 became the owner of the land and buildings of E. O. Smith High School, pursuant to the agreement. The organizational meeting of the Regional Board of Education was held on April 2, 1986. On November 2, 1993 the electors of Ashford, Mansfield and Willington voted to include the Town of Willington in the District.

In 2008, the District in collaboration with Big Picture ([www.bigpicture.org](http://www.bigpicture.org)) founded E.O. Smith High School @ the Depot Campus. The "Depot" provides a non-traditional educational experience for students who have demonstrated the need for a smaller and more personalized instructional setting. "The Depot" offers students an educational experience that is grounded in authentic "real world" internship experiences and individual learning plans derived from students' interests.

The Regional Board consists of twelve members, 4 from Ashford, 4 from Mansfield and 4 from Willington, each elected by the respective towns. Member voting is weighted according to the proportion of each town's population to the total regional population.

The District's operating and debt service expenses are paid from direct state grants for education, transportation, tuition reimbursement and bond subsidy and by the Member Towns in proportion to the number of pupils from each Town attending school. The approximate current percentages are Ashford 20.62%, Mansfield 54.89% and Woodbridge 24.49%. Payments by Member Towns are made to the District in monthly installments in accordance with a budget for operation of the District on a current cash basis.

Beginning in Fiscal Year 2011-12, the District is enrolling students from the Town of Columbia on a tuition basis. Declining enrollments have provided the opportunity to accept students from a neighboring town who does not have their own high school. At this time, thirty-six students are enrolled for the 2011-12 school year. Also with a strong special education program, the District accepts special education students from neighboring communities on a tuition basis.

If a member town of the District fails to include in its annual budget amounts necessary to pay for its proportionate share of the annual District budget, ten or more taxable inhabitants of a town within the District, a majority of the Board of Selectmen of any member town, the Attorney General, a holder or owner of bonds 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 deficiency to exist, it shall order such town, through its treasurer, selectmen and assessor, to provide a sum of money equal to one hundred twenty-five percent thereof. The amount of the deficiency shall be paid by the town to the Regional School District as soon as it is available; the additional sum of twenty-five percent shall be kept in a separate

account by such town and shall be applied toward payment of such town's share of the annual budget of the District in the following year. If such order is made after the fixing of the annual tax rate of such town, the sums included in such order shall be provided by the town from any available cash surplus, from any contingency fund, from borrowing, through a rate bill under the provisions of Section 12-123 of the Connecticut General Statutes, as amended, or from any combination thereof. Under the provision of Section 10-63f of the Connecticut General Statutes, the withdrawal of a town from the District or the dissolution of the District, shall not impair the obligation of the withdrawing town or the District to the holders of District bonds or other outstanding indebtedness issued prior to withdrawal or dissolution.

### **General Description - Town of Ashford**

The Town of Ashford, settled in 1710 and probably named for Ashford in Kent, England, was incorporated as Connecticut's forty-fourth town in October 1714. It covers an area of 40.3 square miles about 32 miles east of Hartford and 45 miles west of Providence on the old Hartford-Providence Turnpike. The University of Connecticut, located in the adjoining Town of Mansfield, is a major influence on the character of the community.

The Town was originally part of the Wabbaquasset country conveyed to Major Fitch by Owaneco, the son of Uncas, chief of the Mohegans. It was not the site of any established Indian settlements but was occupied at times by hunting or war parties. Ashford was crossed by the Old Connecticut Path which was originally an Indian trail over the hills near the headwaters of the streams where fording was a minor problem. Thomas Hooker followed this trail when he brought the first colonists to Connecticut, and it continued in regular use though no one settled here until after the valley towns were incorporated. The Path was replaced by turnpikes which were traveled by such people as George Washington, Mark Twain, and Odell Shepard. A suitable grade could not be found for the railroad so it was detoured around Ashford and the Town declined until the building of the State highways. U.S. Routes 44 and 74 replaced the Providence Turnpike and Interstate Route 84 replaced the Boston Turnpike. Route 89 serves as a connector between them.

Rural electrification and town aid road grants made it possible for those seeking to leave the cities to live here and work out of town. Ashford is equipped with two private nursery schools, the Ashford Elementary School (kindergarten through eighth grade), and the E.O. High School which is part of Regional School District Number 19 (grades nine through twelve). The Windham Technical School in Willimantic and the Harvard H. Ellis School in Danielson are easily accessible and offer training in a wide variety of skills. For advanced education, there is the University of Connecticut, Eastern Connecticut State University in Willimantic, the Quinebaug Valley Community College in Danielson, and the Manchester Community College.

The Lake Chaffe Improvement Association is the only separate tax district located within the territorial limits of the Town. Regional School District Number 19 is the only overlapping governmental entity for financial statements reporting purposes.

The Town has a Town Meeting form of government with a Board of Selectmen consisting of three elected members serving concurrent two-year terms and a Board of Finance consisting of six elected regular members and three elected alternates serving overlapping six-year terms. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes. Ashford does not have a Charter. The Town Meeting is the legislative body and must approve the annual budget, all special appropriations or expenditures over \$20,000 and all bond and note authorizations. The First Selectman, who is a member of the Board of Selectmen, is the chief executive officer of the Town and is responsible for administration of all Town matters with the exception of the education system. Presiding over the Board of Selectmen, the First Selectman has full voting privileges.

The Board of Finance is the budget-making authority and is responsible for financial and taxation matters, presenting the annual operating budget and special appropriations to the Town Meeting for its approval and establishing the tax rate.

### **General Description - Town of Mansfield**

The Town of Mansfield encompasses approximately 45.1 square miles. The Town is bounded on the east by Chaplin, on the north by Willington and Ashford, on the south by Windham, Lebanon and Columbia, and on the west by Coventry. The Town of Mansfield was first settled in 1692 as part of Windham. In October, 1702, the Connecticut General Assembly granted a charter of incorporation to the Town of Mansfield which was formed out of Windham.

The Town is served by three major highways: the Middle Post Road and Turnpike (Route 44) and the Norwich-Tolland Turnpike (Route 195). Route 195 connects to the North with Interstate 84 for east-west access to Hartford and Boston. Mansfield is also located within an hour's drive of Bradley International Airport in Windsor Locks, Connecticut and T.F. Greene Airport located south of Providence, Rhode Island.

The Town and the immediate region are the beneficiary of the University of Connecticut being located in Mansfield. The University is a land grant University that was founded in 1881 as Storrs Agricultural School. With over 5,000 employees in Storrs, the University is the major employer for the Town and the surrounding region.

From January 1, 1990 through October 1, 2009, the Town has expended in excess of \$2.9 million to acquire open space land. During this period the Town has purchased thirty-one properties totaling over 1,014 acres of land. The Town currently owns over 2,600 acres of land exclusive of schools, cemeteries and other municipal buildings.

The Town operates under the provisions of its Charter and the General Statutes of the State of Connecticut. Since 1970, when the Town established the Town Manager/Council form of government, the legislative power of the Town was vested in a nine member council, elected at large for terms of two years, and the Town Meeting. The Mayor is elected by majority vote of the council. The Town Manager, who is the chief executive officer, manages the operations of the Town. The Town Council is responsible for presenting the fiscal operating budgets to the Town Meeting for approval. The Board of Education is responsible for the operation of the elementary school system.

### **General Description -Town of Willington**

The Town of Willington, located in Tolland County, is approximately 25 miles northeast of Hartford and two miles from the main campus of the University of Connecticut at Storrs. The Town is bounded on the north by the Towns of Stafford and Union, on the east by the Town of Ashford on the south by Mansfield, on the west by Ellington and Tolland. The Town of Willington was incorporated in 1727 and covers an area of 34.8 square miles. It is traversed by Interstate 84 and state routes 32, 44, 74, and 320.

The Town operates under the provisions of the General Statutes of the State of Connecticut. The Board of Selectmen, elected to two year terms, consists of three members and functions as the executive authority of the Town in accordance with the provisions of the General Statutes of the State of Connecticut. The First Selectman, who is the chief executive officer and Administrative Officer of the Town, oversees the execution of all laws and ordinances governing the Town. The Board of Finance, elected to six year staggered terms, consists of six members who are responsible for proposing annual budgets and special appropriations at Town Meetings and work closely with the First Selectman and Treasurer to establish and enforce fiscal policy as well as internal control policies and procedures. The Board of Finance reviews requests for funding from the Board of Selectmen, Board of Education and other agencies and officials. The Board of Education, elected to four year staggered terms, consists of seven members and is responsible for the operation of the elementary and middle school system. Willington also elects four members to the Regional 19 Board of Education.

The Town of Willington provides a range of services, including ambulance and fire protection, recreational activities and cultural events. The Town participates in the Mid-Northeast Recycling Operation Committee for collection of recyclable materials and household hazardous wastes. It is a member of the fire-town Eastern Highlands Health District for the purpose of providing environmental health-related services including septic design reviews, restaurant inspections and health education. Also, the Board of Selectmen appoints members to the Willington Housing Authority, a related organization.

## District Officials

The current members of the Board of Education are:

Francis Archambault	Chairperson
Robert Jellen	Vice Chairperson
Robert Kremer	Treasurer
Elizabeth Peczuh	Secretary
Herbert Arico	
Janice Chamberlain	
Frank Krasicki	
Elizabeth McCosh-Lilie	
James Mark	
John Meyers	
Timothy Nolan	
Michael Sibigar	

Other District officials and professional advisors are:

Bruce W. Silva	Superintendent
Cheryl A. Trahan	Business Manager
Day Pitney LLP	Bond Counsel
Blum, Shapiro & Co. P.C.	Certified Public Accountants
Independent Bond and Investment Consultants LLC	Independent Financial Advisors

## District Facilities

The District presently operates one senior high school on two campuses (Main Campus and Depot Campus).

<u>Name of School</u>	<u>Grades</u>	<u>Capacity</u>	<u>Original Construction</u>	<u>Addition or Renovation</u>
E.O. Smith High School – Main	9-12	1,400	1958	1968,1986,1999
E.O. Smith High School - Depot	9-12	40	2008	2008

## Enrollment History

<u>Fiscal Year</u>	<u>Ashford</u>	<u>Mansfield</u>	<u>Willington</u>	<u>Tuition In</u>	<u>Students Outplaced</u> (1)	<u>Total Enrollment</u>
2001-02	231	631	260	64	11	1,197
2002-03	248	663	285	66	14	1,276
2003-04	246	653	298	56	20	1,273
2004-05	253	646	299	56	9	1,263
2005-06	259	664	293	54	16	1,286
2006-07	241	657	252	53	14	1,217
2007-08	224	651	247	62	7	1,191
2008-09	218	627	261	72	12	1,190
2009-10	235	631	259	63	13	1,201
2010-11	218	627	261	72	12	1,190

(1) Resident students receiving special education services at out-of-district placements.

Source: District Records.

## Enrollment Projections

<u>Fiscal Year</u>	<u>Ashford</u>	<u>Mansfield</u>	<u>Willington</u>	<u>Tuition In</u>	<u>Students Outplaced</u> <sup>(1)</sup>	<u>Total Enrollment</u>
2011-12	245	597	284	103	13	1,242
2012-13	252	589	266	133	13	1,253
2013-14	233	563	273	163	13	1,245
2014-15	247	578	257	193	13	1,288

(1) Resident students receiving special education services at out-of-district placements.

Source: District Projections.

## District Employees

The following is a breakdown by category of District employees as of June 23, 2011:

<u>Classification</u>	<u>Employees</u>
Administrators	6.0
Certified Teachers	105.0
Certified Support	12.3
Non-Certified	<u>41.4</u>
Total General Fund Supported Staff	164.7
Purchased/grant funded positions	<u>34.7</u>
Total Faculty/Staff	<u>199.4</u>

The following table reflects district employment for the prior ten years:

	<u>Administration</u>	<u>Certified Teachers</u>	<u>Certified Support</u>	<u>Non-Certified</u>	<u>Grant Positions</u>	<u>Total</u>
2011	6	105.0	12.3	41.4	34.7	199.4
2010	6	103.7	12.3	41.4	25.2	188.6
2009	6	105.3	12.1	47.4	25.2	196.0
2008	5	106.5	13.9	45.9	22.2	193.5
2007	5	104.0	14.9	42.9	22.2	189.0
2006	5	104.2	14.5	42.9	22.7	189.3
2005	5	102.9	14.0	44.4	23.6	189.9
2004	5	100.2	13.5	45.9	22.1	186.7
2003	5	100.2	12.8	47.4	22.2	187.6
2002	5	98.6	12.8	46.9	23.2	186.5

Source: District Officials



## Employee Collective Bargaining Representation

As of the date of this Official Statement the District maintains 173 employees who are supported by the General Fund. The following table sets forth a breakdown of employee representation by a collective bargaining agent and the date of expiration of the collective bargaining agreements:

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
115	E. O. Smith High School Teachers Association	June 30, 2012
12	Custodians and Maintenance Technicians	June 30, 2013

Connecticut General Statutes Sections 7-473c and 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity (in the case of a regional school district, the legislative body of each participating town) may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut 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 municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, 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 shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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## SECTION III -ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

<u>Year</u>	<u>Ashford</u>	<u>Mansfield</u>	<u>Willington</u>	<u>District</u>	<u>Tolland County</u>	<u>State of Connecticut</u>
1960	1,315	14,638	2,005	17,958	68,737	2,535,234
1970	2,156	19,994	3,755	25,905	103,440	3,032,217
1980	3,221	20,634	4,694	28,549	114,823	3,107,576
1990	3,580	21,103	5,979	30,662	128,699	3,287,116
2000	4,098	20,720	5,959	30,777	136,364	3,405,565
2009	4,470	25,268	6,169	35,907	150,461	3,518,288

Source: U.S. Department of Commerce, Bureau of the Census, 2000

### Age Characteristics of the Population

<u>Age</u>	<u>Town of Ashford</u>		<u>Town of Mansfield</u>		<u>Town of Willington</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	250	6.1	600	2.9	285	4.8	223,344	6.6
5 – 19	879	21.4	6,094 (1)	29.4	1,098	18.4	702,358	20.6
20 – 24	269	6.6	5,348 (1)	25.8	1,023	17.2	187,571	5.5
25 – 44	1,310	32.0	3,919	18.9	1,718	28.8	1,032,689	30.3
45 – 64	1,048	25.6	2,920	14.1	1,375	23.1	789,420	23.2
65 and over	342	8.3	1,839	8.9	460	7.7	470,183	13.8
Total	<u>4,098</u>	<u>100.0</u>	<u>20,720</u>	<u>100.0</u>	<u>5,959</u>	<u>100.0</u>	<u>3,405,565</u>	<u>100.0</u>

(1) Includes students residing in dormitories

Source: U.S. Department of Commerce, Bureau of Census, Census 2000.

### Educational Attainment

	<u>Town of Ashford</u>		<u>Town of Mansfield</u>		<u>Town of Willington</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Less than 9th grade	112	4.2	247	2.8	120	3.3	132,917	5.8
Grades 9-12 – no diploma	233	8.6	506	5.8	330	9.1	234,739	10.2
High School graduate	894	33.1	1,799	20.7	1,011	27.8	653,300	28.5
Some College - no degree	380	14.1	968	11.2	724	19.9	402,741	17.5
Associate Degree	139	5.2	462	5.3	216	5.9	150,926	6.6
Bachelors Degree	614	22.8	1,625	18.7	645	17.7	416,751	18.2
Graduate or Professional Degree	<u>326</u>	<u>12.1</u>	<u>3,073</u>	<u>35.4</u>	<u>596</u>	<u>16.4</u>	<u>304,243</u>	<u>13.2</u>
Totals	<u>2,698</u>	<u>100.0</u>	<u>8,680</u>	<u>100.0</u>	<u>3,642</u>	<u>100.0</u>	<u>2,295,617</u>	<u>100.0</u>

Source: U. S. Department of Commerce, Bureau of Census, Census 2000

### Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(1990)</u>	<u>(2000)</u>	<u>(1990)</u>	<u>(2000)</u>
Town of Ashford	\$40,143	\$61,693	\$17,376	\$26,104
Town of Mansfield	50,158	69,661	13,502 (1)	18,094 (1)
Town of Willington	49,417	70,684	16,738	27,062
Tolland County	51,436	70,856	17,849	25,474
Connecticut	49,199	65,521	20,189	28,766

(1) Includes students residing in dormitories

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

## Income Distribution

<u>Income of Families</u>	<u>Town of Ashford</u>		<u>Town of Mansfield</u>		<u>Town of Willington</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>	<u>Families</u>	<u>%</u>
\$ 0 to 9,999	99	6.3	550	10.4	189	8.0	33,423	3.8
10,000 to 14,999	76	4.8	274	5.2	124	5.3	23,593	2.7
15,000 to 24,999	133	8.5	668	12.7	208	8.8	63,262	7.1
25,000 to 34,999	152	9.7	494	9.4	237	10.1	75,413	8.5
35,000 to 49,999	228	14.5	699	13.2	370	15.7	120,134	13.6
50,000 to 74,999	428	27.2	889	16.9	508	21.6	198,924	22.5
75,000 to 99,999	248	15.8	731	13.9	386	16.4	141,981	16.0
100,000 to 149,000	148	9.4	632	11.9	268	11.4	132,177	14.9
150,000 to 199,999	39	2.4	177	3.4	20	0.9	42,472	4.8
200,000 or more	<u>23</u>	<u>1.4</u>	<u>159</u>	<u>3.0</u>	<u>42</u>	<u>1.8</u>	<u>54,368</u>	<u>6.1</u>
Total	<u>1,574</u>	<u>100.0</u>	<u>5,273</u>	<u>100.0</u>	<u>2,352</u>	<u>100.0</u>	<u>885,747</u>	<u>100.0</u>

Source: U.S. Department of Commerce, Bureau of the Census, 2000

## Major Employers

The following table sets forth the name and estimated number of persons employed within the District by the major employers located within the District:

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number of Employees</u>
University of Connecticut	University	5,017
Fed Ex Ground	Parcel Delivery	600
Town of Mansfield	Government/education	369
Department of Corrections	Northeast Correctional Center	240
Regional School District Number 19	High School Education	173
Travel Centers of America	Travel/Repair Facility	105
Town of Willington	Government/education	140
Town of Ashford	Government/education	<u>147</u>
Total		<u>6,791</u>

Source: Town Officials

## Unemployment Rate Statistics

The following table presents unemployment rates for the Member Towns, the Hartford Labor Market, the State, and the United States:

<u>Yearly Average</u>	<u>Town of Ashford</u>	<u>Town of Mansfield</u>	<u>Town of Willington</u>	<u>Hartford Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2001	2.2%	1.6%	2.1%	2.8%	3.3%	4.6%
2002	3.5	2.1	2.9	4.5	4.3	5.8
2003	4.6	2.5	4.1	5.9	5.5	5.8
2004	3.7	3.4	3.7	5.2	4.9	5.5
2005	4.0	3.9	3.8	5.1	4.9	5.1
2006	3.7	3.8	3.1	4.4	4.3	4.6
2007	3.9	4.0	3.4	4.7	4.6	4.6
2008	4.8	4.7	4.3	5.9	5.9	5.8
2009	6.3	5.3	5.8	8.1	8.0	9.3
2010	7.7	7.4	6.6	9.1	9.0	9.6
<u>2011 Monthly</u>						
January	8.7	7.5	7.5	9.6	9.6	9.8
February	8.9	7.6	7.3	8.6	9.6	9.5
March	9.4	8.4	7.1	9.3	9.3	9.2
April	7.8	6.9	6.1	8.9	8.9	8.7

Source: Connecticut Department of Labor.

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## SECTION IV - INDEBTEDNESS

### Computation of Debt Limit and Debt Margin - The District

As of June 23, 2011 (Pro Forma)

<b>Base for Establishing Debt Limit:</b>	<u>Towns of :</u>			<b>District Total</b>
	<u>Ashford</u>	<u>Mansfield</u>	<u>Willington</u>	
Total Fiscal Year 2010 unaudited tax collections (including interest, lien fees and State Reimbursement for Revenue Loss on Tax Relief for the Elderly):	\$8,384,551	\$23,930,741	\$11,093,608	\$43,408,900
<b>Debt Limit</b>				
Limit for School Building Purposes (2.25 times base)				\$97,670,025
<b>Indebtedness</b>				
Serial Bonds Outstanding				\$12,220,000
The Bonds				2,167,000
Authorized but Unissued Debt				-
Total Direct Indebtedness				<u>14,387,000</u>
Less:				
Estimated State Grants Receivable (1)				<u>( 8,559,114)</u>
Net Direct Indebtedness				<u>5,827,886</u>
Excess of Limit Over Outstanding and Authorized Debt				<u>\$91,842,139</u>

(1) The State of Connecticut will pay the District school building grants over the life of the bonds for prior issues approved prior to July 1, 1996 of which the principal portion is estimated to be \$8,559,114 for direct debt of the District.

Source: Audited financial statements; Town and District Officials.

### Calculation of Net Direct Indebtedness - The District

As of June 23, 2011 (Pro Forma)

<b>Bonded Debt</b>	
Bonds Payable	\$12,220,000
The Bonds	<u>2,167,000</u>
Total Bonded Debt	14,387,000
<b>Short-term Debt</b>	-
<b>Total Direct Debt</b>	<u>14,387,000</u>
Exclusions	
State Grants Receivable (1)	<u>( 8,559,114)</u>
<b>Total Net Direct Debt</b>	<u>\$ 5,827,886</u>

(1) The State of Connecticut will pay the District school building grants over the life of the bonds for prior issues approved prior to July 1, 1996 of which the principal portion is estimated to be \$8,559,114 for direct debt of the District.

Source: District and Town officials.

# **Computation of Debt Limit and Debt Margin - Town of Ashford**

As of June 23, 2011 (Pro Forma)

Total Fiscal Year 2010 tax collections (including interest and lien fees)	\$8,384,551
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	-
Base for Establishing Debt Limit	<u>\$8,384,551</u>

	General Purpose	School	Sewer	Urban Renewal	Unfunded Past Pension	Total Debt
<b>Debt Limit</b>	\$18,865,240					
(2.25 times base)						
(4.5 times base)		\$37,730,480				
(3.75 times base)			\$31,442,066			
(3.25 times base)				\$27,249,791		
(3.00 times base)					\$25,153,653	
(7.00 times base)						\$58,691,857
<b>Indebtedness</b>						
Bonds Payable	\$ 3,137,500	\$ 150,000	\$ -	\$ -	\$ -	\$3,287,500
Authorized But Unissued	-	-	-	-	-	-
Total Direct Indebtedness	<u>3,137,500</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,287,500</u>
Net Overlapping Debt						
RSD Number 19 (1)	-	<u>1,230,850</u>	-	-	-	<u>1,230,850</u>
Total Direct and Overlapping Indebtedness	<u>3,137,500</u>	<u>1,380,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,518,350</u>
Less:						
State Grants Receivable (2)	-	<u>( 99,342)</u>	-	-	-	<u>( 99,342)</u>
Total Overlapping and Net direct Indebtedness	<u>3,137,500</u>	<u>1,281,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,419,008</u>
Excess of Limit Over Outstanding Debt	<u>\$15,727,740</u>	<u>\$36,448,972</u>	<u>\$31,442,066</u>	<u>\$27,249,791</u>	<u>\$25,153,653</u>	<u>\$54,272,849</u>

(1) Prorated share (21.12%) of the District's total net direct indebtedness.

(2) As of June 15, 2011. The Town expects to receive proportional progress payments for on-going school construction projects.

Source: Audited financial statements; Town officials.

## **Calculation of Net Direct Indebtedness - Town of Ashford**

As of June 23, 2011 (Pro Forma)

### **Bonded Debt**

Bonds Payable	<u>\$3,287,500</u>
Total Bonded Debt	<u>3,287,500</u>

### **Short-term Debt**

<b>Total Direct Debt</b>	<u>-</u>
	<u>3,287,500</u>

### **Exclusions:**

School construction grants receivable (1)	<u>( 99,342)</u>
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### **Net Direct Debt**

Net Overlapping Debt (21.12% RSD #19)	<u>1,230,850</u>
Total Net Direct and Overlapping Debt	<u>\$4,419,008</u>

(1) As of June 15, 2011. The Town expects to receive proportional progress payments for on-going school construction projects.

Source: Audited financial statements; Town officials

# **Computation of Debt Limit and Debt Margin - Town of Mansfield**

As of June 23, 2011 (Pro Forma)

Total Fiscal Year 2010 collections (including interest and lien fees)	\$23,928,741
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	<u>2,000</u>
Base for Establishing Debt Limit	<u>\$23,930,741</u>

	<u>General Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Unfunded Past Pension</u>	<u>Total Debt</u>
<b>Debt Limit</b>						
(2.25 times base)	\$53,844,167					
(4.50 times base)		\$107,688,335				
(3.75 times base)			\$89,740,279			
(3.25 times base)				\$77,774,908		
(3.00 times base)					\$71,792,223	
(7.00 times base)						\$167,515,187
<b>Indebtedness</b>						
Bonds Payable	\$ 2,305,000	\$ 1,270,000	\$ 330,000	\$ -	\$ -	\$ 3,905,000
Authorized But Unissued	<u>3,423,380</u>	<u>635,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,059,324</u>
Total Direct Indebtedness	5,728,380	1,905,944	330,000	-	-	7,964,324
Net Overlapping Debt						
RSD Number 19 (1)	<u>-</u>	<u>3,263,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,263,033</u>
Total Direct and Overlapping Indebtedness	5,728,380	5,168,977	330,000	-	-	11,227,357
Less:						
State Grants Receivable (2)	<u>-</u>	<u>( 763,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 763,978)</u>
Total Overlapping and Net Direct Indebtedness	<u>5,728,380</u>	<u>4,404,999</u>	<u>330,000</u>	<u>-</u>	<u>-</u>	<u>10,463,379</u>
Excess of Limit Over Outstanding Debt	<u>\$48,115,787</u>	<u>\$103,283,336</u>	<u>\$89,410,279</u>	<u>\$77,774,908</u>	<u>\$71,792,223</u>	<u>\$157,051,808</u>

(1) Prorated share (55.99%) of the District's total net direct indebtedness.

(2) As of June 15, 2011. The Town expects to receive proportional progress payments for on-going school construction projects.

Source: Audited financial statements; Town officials.

## **Calculation of Net Direct Indebtedness - Town of Mansfield**

As of June 23, 2011 (Pro Forma)

### **Bonded Debt (1)**

Bonds Payable	<u>\$3,905,000</u>
Total Bonded Debt	<u>3,905,000</u>

### **Short-term Debt**

<b>Total Direct Debt</b>	<u><u>3,905,000</u></u>
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### **Exclusions:**

School construction grants receivable (2)	<u>-</u>
<b>Net Direct Debt</b>	<u>3,905,000</u>
Net Overlapping Debt (55.99% RSD #19)	<u>3,263,033</u>
Total Net Direct and Overlapping Debt	<u><u>\$7,168,033</u></u>

(1) Excludes \$4,059,324 of authorized but unissued debt.

(2) As of June 15, 2011. The Town expects to receive proportional progress payments for on-going school construction projects.

Source: Audited financial statements; Town officials

**Computation of Debt Limit and Debt Margin - Town of Willington**

As of June 23, 2011 (Pro Forma)

Total Fiscal Year 2010 collections (including interest and lien fees)	\$11,076,443
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	<u>17,165</u>
Base for Establishing Debt Limit	<u>\$11,093,608</u>

	<u>General Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Unfunded Past Pension</u>	<u>Total Debt</u>
<b>Debt Limit</b>	\$24,960,618					
(2.25 times base)		\$49,921,236				
(4.50 times base)			\$41,601,030			
(3.75 times base)				\$36,054,226		
(3.25 times base)					\$33,280,824	
(3.00 times base)						\$77,655,256
(7.00 times base)						
<b>Indebtedness</b>						
Bonds Payable	\$ 2,400,000	\$ -	\$ -	\$ -	\$ -	\$ 2,400,000
Authorized But Unissued	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Indebtedness	2,400,000	-	-	-	-	-
Net Overlapping Debt						
RSD Number 19 (1)	<u>-</u>	<u>1,334,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,334,003</u>
Total Direct and Overlapping Indebtedness	2,400,000	1,334,003	-	-	-	3,734,003
Less:						
State Grants Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Overlapping and Net Direct Indebtedness	<u>2,400,000</u>	<u>1,334,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,734,003</u>
Excess of Limit Over Outstanding Debt	<u>\$22,560,618</u>	<u>\$48,578,233</u>	<u>\$41,601,030</u>	<u>\$36,054,226</u>	<u>\$33,280,825</u>	<u>\$73,921,253</u>

(1) Prorated share (22.89%) of the District's total net direct indebtedness.

Source: Audited financial statements; Town officials.

**Calculation of Net Direct Indebtedness - Town of Willington**

As of June 23, 2011 (Pro Forma)

**Bonded Debt**

Bonds Payable	<u>\$2,400,000</u>
Total Bonded Debt	2,400,000

**Short-term Debt**

<b>Total Direct Debt</b>	<u>-</u>
	<u>2,400,000</u>

**Exclusions:**

School construction grants receivable	<u>-</u>
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**Net Direct Debt**

Net Overlapping Debt (22.89% RSD #19)	<u>1,334,003</u>
Total Net Direct and Overlapping Debt	<u>\$3,734,003</u>

Source: Audited financial statements; Town officials



## History of Outstanding Indebtedness - The District and Member Towns

### Fiscal Year Ending June 30:

#### Bonded Indebtedness

	<u>Ashford</u>	<u>Mansfield</u>	<u>Willington</u>	<u>The District</u>	<u>Total</u>
2010	\$3,675,000	\$1,520,000	\$2,550,000	\$17,955,000	\$25,700,000
2009	4,067,500	1,975,000	2,895,000	16,275,000	25,212,500
2008	4,460,000	2,505,000	3,240,000	17,955,000	28,160,000
2007	5,111,536	3,165,000	3,585,000	19,680,000	31,541,536
2006	5,527,550	3,970,000	780,000	21,385,000	31,662,550
2005	5,928,587	4,800,000	975,000	22,965,000	34,668,587
2004	6,168,471	5,780,000	1,275,000	24,465,000	37,688,471
2003	6,407,793	6,540,000	1,575,000	25,000,000	39,522,793
2002	2,927,484	7,715,000	1,875,000	26,375,000	38,892,484
2001	3,190,654	8,805,000	2,175,000	27,675,000	41,845,654

#### Short-term Indebtedness

	<u>Ashford</u>	<u>Mansfield</u>	<u>Willington</u>	<u>The District</u>	<u>Total</u>
2010	\$ -	\$ -	\$ -	\$ -	\$ -
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-
2003	-	-	-	-	-
2002	-	-	-	-	-
2001	-	-	-	-	-

## Outstanding Short-Term Indebtedness - The District and Member Towns

As of June 23, 2011, neither the District nor any of the member towns has any short-term indebtedness.

## Overlapping and Underlying Indebtedness

Apart from the District and the Lake Chaffee Improvement Association located within the Town of Ashford, there are no political subdivisions with power to issue debt or cause taxes to be levied on taxable property in the District. The gross outstanding indebtedness of the Member Towns, as of June 23, 2011, based on information furnished by these entities, is as follows:

<u>Overlapping Political Subdivision</u>	<u>Gross Outstanding Indebtedness</u>	<u>Excludable Indebtedness</u>	<u>Net Indebtedness</u>	<u>Percentage Applicable To District</u>	<u>Applicable to District Net Indebtedness</u>
Town of Ashford	\$3,287,500	\$(99,342)	\$3,188,158	100%	\$ 3,188,158
Town of Mansfield	3,905,000	-	3,905,000	100%	3,905,000
Town of Willington	2,400,000	-	2,400,000	100%	<u>2,400,000</u>
Total Net Overlapping and Underlying Indebtedness					<u>\$9,493,158</u>

## Current Debt Ratios

As of June 23, 2011 (Pro Forma)

	Amount of <u>Indebtedness</u>	Per <u>Capita</u> (1)	Percentage Of Full <u>Valuation</u> (2)
Direct Indebtedness (3)	\$14,387,000	\$ 400.70	0.56%
Net Direct Indebtedness (3)	\$ 5,827,886	\$162.31	0.22%
Direct Plus Net Overlapping Indebtedness (4)	\$23,880,158	\$665.09	0.92%
Net Direct Plus Net Overlapping Indebtedness	\$15,321,044	\$426.71	0.59%

- Notes: (1) The District's 2009 population is estimated at 35,907. (See "Population Trends" herein.)
- (2) The October 1, 2009, estimated Equalized Net Grand List, i.e. estimated full valuation of taxable property, as developed by the State of Connecticut, Office of Policy and Management, was as follows:

Town of Ashford	\$ 462,339,581
Town of Mansfield	1,457,680,568
Town of Willington	<u>670,234,110</u>
	\$2,590,254,259

- (3) See "Calculation of Net Direct Indebtedness" herein.
- (4) The District's applicable share of net overlapping indebtedness is \$9,493,158. (See "Overlapping and Underlying Indebtedness" herein.)

## Legal Requirements for Approval of Borrowing

The District has the power to incur indebtedness by issuing its bonds as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the District for the authorization of indebtedness.

## Temporary Financing

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

Temporary notes must be funded beyond ten years from their initial borrowing if written commitment exists for state and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

## Existing and Future Capital Project Financing - The District

After this issue, the District does not anticipate issuing additional debt for any on-going or proposed capital projects.

### Combined Schedule of Long Term Debt through Maturity - The District

As of June 23, 2011 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Payments (1)	The Bonds Principal Payments	Principal All Issues
2011	\$ 2,060,000	\$ 356,625	\$ 2,416,625	\$ -	\$ 2,060,000
2012	2,050,000	315,425	2,365,425	-	2,050,000
2013	2,005,000	274,425	2,279,425	152,000	2,157,000
2014	1,955,000	231,819	2,186,819	155,000	2,110,000
2015	1,910,000	182,944	2,092,944	155,000	2,065,000
2016	1,875,000	127,919	2,002,919	155,000	2,030,000
2017	1,540,000	73,856	1,613,856	155,000	1,695,000
2018	885,000	27,656	912,656	155,000	1,040,000
2019	-	-	-	155,000	155,000
2020	-	-	-	155,000	155,000
2021	-	-	-	155,000	155,000
2022	-	-	-	155,000	155,000
2023	-	-	-	155,000	155,000
2024	-	-	-	155,000	155,000
2025	-	-	-	155,000	155,000
2026	-	-	-	155,000	155,000
Total	<u>\$14,280,000</u>	<u>\$1,590,669</u>	<u>\$15,870,669</u>	<u>\$2,167,000</u>	<u>\$16,447,000</u>

(1) Includes \$2,060,000 in principal payments paid as of June 23, 2011.

Source: District annual audited financial reports; District officials.

### Schedule of Net Debt through Maturity - The District

As of June 23, 2011 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Payments (1)	State Grants Receivable	Existing Net Debt (1)
2011	\$ 2,060,000	356,625	\$ 2,416,625	\$( 1,753,274)	\$ 663,351
2012	2,050,000	315,425	2,365,425	( 1,718,476)	646,949
2013	2,005,000	274,425	2,279,425	( 1,657,115)	622,310
2014	1,955,000	231,819	2,186,819	( 1,591,330)	595,489
2015	1,910,000	182,944	2,092,944	( 1,528,083)	564,861
2016	1,875,000	127,919	2,002,919	( 1,463,642)	539,277
2017	1,540,000	73,856	1,613,856	( 1,197,145)	416,711
2018	885,000	27,656	912,656	( 716,655)	196,001
Total	<u>\$14,280,000</u>	<u>\$1,590,669</u>	<u>\$15,870,669</u>	<u>\$11,625,720</u>	<u>\$4,244,949</u>

(1) Includes \$2,060,000 in principal payments paid as of June 23, 2011.

Source: District annual audited financial reports; District officials.

# **Combined Schedule of Member Town Bonded Debt through Maturity – The Member Towns**

As of June 23, 2011 (Pro Forma)

Fiscal Year	Town of Ashford			Town of Mansfield			Town of Willington			Total Debt Service
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments	
2011	\$ 387,500	\$ 128,653	\$ 516,153	\$ 455,000	\$ 64,764	\$ 519,764	\$ 150,000	\$ 97,313	\$ 247,313	\$ 1,283,230
2012	382,500	116,709	499,209	460,000	137,361	597,361	150,000	91,500	241,500	1,338,070
2013	232,500	107,090	339,590	460,000	119,425	579,425	150,000	85,875	235,875	1,154,890
2014	232,500	99,721	332,221	365,000	98,745	463,745	150,000	80,250	230,250	1,026,216
2015	232,500	92,222	324,722	220,000	86,925	306,925	150,000	73,688	223,688	855,335
2016	232,500	84,407	316,907	220,000	80,324	300,324	150,000	67,219	217,219	834,450
2017	227,500	76,388	303,888	220,000	73,726	293,726	150,000	61,781	211,781	809,395
2018	227,500	68,144	295,644	220,000	67,124	287,124	150,000	56,344	206,344	789,112
2019	227,500	59,593	287,093	220,000	60,524	280,524	150,000	50,813	200,813	768,430
2020	227,500	50,888	278,388	220,000	53,925	273,925	150,000	45,000	195,000	747,313
2021	227,500	41,875	269,375	220,000	47,326	267,326	150,000	39,000	189,000	725,701
2022	227,500	36,606	264,106	220,000	40,723	260,723	150,000	33,000	183,000	707,829
2023	227,500	23,338	250,838	220,000	33,853	253,853	150,000	27,000	177,000	681,691
2024	22,500	18,169	40,669	220,000	25,600	245,600	150,000	21,000	171,000	457,269
2025	22,500	17,100	39,600	220,000	16,800	236,800	150,000	15,000	165,000	441,400
2026	22,500	16,031	38,531	200,000	8,000	208,000	150,000	9,000	159,000	405,531
2027	22,500	14,963	37,463	-	-	-	150,000	3,000	153,000	190,463
2028	22,500	13,894	36,394	-	-	-	-	-	-	36,394
2029	22,500	12,825	35,325	-	-	-	-	-	-	35,325
2030	22,500	11,756	34,256	-	-	-	-	-	-	34,256
2031	22,500	10,688	33,188	-	-	-	-	-	-	33,188
2032	22,500	9,619	32,119	-	-	-	-	-	-	32,119
2033	22,500	8,550	31,050	-	-	-	-	-	-	31,050
2034	22,500	7,481	29,981	-	-	-	-	-	-	29,981
2035	22,500	6,413	28,913	-	-	-	-	-	-	28,913
2036	22,500	5,344	27,844	-	-	-	-	-	-	27,844
2037	22,500	4,275	26,775	-	-	-	-	-	-	26,775
2038	22,500	3,206	25,706	-	-	-	-	-	-	25,706
2039	22,500	2,138	24,638	-	-	-	-	-	-	24,638
2040	22,500	1,069	23,569	-	-	-	-	-	-	23,569
Total	<u>\$3,675,000</u>	<u>\$1,149,155</u>	<u>\$4,824,155</u>	<u>\$ 4,360,000</u>	<u>\$ 1,015,145</u>	<u>\$ 5,375,145</u>	<u>\$ 2,550,000</u>	<u>\$ 856,783</u>	<u>\$ 3,406,783</u>	<u>\$13,606,083</u>

(1) Includes principal payments of \$992,500 made as of June 23, 2011.

Source: Annual audited financial reports; Town officials.

## **SECTION V -FINANCIAL DATA**

### **Accounting Policies**

The District's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the Notes to Financial Statements.

### **Basis of Accounting**

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

### **Financial Statements and Accounting Procedures**

The District employs outside independent auditors, Blum Shapiro of West Hartford, Connecticut. The most recent audited report covers the fiscal year ended June 30, 2010. Included in this Official Statement and made a part hereof as Appendix "A" are the "Financial Statements" of Regional School District Number 19, Ashford, Mansfield and Willington, Connecticut as of June 30, 2010, together with the opinion thereon rendered by Blum Shapiro., independent certified public accountants.

### **Budgetary Procedures**

It is the policy of the Board of Education to ask the Superintendent to direct the preparation of the budget and to submit it to the Board for its tentative approval and for later public hearing and approval. The Superintendent is asked to confer with the school staff on budgetary needs, as well as to consider priorities that have been determined by the Board.

The following deadlines pertaining to budget adoption are set by Connecticut law and District Policy:

1. Prior to March 1, each department head or other agency as designated by the superintendent submits budget requests accompanied by detailed estimates of expenditures to be made and, where appropriate, revenues to be collected during the ensuing fiscal year.
2. During March, the Superintendent presents to the Board of Education the revenue and expenditure detail for its consideration.
3. Not less than two weeks prior to the Annual Meeting, the Board must hold a public hearing on the proposed budget, at which time any person may recommend inclusion or deletion of expenditures.
4. After the public hearing, the Board shall prepare an annual budget for the next fiscal year and deliver a reasonable number of copies to each town clerk in the district.
5. Each town clerk must receive copies of the proposed budget at least five days before the Annual Meeting of the District, and make available other copies on request.
6. At the Annual Meeting of the District, which is held on the first Monday in May, the Board shall present a budget which includes statements of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current fiscal year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year and (6) such other information as is necessary in the opinion of the Board.
7. Should the budget be rejected by a majority vote of the eligible voters of the District present and voting at the Annual Meeting of the District, the Board must, within two weeks thereafter, 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.
8. By action of the Board referenced in the call to the Annual Meeting of the District, or by written petition submitted at least three days prior to the meeting of at least 200 voters eligible to vote in District meetings, the vote on the budget shall be by paper ballot at the Annual Meeting, or at referendum on the voting machines in each Member Town on the day following the Annual Meeting.
9. After the budget is approved, the Board shall estimate the share of the net expense to be paid by each Member Town in accordance with Connecticut General Statutes Section 10-51, and notify the respective town treasurer thereof.
10. The level of control for all legally adopted budgets is at the department level, except that the Superintendent has the authority to make budgetary transfers up to \$1,000 between departments.
11. The Board does not have the authority to expend beyond the total budget appropriation without district meeting approval.
12. Except for encumbrance accounting, all budgets are prepared on the modified accrual basis of accounting.

## Employee Pension Systems

### *The District*

Non-certified personnel, including clerical staff, janitorial staff, cafeteria staff and aids, participate in the State of Connecticut's Municipal Employees' Retirement System (MERS). MERS is the administrator of 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 for the employees of participating municipalities. MERS is considered to be part of the State of Connecticut financial reporting entity and is included in the State's financial report as a pension trust fund.

Plan benefits are set by State Statutes. MERS provides retirement benefits, as well as death and disability benefits. All benefits are vested after 10 years of continuous service. Members who retire after age 55 with 10 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

Actuarial valuations are performed by the State of Connecticut bi-annually, and the most recent valuation was as of July 1, 2008. In lieu of a full valuation as of July 1, 2009, updated asset information was provided and plan liabilities were rolled forward from the previous year to determine the funding requirements and status of the system. All roll forward calculations were based on the same membership data, provisions, actuarial assumptions and methods as those used in the July 1, 2008 valuation. Based on the aforementioned, the State's actuary estimated the combined system's Actuarial Accrued Liability to be \$1,820,858,153; the Actuarial Value of Assets to be \$1,618,566,498; the Unfunded Actuarial Accrued Liability to be \$202,291,655 and the funding ratio to be 88.9% as of July 1, 2009. The combined employer & employee contribution to the system in the plan year ending June 30, 2010 were \$53,095,460 in accordance with actuarially determined contribution requirements based on the measurement of the system as of July 1, 2009. The contributions consisted of \$47,614,337 in normal costs and a \$5,481,123 amortization of the unfunded actuarial accrued liability.

The following represents the District's funding of its contribution to the MERs over the last five years:

#### **Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2012 (1)	\$166,200	100.0%
2011 (1)	149,330	100.0%
2010	118,954	100.0%
2009	113,231	100.0%
2008	110,336	100.0%

(1) Adopted Budget.

The District does not have any liability for teacher pensions. All certified teachers employed by the District participate in the State of Connecticut Teachers' Retirement System under Section 10-183 of the General Statutes of the State of Connecticut. Teachers are eligible to receive a normal retirement benefit if he or she has either: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or; 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public school of Connecticut. The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. For the fiscal year ending June 30, 2010, teacher payroll subject to retirement amounted to \$8,628,920.

The State of Connecticut makes contributions to the system on behalf of the District's certified teachers based on an actuarial study performed utilizing the total payroll of covered teachers in the State. For the year ended June 30, 2010 the contribution allocable to the District was estimated to be \$1,334,847 and has been recognized as both a revenue and an expenditure in the general fund on a GAAP basis. For further information on the Plans, see Appendix A.

### *The Town of Ashford*

The Town of Ashford's pension plan covers substantially all full time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at twenty-one (21) years of age and after one year of service. The Town's contributions for each

employee are fully vested after six years' continuous service. As of June 30, 2010, there were 20 plan members. Plan members are not required to contribute to the plan. The Town is required to contribute 7% of employee covered payroll. For fiscal year ending June 30, 2010, the Town's total payroll was \$925,509, while payroll of individuals covered by the plan was \$744,760. The Town contributed \$52,133 or 7% of covered payroll.

All teachers and certificated administrators employed by the Town participate in the State of Connecticut Teachers' Retirement System under Section 10-183 of the General Statutes of the State of Connecticut. Teachers are eligible to receive a normal retirement benefit if he or she has either: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or; 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public school of Connecticut. The State of Connecticut makes contributions to the system on behalf of the Town's certified teachers based on an actuarial study performed utilizing the total payroll of covered teachers in the State.

Teachers are required to contribute 7.25% of their annual salary with the State of Connecticut funding the remaining cost benefit.

### ***The Town of Mansfield***

All Town employees participate in the Municipal Employees' Retirement System (MERS). MERS is the administrator of 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 for the employees of participating municipalities. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. MERS 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. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

Covered employees are required by State Statute to contribute 2 1/4% of earnings upon which Social Security tax is paid, plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The following represents the Town's funding of its contribution to the MERs over the last five years:

#### **Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2012 (1)	\$1,025,500	100.0%
2011 (1)	733,500	100.0%
2010	636,299	100.0%
2009	621,694	100.0%
2008	608,670	100.0%

(1) Adopted Budget.

The Town's annually required contribution is determined as a percentage of covered payroll. For the fiscal year ending June 30, 2010 the Town's required contribution was 7.5% of covered payroll. For the fiscal year 2010-11 the required contribution increased to 9.5% and is expected to increase to 11.6% of covered payroll in fiscal year 2011-12.

The Town does not have any liability for teacher pensions. All teachers and certificated administrators employed by the Town participate in the State of Connecticut Teachers' Retirement System under Section 10-183 of the General Statutes of the State of Connecticut. Teachers are eligible to receive a normal retirement benefit if he or she has either: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or; 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public school of Connecticut. The State of Connecticut makes contributions to the system on behalf of the Town's certified teachers based on an actuarial study performed utilizing the total payroll of covered teachers in the State. For the year ended June 30, 2010 the contribution

allocable to the Town was estimated to be \$1,596,014. Teachers contribute 7.25% of their annual salaries to the retirement system; neither the Board of Education nor the Town has a legal obligation to contribute to it.

### ***The Town of Willington***

The Town has a single-employer, contributory, defined benefit pension plan, covering substantially all full-time employees, except personnel of the Board of Education, appointed and elected officials. Employees are required to make contributions of 2.5% of wages and become fully vested after ten years of service. Eligible participants must be at least 18 years of age and not more than 60 at the date of employment. Normal retirement from Town service is age 65. The plan permits early retirement for participants at age 55 with 15 years of service.

Pension benefits for normal retirement under the plan is based on the average monthly compensation during the five consecutive years of service during which the participant's earnings were at their highest level. In determining a participant's average monthly compensation, the monthly compensation for the five years prior to normal retirement date and for any period for which the participants refused to contribute, will be disregarded. The participants' monthly benefit, which is funded by the purchase of an annuity, shall be equal to 1.667% of the average monthly compensation multiplied by the total number of years of employment with the Town, excluding years with less than 1,000 hours and a maximum of 30 years.

Based upon a July 1, 2010 valuation, the actuarial value of assets and liabilities were as follows:

#### **Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]</b>
7/1/2010	\$344,709	\$463,749	\$119,039	74.3%	\$210,457	56.6%

#### **Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Actuarial Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2010	\$20,796	\$20,356	97.8%
2009	19,511	16,598	85.1
2008	16,789	17,466	104.0

The Town does not have any liability for teacher pensions. All certified teachers employed by the Town participate in the State of Connecticut Teachers' Retirement System under Section 10-183 of the General Statutes of the State of Connecticut. Teachers are eligible to receive a normal retirement benefit if he or she has either: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or; 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public school of Connecticut. The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Boards. For the fiscal year ending June 30, 2010, teacher payroll subject to retirement amounted to \$3,801,172.

The State of Connecticut makes contributions to the system on behalf of the Town's certified teachers based on an actuarial study performed utilizing the total payroll of covered teachers in the State. For the year ended June 30, 2010 the contribution allocable to the Town was estimated to be \$588,041.



## Other Post Employment Benefits

### *The District*

The District in accordance with various collective bargaining agreements and State Statutes, administers a single-employer health care plan to provide medical to certain eligible retirees and their spouses. Retirees bear the full cost of their coverage. However, based on July 1, 2008 OPEB actuarial valuation, the District's Annual Required Contribution (ARC) is \$17,600 to cover an implicit rate subsidy. Beginning on July 1, 2009, the District began to account for and fund the ARC in a Post-Employment Healthcare Trust fund on a pay-as-you-go basis. The District plans to continue a funding strategy that provides for normal cost and the amortization of the accrued liability as recommended in its OPEB actuarial study. The net budget impact of the ARC is \$17,600, since the District is already contributing towards retiree health benefits. The District has included the net budget impact in its fiscal year 2011-12 budget.

Based upon a July 1, 2008 valuation, the actuarial value of assets and liabilities were as follows:

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2008	\$ -	\$223,600	\$223,600	0.0%	N/A	N/A

#### Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	N/A	\$17,600	N/A
2011 (1)	N/A	17,600	N/A
2010	\$32,600	29,800	91.4%
2009	31,500	13,900	44.3

(1) Adopted Budget. The July 1, 2010 valuation has not yet been completed, and therefore the District has not yet been provided the ARC for Fiscal Years 2011 and 2012.

In the July 1, 2008 actuarial valuation of the District's Plan, the Projected Unit Credit Cost Method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.5% initially, reduced by decrements to an ultimate rate of 4.1% after seven years. The Projected salary increase assumption was 4%. The UAAL is being amortized as a 25-year, closed level dollar amortization.

### *The Town of Ashford*

The Town does not provide any post employment health care benefits for retired Town employees. For all eligible Board of Education employees, the Town administers one single-employer, post retirement healthcare plan. The plan provides medical and dental insurance benefits for eligible Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations. The contributions are actuarially determined on an annual basis using the projected unit credit method. The total plan contribution was \$49,314 for 2010 and there was no employee contribution.

Based upon a July 1, 2008 valuation, the actuarial value of assets and liabilities were as follows:

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2008	\$ -	\$239,594	\$239,594	0.0%	N/A	N/A

#### Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$28,439	\$49,314	173.4%
2009	36,170	36,170	100.0%

In the July 1, 2008 actuarial valuation of the Town Plan, the Projected Unit Credit Cost method was used. The actuarial assumptions include a 4.0% investment rate of return which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 3.5%. The projected salary increase assumption was 4%. The UAAL is being amortized as a 10 year level dollar amortization.

#### *The Town of Mansfield*

The Town, in accordance with various collective bargaining agreements and State Statutes, is committed to providing health and other benefits to certain eligible retirees and their spouses through a single employer defined benefit plan. The Post-Employment Healthcare Trust covers all other Town and Board of Education employees, including teachers. Under the various collective bargaining agreements, retirees and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits. Funding and payment of postemployment benefits are accounted for in the Post-Employment Healthcare Trust. The Town plans to continue a funding strategy that provides for normal cost and the amortization of the accrued liability.

Based upon a July 1, 2008 valuation, the actuarial value of assets and liabilities were as follows:

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2008	\$246,800	\$1,916,300	\$1,669,500	12.88%	\$19,358,398	8.62%

#### Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	N/A	\$286,500	N/A
2011 (1)	N/A	284,234	N/A
2010	\$ 212,200	224,800	105.9%
2009	218,300	210,500	96.4%

(1) Adopted Budget. The July 1, 2010 valuation has not yet been completed, and therefore the Town has not yet been provided the ARC for Fiscal Years 2011 and 2012.

In the July 1, 2008 actuarial valuation of the Town Plan, the Projected Unit Credit Cost method was used. The actuarial assumptions include a 7.5% investment rate of return as a trust fund is in existence, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.5% initially, reduced by decrements to an ultimate rate of 4.1% after seven years. The projected salary increase assumption was 4%. The UAAL is being amortized as a 25 year, closed level dollar amortization.

### ***The Town of Willington***

The Town, in accordance with various collective bargaining and employment agreements, is committed to provide health benefits to certain eligible retirees and their spouses. Teachers covered under the union contract are eligible to receive other post-employment benefits. The Willington Board of Education pays 1% per every year of service of the post retirement costs for five years until the retiree reaches age 65. Actuarial valuations involve estimates of the fair value of reported amounts and assumptions about the probability of occurrence of future events. Currently, the State Teachers' Retirement Board will subsidize the monthly payments for a member in the amount of \$110 per month, or for a member and a spouse, \$220 per month. The subsidies are paid to the Town in quarterly installments. In addition, the current contract calls for the teachers to pay 16% toward insurance premiums.

As of April 1, 2010, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. However, in an effort to comply with the requirements of GASB Statements No. 43 and 45, the Town has retained an actuarial consultant, Milliman Inc. to perform an actuarial valuation to determine the Town's accrued OPEB liability and the annual required contribution (ARC) for the subsequent year.

Based upon a July 1, 2007 valuation, the actuarial value of assets and liabilities were as follows:

#### **Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]</b>
7/1/2007	\$ -	\$3,540,659	\$3,540,659	0.0%	\$3,702,791	95.6%

#### **Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2010	\$218,736	\$23,499	10.74%
2009	218,736	14,019	6.4%

In the July 1, 2008 actuarial valuation of the Town Plan, the Entry Age Actuarial Cost method was used. The actuarial assumptions include a 4.0% investment rate of return as a trust fund is in existence, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9.0% initially, reduced by decrements to an ultimate rate of 1.0% for three years to an ultimate rate of 6.0%. The assumption for future salary increases was 2.5%. The UAAL is being amortized as a 30 year, level percentage of payroll.

As of June 30, 2010, the funding and payment of post-employment benefits were accounted in the Town's General Fund. The Town's strategy currently is to fund through the purchase of premium based coverage, the current claims and administrative costs for post employment benefits. Although a trust fund may be established to exclusively control the funding and reporting of post employment benefits, the Town currently funds the post employment benefits provided to the retirees on a pay-as-you-go basis. There are currently 9 retirees and 42 active Town employees enrolled in the plan.

### **Investment Policies**

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 notes and bonds, 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, mutual funds and money market mutual funds.

The District's investment practices have been to invest only in certificates of deposit, the State of Connecticut Short-Term Investment Fund (STIF), and the State of Connecticut Tax-Exempt Proceeds Fund. The District does not invest in derivative based investment products. The District Treasurer has followed these investment practices and the District's operating funds and capital funds are currently invested in the following short-term investments: (1) the State of Connecticut Short-Term Investment Fund; and (2) the State of Connecticut Tax-Exempt Proceeds fund.

### **Property Tax Collection Procedure**

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 the Grand List, are the responsibilities of the respective Member Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located with the Member 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. Under Section 12-62 of the Connecticut General Statutes, each Member Towns must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Public Act 09-60 permits any municipality required to effect a revaluation of real property under Section 12-62 of the Connecticut General Statutes for the 2008, 2009 or 2010 assessment years, upon approval of its legislative body, to delay such revaluation until the 2011 assessment year. Any required revaluation subsequent to such a delayed revaluation shall re-commence at the point in the schedule required pursuant to Section 12-62 that the municipality was following prior to such delay. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

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

All business and personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70 percent of current fair market value.

Property taxes are levied on all assessed property on the Grand Lists of October 1 prior to the beginning of the fiscal year. At the discretion of the Member Towns and for the convenience of the taxpayers, real property taxes in excess of \$100 are payable in two installments, July 1 and January 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least twice a year, with interest charged at the rate of one and one-half percent per month, with a minimum charge of \$2. In accordance with State Law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Real estate accounts and other 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 8% of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum or at such rate as 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.

Motor vehicle lists are furnished to the Member Towns by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to property tax as if the motor vehicle had been included on the October Grand List. The tax is prorated, and the pro-ratio is based on the

number of months of ownership between October 1 and the following July 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits.

## Real Property Tax Levies and Collections

### Town of Ashford

Ending 6/30	Net Taxable Grand List	Tax Rate (In Mills)	Total Adj. Tax Levy	% Collected End of Each FY	Uncollected Taxes	
					End of Each FY	As of 6/30/10
2011	\$343,747,002	25.43	\$8,682,129	In Process	In Process	In Process
2010	341,100,209	25.00	8,371,275	98.2%	\$154,855	\$154,855
2009*	342,395,708	25.43	8,682,129	98.3	138,756	138,756
2008	244,354,303	33.70	8,265,539	98.1	153,567	68,099
2007	240,891,580	33.00	7,990,034	98.4	131,598	42,400
2006	234,172,380	31.60	7,465,732	98.2	136,513	35,725
2005	221,703,180	31.00	6,974,377	98.3	115,710	35,717
2004*	212,205,750	29.00	6,283,155	97.9	134,660	42,310
2003	178,435,038	34.50	6,109,278	98.1	117,434	15,364
2002	169,337,960	33.00	5,663,674	97.8	127,310	8,937

\* Revaluation.

Source: Annual audited financial statements, Town officials

### Town of Mansfield

Ending 6/30	Net Taxable Grand List	Tax Rate (In Mills)	Total Adj. Tax Levy	% Collected End of Each FY	Uncollected Taxes	
					End of Each FY	As of 6/30/10
2011*	\$973,722,578	26.68	\$25,507,520	In Process	In Process	In Process
2010	933,280,260	25.71	23,957,562	98.4%	\$389,648	\$389,648
2009	927,749,626	25.24	23,373,467	98.4	381,994	200,645
2008	914,191,034	23.87	21,769,741	98.5	329,642	157,784
2007	892,269,810	22.88	20,370,550	98.5	308,167	58,922
2006*	874,995,660	22.01	19,182,873	98.6	264,663	15,100
2005	594,074,238	30.93	18,325,498	98.4	285,979	7,069
2004	585,736,365	29.94	17,404,974	98.5	264,687	3,402
2003	555,647,065	27.50	15,487,465	98.2	282,749	713
2002	537,747,140	26.35	14,333,193	98.6	196,783	227

\* Revaluation.

Source: Annual audited financial statements, Town officials

### Town of Willington

Ending 6/30	Net Taxable Grand List	Tax Rate (In Mills)	Total Adj. Tax Levy	% Collected End of Each FY	Uncollected Taxes	
					End of Each FY	As of 6/30/10
2011	\$475,939,278	23.40	\$11,066,213	In Process	In Process	In Process
2010*	469,106,385	23.00	11,126,967	99.3%	\$107,770	\$107,770
2009	398,084,923	26.72	10,632,488	98.8	127,235	127,235
2008	393,258,856	25.78	10,208,212	99.1	76,843	16,318
2007	387,682,695	25.57	10,016,998	99.3	63,285	6,283
2006	377,304,730	25.51	9,737,618	99.0	67,222	5,871
2005*	371,259,277	24.77	9,263,063	99.1	46,315	5,693
2004	295,322,996	28.80	8,730,484	99.4	58,383	2,141
2003	290,692,347	27.25	8,009,889	99.4	47,756	-
2002	279,602,000	26.50	7,688,819	99.5	35,078	-

\* Revaluation.

Source: Annual audited financial statements, Town officials

## Largest Taxpayers

### Town of Ashford

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>Grand List Amount</u> <sup>(1)</sup>
Connecticut Light and Power	Public Utility	\$ 2,744,720
ING US Students No. 2 LLC	Apartments	2,705,980
ING US Students No. 3	Apartments	2,637,980
Birch Hill Apartments LLC	Apartments	2,339,590
Mericier, Normand & Denise	Equestrian Center	1,450,200
Woodlawn Apartments	Apartments	1,414,400
Grove Corporation	Commercial	1,261,000
Specyalski, Brian E.	Campground	1,082,800
Allen & Fitzpatrick Holding Inc	Apartments	951,700
Cadlerock Properties Joint Ventures LP	Commercial	911,200
Total		<u>\$17,499,570</u>

(1) Represents 5.1% of the net taxable grand list of \$343,747,002 as of October 1, 2009.

### Town of Mansfield

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>Grand List Amount</u> <sup>(1)</sup>
Connecticut Light & Power	Public Utility	\$11,894,406
Mansfield-Eastbrook Dev Corp LLC	Eastbrook Mall	9,242,310
ING US Students No 8 LLC	Apartments	10,285,870
Celeron Square Associates	Apartments	7,360,360
New Samaritan Corp.	Nursing Home	5,368,370
Colonial BT LLC	Apartments	6,342,280
ING US Students No 1 LLC	Apartments	8,371,580
Carriage Polo Run LLC	Apartments	4,895,240
Hayes-Kaufman Mansfield Assoc.	Shopping Plaza	4,655,000
Glen Ridge Cooperative, Inc.	Housing Co-Op	5,306,770
Total		<u>\$73,722,186</u>

(1) Represents 7.6% of the net taxable grand list of \$973,722,578 as of October 1, 2009.

### Town of Willington

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>Grand List Amount</u> <sup>(1)</sup>
FEDEX	Package Delivery Company	\$21,988,540
GLK Realty LLC	Apartments	10,481,840
ING US Students NO 7 LLC	Apartments	6,459,600
Storrs Polo Run LLP	Apartments	4,955,440
Royce Properties LLC	Truck Stops of America	4,891,510
Connecticut Light & Power	Public Utility	4,287,070
Bank of America	Corporate	2,422,350
Edan Management Services	Apartments	1,990,800
C& S Willington LTD	Retail Plaza	1,831,900
Becker Lawrence	Land and Building	1,760,380
Total		<u>\$61,069,430</u>

(1) Represents 12.8% of the net taxable grand list of \$475,939,278 as of October 1, 2009.

## Revenues

The District derives its revenues from assessments from the Member Towns, state aid, federal aid, various fees and charges, and certain miscellaneous sources. District General Fund revenues are summarized for fiscal years ended 2004-2008 in "Statements of Revenues, Expenditures and Changes in Fund Balance" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

## Property Tax

The District does not levy a property tax. During Fiscal Year 2010-11, the Member Towns anticipate to derive portions of their annual revenues from property taxes as follows: Ashford, 63.7%, Mansfield, 57.2%, and Willington 72.3%.

## State and Federal Aid

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal and State Grants</u>	<u>Federal and State Grants As a Percentage Of General Fund Revenues</u>
2012 (1)	\$18,940,220	\$ 323,500	1.71%
2011 (1)	18,673,570	438,520	2.35
2010	19,765,585	1,669,383	8.46
2009	19,627,573	1,766,683	9.00
2008	21,540,571	4,685,157 (2)	21.75
2007	17,356,497	984,054	5.67
2006	16,502,875	1,015,306	6.15
2005	15,336,824	650,960	4.24
2004	14,615,059	796,074	5.45
2003	13,947,585	786,868	5.64

(1) Adopted Budget, does not include Teachers' Pension on-behalf payments.

(2) Includes \$4,231,057 on-behalf payments to Connecticut State Teachers' Retirement System and Employees' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Annual audited financial statements; fiscal years 2010-11 and 2011-12 adopted budgets.

## Expenditures

<u>Fiscal Year</u>	<u>Instructional Programs</u>	<u>General Administration</u>	<u>Employee Benefits</u>	<u>Transportation</u>	<u>Guidance Services</u>
2012 (1)	48.86%	16.79%	12.57%	6.30%	5.12%
2011 (1)	48.87	16.70	12.85	6.08	5.14
2010	47.80	16.56	19.35	6.60	4.67
2009	48.24	16.83	18.37	6.43	4.98
2008	41.26	41.26	29.19 (2)	5.47	4.57
2007	50.93	50.93	14.51	6.59	5.75
2006	50.90	50.90	15.23	6.55	5.62
2005	52.18	52.18	13.28	6.37	5.77
2004	52.24	52.24	13.50	6.29	5.50
2003	55.75	55.75	12.72	6.61	5.68

(1) Adopted Budget, does not include Teachers' Pension on-behalf payments.

(2) Includes \$4,231,057 on-behalf payments to Connecticut State Teachers' Retirement System and Employees' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: Annual audited financial statements; fiscal years 2010-11 and 2011-12 adopted budgets.

**Comparative General Fund Operating Statement  
Budget and Actual (Budgetary Basis)**

**The District**

	Fiscal Year 2009-2010			2010-11	2011-12
	Revised <u>Budget</u>	Actual <u>Operations</u>	Variance Favorable (Unfavorable)	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b>REVENUES</b>					
Assessment to member towns	\$17,473,930	\$17,473,930	\$ -	\$17,725,000	\$17,725,000
Intergovernmental	443,520	334,536	(108,984)	438,520	323,500
Charges for services	507,550	616,831	109,281	507,550	889,220
Interest Income	<u>5,000</u>	<u>5,441</u>	<u>441</u>	<u>2,500</u>	<u>2,500</u>
<b>TOTAL REVENUES</b>	<u>\$18,430,000</u>	<u>18,430,738</u>	<u>738</u>	<u>\$18,673,570</u>	<u>\$18,940,220</u>
<b>EXPENDITURES</b>					
Current:					
Instructional programs	\$ 9,010,073	9,010,073	-	\$ 9,125,510	\$ 9,254,020
Guidance services	875,901	875,901	-	959,920	969,180
Curriculum development	25,333	25,333	-	42,540	19,500
Educational media	202,063	202,063	-	210,910	217,040
General administration	3,096,324	3,096,324	-	3,119,070	3,179,930
Student activities	707,770	707,770	-	704,050	741,580
Transportation	1,237,128	1,237,128	-	1,136,250	1,192,360
Employee benefits	<u>2,293,108</u>	<u>2,292,842</u>	<u>266</u>	<u>2,399,640</u>	<u>2,380,930</u>
<b>TOTAL EXPENDITURES</b>	<u>17,447,700</u>	<u>17,447,434</u>	<u>266</u>	<u>17,697,890</u>	<u>17,954,540</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	982,300	983,304	1,004	975,680	985,680
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>( 982,300)</u>	<u>( 982,300)</u>	<u>-</u>	<u>( 975,680)</u>	<u>( 985,680)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>( 982,300)</u>	<u>( 982,300)</u>	<u>-</u>	<u>( 975,680)</u>	<u>( 985,680)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>1,004</u>	<u>\$ 1,004</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1		<u>2,909</u>			
Fund Balance, June 30		<u>\$ 3,913</u>			

Source: District officials; fiscal year 2010-11 and 2011-12 Adopted Budgets.



## Comparative Balance Sheets - General Fund

### The District

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>ASSETS</b>					
Cash	\$ 12,950	\$ 12,950	\$ 12,950	\$ 431,753	\$1,018,802
Investments	1,004,081	1,353,069	561,668	-	-
Accounts receivable	200,833	201,627	6,413	72,750	60,247
Due from other funds	<u>273,308</u>	<u>690,670</u>	<u>1,239,965</u>	<u>1,067,036</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$1,491,172</u>	<u>\$2,258,316</u>	<u>\$1,820,996</u>	<u>\$1,571,539</u>	<u>\$1,079,049</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Bank overdraft	\$ 684,731	\$1,049,161	\$ 683,512	\$523,679	\$ -
Accounts and other payables	151,588	308,738	239,801	81,918	122,177
Accrued liabilities	655,981	672,549	786,085	897,871	858,832
Deferred and unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,940</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,492,300</u>	<u>2,030,448</u>	<u>1,709,398</u>	<u>1,506,408</u>	<u>981,009</u>
<b>FUND BALANCES</b>					
Fund Balance:					
Reserve for encumbrances	9,143	132,913	110,065	55,155	94,127
Unreserved:					
Designated for subsequent years expenditures	-	94,726	-	-	-
Undesignated	<u>( 10,271)</u>	<u>229</u>	<u>1,533</u>	<u>9,976</u>	<u>3,913</u>
<b>TOTAL FUND BALANCES</b>	<u>( 1,128)</u>	<u>227,868</u>	<u>111,598</u>	<u>65,131</u>	<u>98,040</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$1,491,172</u>	<u>\$2,258,316</u>	<u>\$1,820,996</u>	<u>\$1,571,539</u>	<u>\$1,079,049</u>

Source: Annual audited financial statements.

# Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

## The District

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUES</b>					
Assessment to member towns	\$15,026,680	\$15,910,830	\$16,412,434	\$17,366,670	\$17,473,930
Intergovernmental	1,015,306	984,054	4,685,157 <sup>(1)</sup>	1,766,683	1,669,383
Charges for services	424,301	438,458	437,468	487,153	616,831
Investment income	<u>36,588</u>	<u>23,155</u>	<u>5,512</u>	<u>7,067</u>	<u>5,441</u>
<b>TOTAL REVENUES</b>	<u>16,502,875</u>	<u>17,356,497</u>	<u>21,540,571</u>	<u>19,627,573</u>	<u>19,765,585</u>
<b>EXPENDITURES</b>					
Current:					
Instructional programs	7,995,523	8,255,318	8,542,943	9,025,467	8,963,540
Guidance services	882,496	931,988	945,671	931,538	874,736
Curriculum development	32,462	52,370	53,149	48,516	25,333
Educational media	233,348	261,800	249,624	203,381	202,043
General administration	2,644,146	2,738,265	3,101,695	3,149,582	3,105,160
Student activities	499,384	548,693	639,391	710,274	714,755
Transportation	1,028,123	1,067,668	1,131,879	1,203,202	1,237,128
Employee benefits	<u>2,392,466</u>	<u>2,351,849</u>	<u>6,045,349</u>	<u>3,437,290</u>	<u>3,627,681</u>
<b>TOTAL EXPENDITURES</b>	<u>15,707,948</u>	<u>16,207,951</u>	<u>20,709,701</u>	<u>18,709,250</u>	<u>18,750,376</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	794,927	1,148,546	830,870	918,323	1,015,209
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>( 846,250)</u>	<u>( 919,550)</u>	<u>( 947,140)</u>	<u>( 964,790)</u>	<u>( 982,300)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>( 846,250)</u>	<u>( 919,550)</u>	<u>( 947,140)</u>	<u>( 964,790)</u>	<u>( 982,300)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 51,323)</u>	<u>228,996</u>	<u>( 116,270)</u>	<u>( 46,467)</u>	<u>32,909</u>
<b>FUND BALANCE, JULY 1</b>	<u>50,195</u>	<u>( 1,128)</u>	<u>227,868</u>	<u>111,598</u>	<u>65,131</u>
<b>FUND BALANCE, JUNE 30</b>	<u><u>\$ ( 1,128)</u></u>	<u><u>\$ 227,868</u></u>	<u><u>\$ 111,598</u></u>	<u><u>\$ 65,131</u></u>	<u><u>\$ 98,040</u></u>

(1) Includes \$4,231,057 on-behalf payments to Connecticut State Teachers' Retirement System and Employees' Retirement System. Amount is significantly higher than prior years due to State of Connecticut issuing Pension Obligation Bonds to fund the plan in FY 2007-08.

Source: District audited financial statements.

**Comparative General Fund Operating Statement  
(Budget and Actual (Budgetary Basis))**

**Town of Ashford**

	Fiscal Year 2009-2010			2010-11	2011-12
	Revised <u>Budget</u>	Actual <u>Operations</u>	Variance Favorable <u>(Unfavorable)</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b>REVENUES</b>					
Property taxes	\$ 8,350,981	\$ 8,390,817	\$ 39,836	\$ 8,642,931	\$ 8,786,526
Charges for services	349,510	351,961	2,451	334,103	321,047
Intergovernmental	4,531,767	4,617,308	85,541	4,509,673	4,469,762
Income from local sources	75,000	12,289	(62,711)	20,000	28,000
Other revenues	<u>58,966</u>	<u>175,097</u>	<u>116,131</u>	<u>52,208</u>	<u>43,322</u>
<b>TOTAL REVENUES</b>	<u>\$13,366,224</u>	<u>13,547,472</u>	<u>181,248</u>	<u>\$13,558,915</u>	<u>\$13,648,657</u>
<b>EXPENDITURES</b>					
Current:					
General government	\$ 851,588	\$818,565	33,023	\$ 837,876	\$ 826,807
Public safety	134,573	134,293	280	155,282	152,922
Public works	778,986	707,773	71,213	770,981	754,351
Health and welfare	46,354	45,727	627	48,595	49,653
Planning and development	130,152	117,267	12,885	125,140	127,675
Education	10,402,333	10,401,166	1,167	10,588,523	10,499,320
Other	454,882	381,623	73,259	421,965	494,320
Debt service	<u>536,522</u>	<u>536,021</u>	<u>501</u>	<u>516,153</u>	<u>499,209</u>
<b>TOTAL EXPENDITURES</b>	<u>13,335,390</u>	<u>13,142,435</u>	<u>192,955</u>	<u>13,464,515</u>	<u>13,404,257</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	30,834	405,037	374,203	94,400	244,400
<b>OTHER FINANCING SOURCES (USES):</b>					
Appropriation of fund balance	214,806	-	( 214,806)	150,000	-
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(245,640)</u>	<u>( 245,640)</u>	<u>-</u>	<u>( 244,400)</u>	<u>( 244,400)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>( 30,834)</u>	<u>( 245,640)</u>	<u>( 214,806)</u>	<u>( 94,400)</u>	<u>( 244,400)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	\$ <u>-</u>	<u>159,397</u>	<u>\$ 159,397</u>	2	-
Fund Balance, July 1		<u>1,608,068</u>			
Fund Balance, June 30		<u>\$1,767,465</u>			

Source: Fiscal Year 2008 audited financial statements; fiscal years 2010-11 and 2011-12 adopted budgets.

## Comparative Balance Sheets - General Fund

### Town of Ashford

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>ASSETS</b>					
Cash	\$ 53,899	\$ 841,944	\$ 18,023	\$ -	\$ 286,373
Investments	2,295,398	2,424,783	3,314,560	2,867,206	2,710,518
Receivables:					
Property taxes	304,668	339,408	402,438	422,611	473,692
Intergovernmental	12,065	-	20,000	-	-
Other	127,682	87,517	76,862	48,480	4,221
Due from other funds	<u>1,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,361</u>
<b>TOTAL ASSETS</b>	<u><b>\$2,795,659</b></u>	<u><b>\$3,693,652</b></u>	<u><b>\$3,831,883</b></u>	<u><b>\$3,338,297</b></u>	<u><b>\$3,544,165</b></u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Cash overdraft	\$ -	\$ -	\$ 707,578	\$ 145,465	\$ -
Accounts payable	33,325	25,525	151,838	119,241	215,650
Accrued payroll	146,957	157,798	193,231	267,286	292,696
Due to other funds	7,623	7,623	178,078	807,623	819,067
Unearned revenue	275,902	308,156	372,532	389,439	449,287
Other	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><b>463,807</b></u>	<u><b>504,102</b></u>	<u><b>1,603,257</b></u>	<u><b>1,729,054</b></u>	<u><b>1,776,700</b></u>
<b>FUND BALANCES</b>					
Fund Balance:					
Reserve for encumbrances	247,339	589,731	-	1,175	-
Unreserved:					
Designated for subsequent Year's budget	317,488	-	-	121,500	150,000
Undesignated	<u>1,767,025</u>	<u>2,599,819</u>	<u>2,228,626</u>	<u>1,486,568</u>	<u>1,617,465</u>
<b>TOTAL FUND BALANCES</b>	<u><b>2,331,852</b></u>	<u><b>3,189,550</b></u>	<u><b>2,228,626</b></u>	<u><b>1,609,243</b></u>	<u><b>1,767,465</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$2,795,659</b></u>	<u><b>\$3,693,652</b></u>	<u><b>\$3,831,883</b></u>	<u><b>\$3,338,297</b></u>	<u><b>\$3,544,165</b></u>

Source: Annual audited financial statements; Town officials.

# Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

## Town of Ashford

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUES</b>					
Property taxes	\$ 7,492,707	\$ 8,033,841	\$ 8,284,714	\$ 8,454,058	\$ 8,390,817
Charges for services	461,144	510,098	423,719	389,977	351,961
Intergovernmental revenues	4,316,018	4,629,417	6,761,186	5,027,254	5,101,308
Interest income	142,380	184,349	194,347	115,421	12,289
Other revenue	<u>45,960</u>	<u>33,217</u>	<u>37,900</u>	<u>30,468</u>	<u>175,097</u>
<b>TOTAL REVENUES</b>	<u>12,458,209</u>	<u>13,390,922</u>	<u>15,701,866</u>	<u>14,017,178</u>	<u>14,031,472</u>
<b>EXPENDITURES</b>					
Current:					
General government	721,921	437,207	1,290,402	802,638	819,740
Public safety	138,837	159,224	115,858	115,984	134,293
Public works	710,180	819,098	704,189	745,472	707,773
Health and welfare	133,780	141,471	181,921	49,891	45,727
Planning and development	-	-	-	116,675	117,267
Education	9,310,206	9,971,001	11,716,666	10,816,718	10,885,166
Other expenditures	334,117	371,054	349,854	378,589	381,623
Capital outlay	192,660	365,551	-	-	-
Debt Service	<u>568,781</u>	<u>623,443</u>	<u>847,307</u>	<u>553,740</u>	<u>536,021</u>
<b>TOTAL EXPENDITURES</b>	<u>12,110,482</u>	<u>12,888,049</u>	<u>15,206,197</u>	<u>13,579,707</u>	<u>13,627,610</u>
Excess (Deficiency) of revenues over expenditures	347,727	502,873	495,669	437,471	403,862
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets	10,400	40,705	-	-	-
Operating transfer in	83,975	614,805	-	-	-
Operating transfer out	<u>( 268,756)</u>	<u>( 300,685)</u>	<u>(1,456,593)</u>	<u>(1,056,854)</u>	<u>( 245,640)</u>
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>( 174,381)</u>	<u>354,825</u>	<u>(1,456,593)</u>	<u>(1,056,854)</u>	<u>( 245,640)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>173,346</u>	<u>857,698</u>	<u>( 960,924)</u>	<u>( 619,383)</u>	<u>158,222</u>
<b>FUND BALANCE, JULY 1</b>	<u>2,158,506</u>	<u>2,331,852</u>	<u>3,189,550</u>	<u>2,228,626</u>	<u>1,609,243</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 2,331,852</u>	<u>\$ 3,189,550</u>	<u>\$ 2,228,626</u>	<u>\$ 1,609,243</u>	<u>\$ 1,767,465</u>

Source: Annual audited financial statements; Town officials.

**Comparative General Fund Operating Statement  
(Budget and Actual (Budgetary Basis))**

**Town of Mansfield**

	Fiscal Year 2009-2010			2010-11	2011-12
	Revised <u>Budget</u>	Actual <u>Operations</u>	Variance Favorable <u>(Unfavorable)</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b>REVENUES</b>					
Property taxes	\$23,974,477	\$23,989,637	\$ 15,160	\$24,971,355	\$26,017,520
Intergovernmental	18,402,460	16,947,720	(1,454,740)	17,598,780	17,376,960
Investment income	140,000	28,601	(111,399)	80,000	25,000
Charges for services	838,200	823,667	(14,533)	973,650	909,170
Other local revenues	<u>2,500</u>	<u>3,279</u>	<u>779</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$43,357,637</u>	<u>41,792,904</u>	<u>(1,564,733)</u>	<u>\$43,623,785</u>	<u>\$44,328,650</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,238,262	2,238,262	-	\$ 2,274,415	\$ 2,337,720
Public safety	2,664,503	2,664,503	-	2,780,310	2,886,620
Public works	1,848,816	1,848,816	-	1,920,830	2,009,260
Community services	1,462,501	1,462,501	-	1,547,510	1,655,545
Community development	577,095	577,095	-	484,310	491,165
Townwide expenditures	2,523,913	2,475,156	48,757	2,500,860	2,576,780
Education	30,360,037	28,802,903	1,557,134	30,512,390	30,301,400
Restore fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>TOTAL EXPENDITURES</b>	<u>41,675,127</u>	<u>40,069,236</u>	<u>1,605,891</u>	<u>42,020,625</u>	<u>42,458,490</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,682,510	1,723,668	41,158	1,603,160	1,870,160
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	2,500	2,500		2,500	2,500
Operating transfers out	<u>(1,685,010)</u>	<u>(1,685,010)</u>	<u>-</u>	<u>( 1,605,660)</u>	<u>( 1,872,660)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>(1,682,510)</u>	<u>(1,682,510)</u>	<u>41,158</u>	<u>( 1,603,160)</u>	<u>( 1,870,160)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>41,158</u>	<u>\$ 41,158</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1		<u>1,824,737</u>			
Fund Balance, June 30		<u>\$1,865,895</u>			

Source: Fiscal Year 2008 audited financial statements; fiscal years 2010-11 and 2011-12 adopted budgets.

# **Comparative Balance Sheets - General Fund**

## **Town of Mansfield**

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>ASSETS</b>					
Cash	\$ 111,473	\$ 126,383	\$ -	\$2,635,729	\$ 758,086
Investments	3,994,287	3,365,660	3,187,643	-	-
Receivables:					
Property taxes	500,106	505,866	611,144	585,224	667,757
Intergovernmental	26,000	-	-	7,000	11,000
Other	95,505	50,888	70,885	87,617	82,196
Due from other funds	<u>322,492</u>	<u>781,722</u>	<u>1,259,823</u>	<u>2,675,841</u>	<u>3,014,735</u>
<b>TOTAL ASSETS</b>	<u>\$5,049,863</u>	<u>\$4,830,519</u>	<u>\$5,129,495</u>	<u>\$5,991,411</u>	<u>\$4,533,774</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Bank overdraft	\$ 313,125	\$ 586,473	\$ 378,972	\$ -	\$ -
Accounts and other payables	832,324	567,090	516,169	566,977	455,025
Accrued liability	862,862	774,412	1,324,463	1,589,002	995,289
Due to other funds	735,679	458,490	338,210	514,998	116,978
Deferred revenue	<u>572,244</u>	<u>548,165</u>	<u>584,102</u>	<u>1,192,461</u>	<u>718,994</u>
<b>TOTAL LIABILITIES</b>	<u>3,316,234</u>	<u>2,934,630</u>	<u>3,141,916</u>	<u>3,863,438</u>	<u>2,286,286</u>
<b>FUND BALANCE</b>					
Reserved for encumbrances	71,936	126,765	157,377	303,236	381,593
Unreserved:					
Undesignated	<u>1,661,693</u>	<u>1,769,124</u>	<u>1,830,202</u>	<u>1,824,737</u>	<u>1,865,895</u>
<b>TOTAL FUND BALANCE</b>	<u>1,733,629</u>	<u>1,895,889</u>	<u>1,987,579</u>	<u>2,127,973</u>	<u>2,247,488</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$5,049,863</u>	<u>\$4,830,519</u>	<u>\$5,129,495</u>	<u>\$5,991,411</u>	<u>\$4,533,774</u>

Source: Annual audited financial statements; Town officials.

# Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

## Town of Mansfield

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUES</b>					
Property taxes	\$19,380,701	\$20,551,473	\$21,921,177	\$23,498,662	\$23,989,637
Intergovernmental revenues	17,706,288	17,608,330	23,323,275	20,426,635	18,543,734
Investment income	420,493	552,299	454,890	93,973	28,601
Charges for services	924,356	1,024,246	916,490	742,345	823,667
Other local revenues	<u>-</u>	<u>2,520</u>	<u>9,205</u>	<u>10,607</u>	<u>3,279</u>
<b>TOTAL REVENUES</b>	<u>38,431,838</u>	<u>39,738,868</u>	<u>46,625,037</u>	<u>44,772,222</u>	<u>43,388,918</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,389,592	1,378,839	1,474,908	1,450,822	2,208,710
Public safety	2,400,021	2,516,977	2,737,817	2,784,298	2,658,650
Public works	2,505,746	2,763,637	2,906,396	2,959,616	1,850,850
Community services	1,504,867	1,605,045	1,466,836	1,519,110	1,473,335
Community development	296,701	292,526	303,371	368,847	577,728
Town-wide expenditures	2,647,899	2,124,445	2,247,118	2,521,997	2,475,155
Education	<u>27,262,086</u>	<u>28,212,264</u>	<u>34,026,981</u>	<u>31,969,128</u>	<u>30,342,499</u>
<b>TOTAL EXPENDITURES</b>	<u>38,006,912</u>	<u>38,893,733</u>	<u>45,163,427</u>	<u>43,573,818</u>	<u>41,586,927</u>
Excess (Deficiency) of revenues over expenditures	424,926	845,135	1,461,610	1,198,404	1,801,991
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	152,500	2,500	2,500	2,500	2,500
Operating transfers out	<u>( 500,500)</u>	<u>( 685,375)</u>	<u>(1,372,420)</u>	<u>(1,060,510)</u>	<u>(1,685,010)</u>
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>( 348,000)</u>	<u>( 682,875)</u>	<u>(1,369,920)</u>	<u>(1,058,010)</u>	<u>(1,682,510)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>76,926</u>	<u>162,260</u>	<u>91,690</u>	<u>140,394</u>	<u>119,481</u>
<b>FUND BALANCE, JULY 1</b>	<u>1,656,703</u>	<u>1,733,629</u>	<u>1,895,889</u>	<u>1,987,579</u>	<u>2,128,007</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 1,733,629</u>	<u>\$ 1,895,889</u>	<u>\$ 1,987,579</u>	<u>\$ 2,127,973</u>	<u>\$ 2,247,488</u>

Source: Annual audited financial statements; Town officials.



**Comparative General Fund Operating Statement  
(Budget and Actual (Budgetary Basis))**

**Town of Willington**

	Fiscal Year 2009-2010			2010-11	2011-12
	Revised <u>Budget</u>	Actual <u>Operations</u>	Variance Favorable <u>(Unfavorable)</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b>REVENUES</b>					
Property taxes	\$10,876,516	\$11,056,874	\$180,358	\$11,042,337	\$11,143,587
Intergovernmental	3,569,701	3,576,948	7,247	4,014,000	3,955,537
Investment income	30,000	14,792	( 15,208)	20,000	15,000
Licenses, fees and permits	146,000	136,425	( 9,575)	149,000	146,200
Miscellaneous	<u>52,000</u>	<u>50,303</u>	<u>( 1,697)</u>	<u>43,000</u>	<u>40,000</u>
<b>TOTAL REVENUES</b>	<u>\$14,674,217</u>	<u>14,835,342</u>	<u>161,125</u>	<u>\$15,268,337</u>	<u>\$15,300,324</u>
<b>EXPENDITURES</b>					
Current:					
General government	\$ 933,531	914,566	18,965	\$ 921,907	\$ 912,190
Public safety	392,381	392,246	135	622,839	589,515
Public works	1,122,503	1,118,139	4,364	1,181,640	1,118,979
Education	7,069,675	6,944,817	124,858	7,706,296	7,610,286
Regional School District No. 19	4,069,389	4,069,389	-	4,047,307	4,341,454
Townwide	397,097	384,797	12,300	425,500	457,403
Debt Service	454,348	454,348	-	305,535	243,597
Capital outlays	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,313</u>	<u>290,500</u>
<b>TOTAL EXPENDITURES</b>	<u>14,438,924</u>	<u>14,278,302</u>	<u>160,622</u>	<u>15,468,337</u>	<u>15,563,924</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	235,293	557,040	321,747	( 200,000)	( 263,600)
<b>OTHER FINANCING SOURCES (USES):</b>					
Appropriation of fund balance	200,000	-	(200,000)	200,000	263,600
Operating transfers in		57,628	57,628	-	-
Operating transfers out	<u>( 435,293)</u>	<u>( 435,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>( 235,293)</u>	<u>( 377,665)</u>	<u>(142,372)</u>	<u>200,000</u>	<u>263,600</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>179,375</u>	<u>\$179,375</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1		<u>1,599,726</u>			
Fund Balance, June 30		<u>\$ 1,779,101</u>			

Source: Fiscal Year 2008 audited financial statements; fiscal year 2010-11 adopted budget.

## Comparative Balance Sheets - General Fund

### Town of Willington

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>ASSETS</b>					
Cash	\$ -	\$ 75,453	\$ 150,866	\$ 89,663	\$ 142,147
Investments	3,279,381	2,424,820	2,466,358	2,545,524	2,524,834
Receivables:					
Property taxes	97,193	97,935	119,001	163,541	107,770
Grants and contracts receivable	18,849	-	-	-	-
Accounts receivable	4,025	7,772	11,509	46,928	4,668
Due from other funds	<u>170,008</u>	<u>112,999</u>	<u>47,401</u>	<u>276,333</u>	<u>297,758</u>
<b>TOTAL ASSETS</b>	<u>\$3,569,456</u>	<u>\$2,718,979</u>	<u>\$2,795,135</u>	<u>\$3,121,989</u>	<u>\$3,077,177</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payables and accrued liabilities	\$ 605,147	\$579,016	\$ 773,988	\$718,180	642,294
Due to other funds	950,240	312,269	310,025	367,196	403,386
Deferred revenue	<u>172,449</u>	<u>177,730</u>	<u>190,150</u>	<u>211,860</u>	<u>83,609</u>
<b>TOTAL LIABILITIES</b>	<u>1,727,836</u>	<u>1,069,015</u>	<u>1,274,163</u>	<u>1,297,236</u>	<u>1,129,289</u>
<b>FUND BALANCE</b>					
Reserve for encumbrances	201,400	112,732	80,857	225,027	168,787
				-	200,000
Reserved for subsequent year's budget	-	-	-		
Unreserved	<u>1,640,220</u>	<u>1,537,232</u>	<u>1,440,115</u>	<u>1,599,726</u>	<u>1,579,101</u>
<b>TOTAL FUND BALANCE</b>	<u>1,841,620</u>	<u>1,649,964</u>	<u>1,520,972</u>	<u>1,824,753</u>	<u>1,947,888</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$3,569,456</u>	<u>\$2,718,979</u>	<u>\$2,795,135</u>	<u>\$3,121,989</u>	<u>\$3,077,177</u>

Source: Annual audited financial statements; Town officials.

# Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

## Town of Willington

Fiscal Year Ended:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUES</b>					
Property taxes	\$ 9,738,700	\$10,040,332	\$10,241,129	\$10,738,692	\$11,056,874
Intergovernmental	4,257,485	4,039,010	6,845,694	4,737,617	4,164,989
Licenses, fees and permits	262,017	237,628	162,196	123,214	136,425
Investment income	151,007	192,344	148,192	48,357	14,792
Miscellaneous	<u>56,752</u>	<u>64,682</u>	<u>85,410</u>	<u>55,889</u>	<u>50,303</u>
<b>TOTAL REVENUES</b>	<u>14,465,961</u>	<u>14,573,996</u>	<u>17,482,621</u>	<u>15,703,769</u>	<u>15,423,383</u>
<b>EXPENDITURES</b>					
Current:					
General government	862,829	895,845	939,926	926,127	912,958
Public safety	312,874	325,365	361,649	401,934	392,747
Public works	1,006,315	1,022,242	1,199,754	1,100,147	1,134,900
Education	6,966,782	7,256,137	10,011,265	7,731,368	7,574,117
Regional School District No. 19	3,744,190	3,796,225	3,640,407	3,768,771	4,069,389
Miscellaneous	303,653	310,952	331,335	334,617	380,171
Debt service	240,081	291,556	488,673	470,968	454,348
Capital outlay	<u>21,058</u>	<u>11,999</u>	<u>23,365</u>	<u>57,455</u>	<u>3,953</u>
<b>TOTAL EXPENDITURES</b>	<u>13,457,782</u>	<u>13,910,321</u>	<u>16,996,374</u>	<u>14,791,387</u>	<u>14,922,583</u>
Excess (deficiency) of revenues over expenditures	1,008,179	663,675	486,247	912,382	500,800
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in	-	-	10,500	295	57,628
Operating transfers out	<u>( 698,260)</u>	<u>( 855,331)</u>	<u>( 625,739)</u>	<u>( 608,896)</u>	<u>( 435,293)</u>
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>( 698,260)</u>	<u>( 855,331)</u>	<u>( 615,239)</u>	<u>( 608,601)</u>	<u>( 377,665)</u>
Excess (deficiency) of revenues and other finance sources over expenditures and other financing sources	<u>309,919</u>	<u>( 191,656)</u>	<u>( 128,992)</u>	<u>303,781</u>	<u>123,135</u>
<b>FUND BALANCE, JULY 1</b>	<u>1,531,701</u>	<u>1,841,620</u>	<u>1,649,964</u>	<u>1,520,972</u>	<u>1,824,753</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 1,841,620</u>	<u>\$ 1,649,964</u>	<u>\$ 1,520,972</u>	<u>\$ 1,824,753</u>	<u>\$ 1,947,888</u>

Source: Annual audited financial statements; Town officials.

## **SECTION VI - ADDITIONAL INFORMATION**

### **Litigation**

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

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

The District maintains, 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 the fiscal year, unless extended pursuant to State law.

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 "Form of Continuing Disclosure Agreement"), to provide, or cause to be provided (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events within 10 days of the occurrence of such event; 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. The successful bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

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. To date the District has not failed to meet any of its undertakings under such agreements.

### **Financial Advisor**

The District has retained Independent Bond and Investment Consultants LLC, of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor do they assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

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

Upon the delivery of the Bonds, the purchaser 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, certifying that to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds, the description and statements in the Official Statement (with such supplemental information concerning ratings, interest rates, and corrections) 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;
3. A receipt for the purchase price of the Bonds;
4. The approving opinion of Day Pitney LLP of Hartford, Connecticut;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form of Appendix C attached hereto;
6. Within seven business days of the bond pricing, the District will furnish the purchaser 100 copies of the final Official Statement, as prepared by the District.

A record of the proceedings taken by the District in authorizing the Bonds will be kept on file at U.S. Bank National Association of Hartford, Connecticut.

### **Concluding Statement**

Additional information may be obtained upon request from the District's Business Manager, M. Cheryl A. Trahan, at (860) 429-3343 or from Independent Bond and Investment Consultants at (203) 245-9603.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. 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.

## **REGIONAL SCHOOL DISTRICT NUMBER 19**

By: \_\_\_\_\_  
**FRANCIS ARCHAMBAULT**  
*Chairman of the Board of Education*

By: \_\_\_\_\_  
**ROBERT KREMER**  
*Treasurer*

**Dated: June \_\_, 2011**

## APPENDIX A - FINANCIAL STATEMENTS

### REGIONAL SCHOOL DISTRICT NUMBER 19 OF THE STATE OF CONNECTICUT

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June 30, 2010

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**Appendix A - Financial Statements** - is taken from the Annual Financial Report of Regional School District Number 19, Ashford, Mansfield and Willington, Connecticut for Fiscal Year ending June 30, 2010 as presented by the Auditors and does not include all schedules or management letter made in such report. A copy of the complete report is available upon request to the Business Manager, Regional School District Number 19, 4 South Eagleville Road, Storrs, Connecticut 06268.



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Education  
Regional School District No. 19  
Storrs, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Regional School District No. 19, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Regional School District No. 19 as of June 30, 2010 and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages A-3 through A-9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Blum, Shapiro & Company, P.C.*

December 2, 2010



## REGIONAL SCHOOL DISTRICT No. 19

### EDWIN O. SMITH HIGH SCHOOL

Ashford, Mansfield and Willington, CT

Bruce W. Silva  
Superintendent

1235 Storrs Road  
Storrs, CT 06268-2287  
860-487-1862  
Fax: 860-429-0085

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

---

Management of the Regional School District No. 19 (the District), offers readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$35,145,521 (*net assets*). Of this amount, \$9,790,335 (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets decreased by \$193,149 substantially due to depreciation in excess of capital asset additions offset by a reduction in long term debt.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$452,999, an increase of \$74,274 in comparison with the prior year. Unreserved fund balances at June 30, 2010 was a deficit of \$(94,985).
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$3,913. State law prohibits Regional School Districts from accumulating a fund balance in the general fund.
- The District's total long-term obligations decreased by \$1,959,825 (12.1%) during the current fiscal year due to scheduled debt service payments.

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

This discussion and analysis is 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on Exhibits I and II.

**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 two categories: governmental funds and fiduciary funds.

The basic governmental fund financial statements can be found on Exhibits III and IV.

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

The District maintains six 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, capital projects fund and the debt service fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget (Exhibit V).

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

The basic fiduciary fund financial statements can be found on Exhibits VI and VII.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found after Exhibit VII.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$35,145,521 at the close of the most recent fiscal year.

The largest portion of the District's net assets (70.9%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide public education to eligible citizens living within the district; 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. 19**  
**NET ASSETS**

	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 12,304,364	\$ 13,197,020
Capital assets	39,021,593	39,909,892
Total assets	51,325,957	53,106,912
Long-term liabilities outstanding	14,229,613	16,189,438
Other liabilities	1,950,823	1,578,804
Total liabilities	16,180,436	17,768,242
Net assets:		
Invested in capital assets, net of related debt	24,930,890	23,847,852
Restricted	424,296	498,266
Unrestricted	9,790,335	10,992,552
TOTAL NET ASSETS	\$ 35,145,521	\$ 35,338,670

An additional portion of the District's net assets (1.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,790,335) may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets.

Governmental activities. The District's net assets decreased by \$193,149 during the current fiscal year. This was substantially as a result of depreciation expense in excess of capital asset additions offset by a reduction in long-term debt.

**REGIONAL SCHOOL DISTRICT NO. 19**  
**CHANGE IN NET ASSETS**

	2010	2009
<b><u>REVENUES:</u></b>		
Program revenues:		
Charges for services	\$ 1,226,901	\$ 992,038
Operating grants and contributions	2,554,541	3,273,872
Capital grants and contributions	438,904	243,730
General revenues:		
Assessment to member towns	17,473,930	17,366,670
Investment income	5,470	7,104
<b>TOTAL REVENUES</b>	<b>21,699,746</b>	<b>21,883,414</b>
<b><u>EXPENSES:</u></b>		
Instructional programs	13,443,419	13,030,734
Guidance services	1,060,822	1,112,606
Curriculum development	136,633	185,483
Educational media	202,439	204,174
General administration	4,499,764	4,519,506
Student activities	722,329	716,767
Transportation	1,293,650	1,261,349
Interest expense	533,839	1,173,342
<b>TOTAL EXPENSES</b>	<b>21,892,895</b>	<b>22,203,961</b>
<b>CHANGE IN NET ASSETS</b>	<b>(193,149)</b>	<b>(320,547)</b>
<b>NET ASSETS - JULY 1</b>	<b>35,338,670</b>	<b>35,659,217</b>
<b>NET ASSETS - JUNE 30</b>	<b>\$ 35,145,521</b>	<b>\$ 35,338,670</b>

The significant changes in revenues were as follows:

Operating grants and contributions decreased by \$719,331. The most significant decrease was related to decreases in state funding for school transportation, and for school security which was funded in 2008/09. Capital grants and contributions increased by \$195,174 due to final school progress payments received for the school renovation project at the Depot Campus. The assessment to member towns increased by \$107,260, primarily due to contracted increases in salaries and benefits for both instruction and administration.

The significant changes in expenses were as follows:

The increase in expenses for instructional programs of \$412,685 was primarily due to contracted salary increases and benefits. The District realized interest savings this year (\$639,503), due to the prior year refunding which lowered future interest expense. In addition the refunding costs in the prior year were reflected in interest expense, which increased the prior year interest expense.

For the other functions, increases and decreases in expenses were reflective of demand for services and the need to control expenditures during a very tight budget year.

### **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, unreserved fund balance may serve as a useful measure of a 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 combined ending fund balances of \$452,999, an increase of \$74,274 in comparison with the prior year. The unreserved and undesignated amount was a deficit balance of \$(94,985). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate purchase orders of the prior period (\$123,688), or 2) to pay debt service (\$424,296).

The general fund is the operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,913. State Law provides that any unreserved and undesignated fund balance in the general fund must be returned to the member towns. The Regional Board accomplishes this by reducing member town assessments in subsequent years.

The fund balance of the District's general fund increased by \$32,909 during the current fiscal year. The key factor in this increase was the cancellation of prior year encumbrances.

The debt service fund has a total fund balance of \$424,296, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$73,970. Excess local revenues from the school building project were made available for debt service in 2002. This decrease represents this year's use of those funds.

The capital projects fund has a total deficit fund balance of \$709,316, of which \$29,561 was reserved for prior year encumbrances. The net increase in fund balance during the year was \$40,595. Projects funded here are typically multi-year projects. Several projects funded in the current year were not completed or fully expended.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- \$49,772 decrease in employee benefits is primarily a reduction in medical insurance costs and lower than anticipated unemployment costs
- \$84,618 increase in transportation is due an increased number of special education students transported
- \$35,244 increase in general administration is primarily due to special education professional and technical services
- \$43,467 decrease in instructional programs is due to teaching positions filled at lower pay grades than budgeted

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Total expenditures did not exceed the legally appropriated budget for the year. All of the above amounts were transfers between accounts.

Revenues were slightly more than budgetary estimates and expenditures were less than budgetary estimates, thus causing a net increase in fund balance.

### **Capital Assets and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$39,021,0593 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings and equipment. The District's additions in capital assets for the current fiscal year were \$70,176. This was offset by depreciation expense of \$958,475 so that the District's investment in capital assets decreased from \$39,909,892 to \$39,021,593 or by \$888,299.

The significant capital assets activity for the year was the purchase of computer equipment .

#### **REGIONAL SCHOOL DISTRICT NO.19 CAPITAL ASSETS - NET**

	<b>2010</b>	<b>2009</b>
Land	\$ 858,508	\$ 858,508
Construction in progress		2,813,052
Buildings	33,920,132	34,756,411
Leasehold improvements	2,813,052	
Improvements other than buildings	902,497	939,993
Equipment	527,404	541,928
<b>TOTAL</b>	<b>\$ 39,021,593</b>	<b>\$ 39,909,892</b>

Additional information on the District's capital assets can be found in Note 3C.

**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$14,280,000. The entire amount is backed by the full faith and credit of the member towns of Ashford, Mansfield and Willington.

#### **REGIONAL SCHOOL DISTRICT NO. 19 LONG-TERM OBLIGATIONS**

	<b>2010</b>	<b>2009</b>
General obligation bonds and related liabilities	\$ 14,090,703	\$ 16,062,040
Compensated absences	118,793	109,798
Net OPEB Obligation	20,117	17,600
<b>TOTALS</b>	<b>\$ 14,229,613</b>	<b>\$ 16,189,438</b>

The District's total long-term liabilities decreased by \$1,959,825 (12.1%) during the current fiscal year. The key factor in this decrease was scheduled annual principal payments.

The District maintains an "Aa3" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a Regional School District may issue to 2.5 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant of the member towns. The current debt limitation for the District is \$97,637,573, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 3E.

### **Economic Factors and Next Year's Budgets and Rates**

The District's only school is E.O. Smith High School. The District and its member towns is the beneficiary of the University of Connecticut being located in Mansfield. With over 4,000 employees, the University is the major employer for the member towns. This has had a positive effect on employment rates regardless of the business cycle. However, the recent significant downturn in the economy is now having an impact on local unemployment.

The following table presents unemployment rates for the member towns, the Hartford Labor Market, the State and the United States.

#### **2010 Monthly**

<b><u>Yearly Average</u></b>	<b><u>Town of Ashford</u></b>	<b><u>Town of Mansfield</u></b>	<b><u>Town of Willington</u></b>	<b><u>Hartford Labor Market</u></b>	<b><u>State of Connecticut</u></b>	<b><u>United States</u></b>
2005	3.9%	4.2%	3.8%	5.3%	4.9%	4.9%
2006	3.8	3.9	3.2	4.8	4.4	4.4
2007	3.8	3.9	3.4	5.0	4.6	5.0
2008	4.7	4.6	4.3	6.1	5.7	7.4
2009	6.5	5.9	6.0	8.3	8.2	9.3
January	8.3	7.0	7.8	10.0	9.8	9.7
February	8.3	6.7	7.4	10.0	9.8	9.7
March	8.4	7.2	7.0	9.5	9.3	9.7
April	7.2	6.2	5.4	8.6	8.5	9.9
May	6.9	7.3	6.2	8.9	8.8	9.7
June	7.9	8.4	6.9	9.1	8.9	9.5

The above factors were considered in preparing the District's budget for the 2010 fiscal year.

The budget for fiscal year 2011 was adopted on May 4, 2010. This budget required an increase to the member towns of \$251,070 or 1.4%. However, because of changes in the number of students sent from each town, the actual increases (decreases) were: Ashford \$273,741, 7.9%, Mansfield (\$590) (0.0%), and Willington (\$22,081) or (0.5%).

### **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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Manager, Cheryl A. Trahan, Town of Mansfield, 4 South Eagleville Road, Mansfield, CT 06268.

## REGIONAL SCHOOL DISTRICT NO. 19

STATEMENT OF NET ASSETS  
JUNE 30, 2010GOVERNMENTAL  
ACTIVITIESASSETS

## Assets:

Cash and cash equivalents	\$	2,103,643
Receivables:		
Accounts		67,984
Intergovernmental		10,132,737
Capital assets not being depreciated		858,508
Capital assets being depreciated (net of accumulated depreciation)		38,163,085

## TOTAL ASSETS

51,325,957

LIABILITIES

## LIABILITIES:

Cash overdraft	872,708
Accounts payable	154,628
Accrued liabilities	858,833
Unearned revenue	64,654
Noncurrent liabilities:	
Due within one year	2,083,758
Due in more than one year	12,145,855

## TOTAL LIABILITIES

16,180,436

NET ASSETS

Invested in capital assets, net of related debt	24,930,890
Restricted for:	
Debt service	424,296
Unrestricted	9,790,335
TOTAL NET ASSETS	\$ 35,145,521

The accompanying notes are an integral part of the financial statements



**EXHIBIT II**

**REGIONAL SCHOOL DISTRICT NO. 19**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

PROGRAM REVENUES					NET EXPENSES AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
Instructional programs	\$ 13,443,419	\$ 1,226,901	\$ 2,318,672	\$	(9,897,846)
Guidance services	1,060,822				(1,060,822)
Curriculum development	136,633		50,199		(86,434)
Educational media	202,439				(202,439)
General administration	4,499,764			438,904	(4,060,860)
Student activities	722,329				(722,329)
Transportation	1,293,650		185,670		(1,107,980)
Interest expense	533,839				(533,839)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 21,892,895	\$ 1,226,901	\$ 2,554,541	\$ 438,904	\$ (17,672,549)
GENERAL REVENUES:					
Assessment to member towns				\$	17,473,930
Investment income					5,470
TOTAL GENERAL REVENUES					17,479,400
CHANGE IN NET ASSETS					(193,149)
NET ASSETS AT BEGINNING OF YEAR					35,338,670
NET ASSETS AT END OF YEAR				\$	35,145,521

The accompany notes are an integral part of the financial statements

**EXHIBIT III**  
**(1 of 2)**

**REGIONAL SCHOOL DISTRICT NO. 19**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER OPERATING FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,018,802	\$ 424,296	\$	\$ 627,059	\$ 33,486	\$ 2,103,643
Receivables:						
Accounts	57,481			10,503		67,984
Intergovernmental	2,766		164,110		46,837	213,713
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	\$ <u>1,079,049</u>	\$ <u>424,296</u>	\$ <u>164,110</u>	\$ <u>637,562</u>	\$ <u>80,323</u>	\$ <u>2,385,340</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Cash overdraft	\$	\$	\$ 872,708	\$	\$	\$ 872,708
Accounts and other payables	122,177		718	11,433	1,819	136,147
Accrued liabilities	858,832					858,832
Deferred revenue					64,654	64,654
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>981,009</u>	<u>-</u>	<u>873,426</u>	<u>11,433</u>	<u>66,473</u>	<u>1,932,341</u>
FUND BALANCES:						
Reserved for:						
Encumbrances	94,127		29,561			123,688
Debt service		424,296				424,296
Unreserved, reported in:						
General fund	3,913					3,913
Special revenue funds				626,129	13,850	639,979
Capital projects funds			(738,877)			(738,877)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>98,040</u>	<u>424,296</u>	<u>(709,316)</u>	<u>626,129</u>	<u>13,850</u>	<u>452,999</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,079,049</u>	\$ <u>424,296</u>	\$ <u>164,110</u>	\$ <u>637,562</u>	\$ <u>80,323</u>	\$ <u>2,385,340</u>

(Continued)

**REGIONAL SCHOOL DISTRICT NO. 19**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2010**

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are  
different because of the following:

Fund balances - total governmental funds	\$	452,999
--	----	---------

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

Governmental capital assets	\$	50,788,742	
Less accumulated depreciation		(11,767,149)	
Net capital assets			39,021,593

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not recorded in the funds:

Receivable from the state for school construction projects	9,919,024
--	-----------

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and, therefore, are not reported in the funds:

Net OPEB obligation	(20,117)
Bonds and notes payable	(14,280,000)
Interest payable on bonds	(18,482)
Compensated absences	(118,793)
Deferred charges on refunding	296,000
Bond premium	(106,703)

Net Assets of Governmental Activities (Exhibit I)	\$	<u>35,145,521</u>
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The notes are an integral part of the financial statements

**EXHIBIT IV**  
**(1 of 2)**

**REGIONAL SCHOOL DISTRICT NO. 19**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>GENERAL</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER OPERATING FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:						
Assessment to member towns	\$ 17,473,930	\$	\$	\$	\$	\$ 17,473,930
Intergovernmental	1,669,383	1,778,383		476,132	399,326	4,323,224
Charges for services	616,831			610,070		1,226,901
Investment income	5,441	20		9		5,470
Contribution				6,040		6,040
Other				3,660		3,660
<b>TOTAL REVENUES</b>	<u>19,765,585</u>	<u>1,778,403</u>	<u>-</u>	<u>1,095,911</u>	<u>399,326</u>	<u>23,039,225</u>
EXPENDITURES:						
Current:						
Instructional programs	8,963,540			1,070,227	399,326	10,433,093
Guidance services	874,736					874,736
Curriculum development	25,333					25,333
Educational media	202,043					202,043
General administration	3,105,160					3,105,160
Student activities	714,755					714,755
Transportation	1,237,128					1,237,128
Employee benefits	3,627,681				88,244	3,715,925
Debt service		2,492,373				2,492,373
Capital outlay			164,405			164,405
<b>TOTAL EXPENDITURES</b>	<u>18,750,376</u>	<u>2,492,373</u>	<u>164,405</u>	<u>1,070,227</u>	<u>487,570</u>	<u>22,964,951</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,015,209</u>	<u>(713,970)</u>	<u>(164,405)</u>	<u>25,684</u>	<u>(88,244)</u>	<u>74,274</u>
OTHER FINANCING SOURCES (USES):						
Transfers in		670,000	205,000	50,790	86,510	1,012,300
Transfers out	(982,300)	(30,000)				(1,012,300)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>(982,300)</u>	<u>640,000</u>	<u>205,000</u>	<u>50,790</u>	<u>86,510</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>32,909</u>	<u>(73,970)</u>	<u>40,595</u>	<u>76,474</u>	<u>(1,734)</u>	<u>74,274</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>65,131</u>	<u>498,266</u>	<u>(749,911)</u>	<u>549,655</u>	<u>15,584</u>	<u>378,725</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 98,040</u>	<u>\$ 424,296</u>	<u>\$ (709,316)</u>	<u>\$ 626,129</u>	<u>\$ 13,850</u>	<u>\$ 452,999</u>

(Continued)

**REGIONAL SCHOOL DISTRICT NO. 19**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2010**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$	74,274
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Governmental funds report capital outlays as expenditures. In the statement of activities,  
the cost of those assets is allocated over their estimated useful lives and reported as  
depreciation expense:

Capital outlay	70,176
Depreciation expense	(958,475)

Revenues in the statement of activities that do not provide current financial resources are  
not reported as revenues in the funds, and revenues recognized in the funds are not reported in the  
statement of activities:

School building grant receipts	(1,339,479)
--------------------------------	-------------

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

Bond principal payments	1,995,000
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Some expenses reported in the statement of activities do not require the use of current  
financial resources and, therefore, are not reported as expenditures in the governmental funds

Compensated absences	(8,995)
Net OPEB obligation	(2,517)
Accrued interest	530
Amortization of deferred charge on refunding	(37,000)
Amortization of premiums	13,337

Change in Net Assets of Governmental Activities (Exhibit II)	\$	<u>(193,149)</u>
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The accompanying notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 19

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Assessment to member towns	\$ 17,473,930	\$ 17,473,930	\$ 17,473,930	\$ -
Intergovernmental	443,520	443,520	334,536	(108,984)
Charges for services	507,550	507,550	616,831	109,281
Investment income	5,000	5,000	5,441	441
TOTAL REVENUES	18,430,000	18,430,000	18,430,738	738
EXPENDITURES:				
Current:				
Instructional programs	9,053,540	9,010,073	9,010,073	-
Guidance services	876,230	875,901	875,901	-
Curriculum development	42,540	25,333	25,333	-
Educational media	213,890	202,063	202,063	-
General administration	3,061,080	3,096,324	3,096,324	-
Student activities	705,030	707,770	707,770	-
Transportation	1,152,510	1,237,128	1,237,128	-
Employee benefits	2,342,880	2,293,108	2,292,842	(266)
TOTAL EXPENDITURES	17,447,700	17,447,700	17,447,434	(266)
EXCESS OF REVENUES OVER EXPENDITURES	982,300	982,300	983,304	1,004
Transfers out	(982,300)	(982,300)	(982,300)	-
NET OTHER FINANCING SOURCES (USES)	(982,300)	(982,300)	(982,300)	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,004	\$ 1,004
FUND BALANCE AT BEGINNING OF YEAR			2,909	
FUND BALANCE AT END OF YEAR			\$ 3,913	

The accompanying notes are an integral part of the financial statements

**REGIONAL SCHOOL DISTRICT NO. 19**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2010**

	POSTEMPLOYMENT HEALTHCARE TRUST FUND	MEMORIAL SCHOLARSHIP PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>			
Cash	\$ 17,600	\$ 3,434	\$ 411,985
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	17,600	3,434	411,985
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>LIABILITIES</u>			
LIABILITIES:			
Due to students and others			411,985
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR ENDOWMENTS	\$ 17,600	\$ 3,434	\$ -
	<u>                    </u>	<u>                    </u>	<u>                    </u>

The accompany notes are an integral part of the financial statements

## REGIONAL SCHOOL DISTRICT NO. 19

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010

	POSTEMPLOYMENT HEALTHCARE TRUST FUND	MEMORIAL SCHOLARSHIP PRIVATE PURPOSE TRUST FUND
	<u>                    </u>	<u>                    </u>
ADDITIONS:		
Contributions:		
Employer	29,800	\$
Total contributions	<u>29,800</u>	<u>-</u>
Investment income:		
Interest and dividends		12
Total investment income	<u>-</u>	<u>12</u>
Total additions	<u>29,800</u>	<u>12</u>
DEDUCTIONS:		
Benefits	12,200	
Scholarships		200
Total deductions	<u>12,200</u>	<u>200</u>
CHANGE IN NET ASSETS	17,600	(188)
NET ASSETS AT BEGINNING OF YEAR	<u>-</u>	<u>3,622</u>
NET ASSETS AT END OF YEAR	\$ <u>17,600</u>	\$ <u>3,434</u>

The accompanying notes are an integral part of the financial statements



## **REGIONAL SCHOOL DISTRICT NO. 19**

### **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Regional School District No. 19 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the District are described below.

##### **A. Reporting Entity**

E.O. Smith High School is a public high school (Grades 9-12) serving the towns of Ashford, Mansfield and Willington. It was created by the State Legislature through Public Law 84-42. On February 11, 1986, the electorate in Ashford and Mansfield voted to establish a Regional School District to provide governance for the school. On November 2, 1993, the electors of Ashford, Mansfield and Willington voted to expand the Regional School District to include the Town of Willington.

Member voting is weighted according to the proportion of each town's population to the total regional population. Accordingly, each member from Ashford receives 0.458 votes, each member from Mansfield receives 1.896 votes and each member from Willington receives 0.646 votes.

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

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

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

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

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported using the accrual basis of accounting.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Member town assessments, expenditure reimbursement type grants, and certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The *Capital Projects Fund* accounts for the acquisition, construction or renovation of major capital facilities and other capital related purchases.

The *Other Operating Fund* accounts for miscellaneous programs of the District.

Additionally, the District reports the following fund types:

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for scholarships. Resources of the fund, including any earnings on invested resources, may be used for student scholarships.

The *Agency Funds* account for monies held on behalf of students on a custodial capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for any interfund services provided by one fund used by another fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, Liabilities and Net Assets or Equity**

### **Deposits and Investments**

**Deposits** - The District considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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

**Investments** - Investments are reported at fair value.

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

### **Receivables**

Intergovernmental and assessments from member town receivables are considered to be fully collectible, and no allowance has been recorded.

### **Interfund Activity**

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

### **Inventories**

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

## Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	45
Improvements other than buildings	45
Equipment	5-25

## Deferred and Unearned Revenues

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

## Compensated Absences

Vacation earned may be accumulated by employees with the Superintendent's permission until termination of their employment, at which time they are paid for accumulated vacation. Unused sick leave may be accumulated for certain employees up to 150 days until termination, retirement or death, at which time no payments will be made. Teachers may accumulate up to 186 days until termination, retirement or death, at which time no payments will be made.

## Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

*Invested in Capital Assets, Net of Related Debt* - This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purpose is excluded.

*Restricted Net Assets* - This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

*Unrestricted Net Assets* - This category presents the net assets of the District that are not restricted.

### **Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgets and Budgetary Accounting**

The District establishes its General Fund budget in accordance with provisions of the Connecticut General Statutes.

A budget for the General Fund is authorized annually by the Board of Education. The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- The District legally adopts an annual budget for the General Fund pursuant to the Connecticut General Statutes Section 10-51. Formal budgetary integration is employed by the District as a management control device during the year for the General Fund. A budgetary comparison on a legal basis has been included in the appropriate financial statement and schedules, and a budgetary to GAAP reporting reconciliation has been provided in Note 2B, Budget to GAAP Reconciliation. The Capital Projects Fund employs a project length budget, which is approved by the Regional Board of Education.

- Prior to January, each department head or other agency as designated by the Superintendent submits budget requests accompanied by detailed estimates of expenditures to be made and, where appropriate, revenues to be collected during the ensuing fiscal year.
- During February and March, the Superintendent presents to the Board of Education (the Board) the revenue and expenditure detail for their consideration.
- Not less than two weeks before the annual meeting, which must be held on the first Monday of May, the Board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the addition or deletion of expenditures at such time.
- After the public hearing, the Board shall prepare an annual budget for the next fiscal year, make available on request copies thereof and deliver a reasonable number of copies to the Town Clerk of each town in the Region at least five days before the annual meeting.
- At the annual meeting, the Board shall present a budget which includes statements of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operation funds at the end of the current fiscal year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year, and (6) such other information as is necessary in the opinion of the Board.
- Persons present and eligible to vote may accept or reject the proposed budget. If a majority of such persons voting reject the budget, the Board shall, within two weeks thereafter and upon notice of not less than one week, call a District meeting to consider the same or an amended budget. Such meetings shall be convened at such intervals until a budget is approved.
- After the budget is approved, the Board shall estimate the share of the net expenditures to be paid by each member town in accordance with Connecticut General Statutes Section 10-51, and notify the respective District treasurer thereof.
- If the Board needs to submit a supplementary budget, the general procedures as outlined above shall be used.
- The level of control for a legally adopted budget (the level at which expenditures may not legally exceed appropriations without Board approval) is at the program level, except that the Superintendent has the authority to make budgetary transfers up to \$1,000 between programs. Transfers in excess of \$1,000 must be approved by the Board.
- The Board does not have the authority to expend beyond the total budget appropriation without District meeting approval. No additional appropriations were made during the year.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

## B. Budget to GAAP Reconciliation

A reconciliation of revenues and expenditures, between the accounting treatment required by GAAP (Exhibit IV), and budgetary requirements (Exhibit V), at June 30, 2010 is as follows:

	<u>Revenues</u>	<u>Expenditures and Transfers</u>
Balance, budgetary basis, Exhibit V	\$ 18,430,738	\$ 18,429,734
Encumbrances outstanding at June 30, 2009 liquidated during the year ended June 30, 2010		62,222
Encumbrances outstanding at June 30, 2010 charged to budgetary expenditures during the year then ended.		(94,127)
State contributions to Teachers' Retirement System	<u>1,334,847</u>	<u>1,334,847</u>
Balance, GAAP Basis, Exhibit IV	<u>\$ 19,765,585</u>	<u>\$ 19,732,676</u>

## C. Deficit Fund Equity

The Capital Projects fund has a deficit fund balance of \$709,316. This deficit will be funded by future grants and operating transfers.

## 3. DETAILED NOTES

### A. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit

by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

## Deposits

*Deposit Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Regional School District's deposit will not be returned. The Regional School District does not have a deposit policy for custodial credit risk.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$0- of the Town's bank balance of \$65,242 was exposed to custodial credit. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

## Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2010 the Regional School District's cash equivalents amounted to \$1,498,788. The following table provides a summary of the Regional School District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund*	

\*Not Rated

*Interest Rate Risk* - The Regional School 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 - Investments* - As indicated above, State Statutes limit the investment options of municipal entities. The Regional School District does not have an investment policy that further limits the investment options of the Regional School District beyond that of the State Statutes.

*Concentration of Credit Risk* - The Regional School District has no policy limiting an investment in any one issuer that is in excess of 5% of the Regional School District's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Regional School District or that sells investments to or buys them for the Regional School



District), the Regional School 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 Regional School District does not have a policy for custodial credit risk. At June 30, 2010, the Regional School District did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Regional School District's name.

## B. Deferred Revenue

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

	<u>Unearned</u>
Education grants	\$ 64,654

## C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Transfer	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 858,508	\$		\$	\$ 858,508
Construction in progress	2,813,052		(2,813,052)		-
Total capital assets not being depreciated	<u>3,671,560</u>	<u>-</u>	<u>(2,813,052)</u>	<u>-</u>	<u>858,508</u>
Capital assets being depreciated:					
Buildings	44,273,539				44,273,539
Leasehold improvements			2,813,052		2,813,052
Improvements other than buildings	1,687,277				1,687,277
Equipment	1,118,774	70,176		32,584	1,156,366
Total capital assets being depreciated	<u>47,079,590</u>	<u>70,176</u>	<u>2,813,052</u>	<u>32,584</u>	<u>49,930,234</u>
Less accumulated depreciation for:					
Buildings	9,517,128	836,279			10,353,407
Leasehold improvements					-
Improvements other than buildings	747,284	37,496			784,780
Equipment	576,846	84,700		32,584	628,962
Total accumulated depreciation	<u>10,841,258</u>	<u>958,475</u>	<u></u>	<u>32,584</u>	<u>11,767,149</u>
Total capital assets being depreciated, net	<u>36,238,332</u>	<u>(888,299)</u>	<u>2,813,052</u>	<u>-</u>	<u>38,163,085</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,909,892</u>	<u>\$ (888,299)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 39,021,593</u>

Depreciation expense of \$958,475 was charged to the functions/programs of the District as follows:

Instructional programs	\$ 67,803
Educational media	396
General administration	882,701
Student activities	<u>7,575</u>
Total Depreciation Expense	\$ <u>958,475</u>

#### D. Interfund Transfers

##### Interfund Transfers

A summary of interfund transfers as of June 30, 2010 is as follows:

	Transfer In				Total Transfers Out
	Debt Service Fund	Capital Projects Fund	Other Operating Fund	Nonmajor Government Funds	
Transfers Out:					
General Fund	\$ 670,000	\$ 175,000	\$ 50,790	\$ 86,510	\$ 982,300
Debt Service Fund		<u>30,000</u>			<u>30,000</u>
Total Transfers In	\$ <u>670,000</u>	\$ <u>205,000</u>	\$ <u>50,790</u>	\$ <u>86,510</u>	\$ <u>1,012,300</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds.

#### E. Changes in Long-Term Obligations

##### Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due Within One Year
Bonds payable:					
Refunding bonds	\$ 16,275,000	\$	\$ 1,995,000	\$ 14,280,000	\$ 2,060,000
Less deferred amounts:					
Bond premium	120,040		13,337	106,703	
Deferred charge on refunding	<u>(333,000)</u>		<u>(37,000)</u>	<u>(296,000)</u>	
Total bonds payable	<u>16,062,040</u>	<u>-</u>	<u>1,971,337</u>	<u>14,090,703</u>	<u>2,060,000</u>
Compensated absences	109,798	143,372	134,377	118,793	23,758
Net OPEB Obligation	<u>17,600</u>	<u>32,317</u>	<u>29,800</u>	<u>20,117</u>	
Total Long-Term Liabilities, Governmental Activities	\$ <u>16,189,438</u>	\$ <u>175,689</u>	\$ <u>2,135,514</u>	\$ <u>14,229,613</u>	\$ <u>2,083,758</u>

All long-term liabilities other than debt are generally liquidated by the General Fund. Debt is generally liquidated by the Debt Service Fund.

The annual requirements to amortize all bonds payable as of June 30, 2010 and the amounts to be provided by the State of Connecticut for the retirement of school bonds and of debt principal and interest maturities are as follows:

Year Ending June 30,	To Be Provided by State		Bond Principal	Bond Interest
	For Principal	For Interest		
2011	\$ 1,359,910	\$ 393,364	\$ 2,060,000	\$ 393,562
2012	1,373,530	344,946	2,050,000	353,262
2013	1,363,315	293,800	2,005,000	293,163
2014	1,349,694	241,636	1,955,000	251,300
2015	1,339,479	188,604	1,910,000	190,487
2016-2018	3,133,096	244,346	4,300,000	239,750
Total	<u>\$ 9,919,024</u>	<u>\$ 1,706,696</u>	<u>\$ 14,280,000</u>	<u>\$ 1,721,524</u>

Outstanding debt by issue is as follows:

	Issued	Original Amount	Year of Maturity	Interest Rate %	Balance June 30, 2010
Refunding	4/22/2009	\$ 18,325,000	2018	2.0-5.0	\$ 14,280,000

## Refundings

In prior years, the Region defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liability for the defeased bonds are not included in the Region's financial statements. At June 30, 2010, \$0- of the defeased debt is outstanding.

## Statutory Debt Limitations

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

Category	Debt Limit	Net Indebtedness	Balance
Schools	\$ 97,637,573	\$ 4,360,976	\$ 93,276,597

School building grants receivable of \$9,919,024, included in the calculation for bond principal, are reflected as deductions in the computation of net indebtedness.

## Authorized/Unissued Bonds

At June 30, 2010, the District had no authorized and unissued bonds.

#### **4. RISK MANAGEMENT**

The District is exposed to various risks of loss related to public officials; Board of Education liability; torts, thefts 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. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Hospitalization and medical-surgical health coverage for District employees are administered by the Town of Mansfield (the Town) on behalf of the District. The Town operates the Mansfield Health Insurance Fund (the Fund), which has been recorded in the Town's records as an Internal Service Fund. The Fund's general objectives are to formulate, on behalf of the members, a health insurance program at lower costs of coverage and to develop a systematic method to control health costs.

A third party administers the plan through a contract with the Town for which the Fund pays a fee. The contract period is for calendar year 2010.

The Fund has purchased aggregate stop loss coverage at 125 percent of expected claims. In addition to the aggregate stop loss, the Fund has also purchased \$100,000 of combined medical-surgical and major medical individual stop loss.

The claim liability of \$410,000 for the Fund is based on the requirements of GASB Statement Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of the claim accrual is based on the ultimate costs of settling the claim which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

For the period ended June 30, 2010, the District's General Fund made premium payments into the Fund of \$1,850,860.

The District is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

## 5. PENSION PLANS

### Plan Description

District noncertified personnel, including clerical staff and janitorial staff, participate in the Municipal Employees' Retirement System (MERS), 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 for the employees of participating municipalities. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report that may be obtained by writing to the State of Connecticut, Office of the State Comptroller, Municipal Employees Retirement Fund, 55 Elm Street, Hartford, CT 06106.

### Benefit Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

### Contributions Required and Contributions Made

Each participating municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. Covered employees are required by State Statute to contribute 2¼% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining cost of the Plan.

Contributions were made as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/08	\$ 110,336	100%
6/30/09	113,231	100
6/30/10	118,954	100

### Teacher Retirement

All Regional School District 19 teachers participate in the State of Connecticut Teachers' Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$8,628,920.

The retirement system for teachers is funded by the State based upon the recommendation of the Teacher's Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. For the year ended June 30, 2010, the District has recorded in the General Fund intergovernmental revenue, instruction program expenditures and curriculum development expenditures in the amount of \$1,334,847 as payments made by the State of Connecticut on behalf of the District. The district does not have any liability for teacher pensions.

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

## 6. CONTINGENT LIABILITIES

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

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

## 7. OTHER POST-EMPLOYMENT BENEFITS

### Plan Description

The District, in accordance with various collective bargaining agreements and State Statutes, is committed to providing health and other benefits to certain eligible retirees and their spouses. The Other Post-Employment Benefit (OPEB) program covers the District's teachers and Administrators. Under the various collective bargaining agreements, retirees and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits. The District does not issue a separate stand-alone financial statement for this program.

At July 1, 2008, District's plan membership consisted of the following:

	Post-Employment Healthcare Trust
Retired participants	3
Spouses of retirees	3
Active plan members	156
Total Participants	162

## Funding Policy

The District administers a single-employer, postemployment health care plan to provide medical benefits for eligible retirees and their spouses. Retirees bear the full cost of their coverage. However, based on a July 1, 2008 OPEB actuarial valuation, the District's annual required contribution (ARC) is \$17,600 to cover the implicit rate subsidy. Beginning July 1, 2009, the District began to account for and fund the ARC in a Post-Employment Healthcare Trust fund on a pay-as-you-go basis. The District plans to continue a funding strategy that provides for normal cost and the amortization of the accrued liability as recommended in its OPEB actuarial study. The study accounts for numerous factors such as turnover and retirement rates, mortality assumptions, medical inflation and claims cost assumptions, and discount rate assumptions.

Eligibility and benefit is based on several factors:

- Eligibility for benefits and the level of benefits are determined by collective bargaining unit agreement or contract.
- Retirees pay the full cost of the coverage.
- At age 65, some retirees receive a stipend from the State of CT Teachers' Retirement System towards the cost of their coverage.
- At age 65, some retirees have the option to take Medicare and medical insurance through the State of CT Teachers' Retirement System.

The cost per month for District employees receiving medical coverage is \$602 per month for retiree only coverage and \$1,266 per month for retiree and spouse coverage to age 65. The cost per month for District employees receiving dental coverage is \$36 per month for retiree only coverage and \$72 per month for retiree and spouse coverage to age 65.

## Annual OPEB Cost and Net OPEB Obligations

The District's annual other postemployment benefit (OPEB) cost 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 (or funding excess) over a period not to exceed thirty years. 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:

	Post-Employment Medical Program
Annual required contribution (ARC)	\$ 32,600
Interest on net OPEB obligation	1,320
Adjustment to annual required contribution	(1,603)
Annual OPEB cost	32,317
Contributions made	29,800
Increase in net OPEB obligation	2,517
Net OPEB obligation, beginning of year	17,600
Net OPEB Obligation, End of Year	\$ 20,117

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2010 and 2009 is presented below. Data is only presented for these two fiscal years, due to 2009 being the year of transition.

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost (AOC)</u>		<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>		<u>Net OPEB Obligation</u>
6/30/09	\$	31,500	\$	13,900	44.13%	\$	17,600
6/30/10		32,317		29,800	92.21		20,117

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

### **Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>		<u>Actuarial Value of Assets (a)</u>		<u>Actuarial Accrued Liability (AAL) (b)</u>		<u>Unfunded AAL (OAAL) (b-a)</u>		<u>Funded Ratio (a/b)</u>		<u>Covered Payroll (c)</u>		<u>OAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/08	\$	-	\$	223,600	\$	223,600		0%		N/A		N/A

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation of the District's Plan, the Projected Unit Credit Cost Method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.5% initially, reduced by decrements to an ultimate rate of 4.1% after seven years. The Projected salary increases were 4%. The UAAL is being amortized as a 25-year, closed level dollar amortization.

## **8. SUBSEQUENT EVENTS**

On September 28, 2010 the District approved, at referendum, an appropriation and an authorization to issue bonds and or notes, for \$2,167,000 for improvements to various athletic facilities of the District.



## APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

### BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the 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 successful bidder.

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Regional School District Number 19  
Storrs, Connecticut

We have represented Regional School District Number 19 of the State of Connecticut as Bond Counsel in connection with the issuance by the District of \$2,167,000 General Obligation Bonds, Issue of 2011, dated as of June 23, 2011.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that Regional School District Number 19 is authorized to issue the Bonds; the District is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the District and its member towns of Ashford, Mansfield and Willington when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and each member town of the District has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the District within such town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts, and, with respect to the Town of Ashford only, except as provided by an ordinance of the Town entitled "Resolution 80" adopted at referendum held April 29, 1980.

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

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

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

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

Very truly yours,

Day Pitney LLP

## **FEDERAL INCOME TAX.**

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

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

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

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain 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 District's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

## **STATE 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: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds 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 the 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 price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

#### **ORIGINAL ISSUE PREMIUM.**

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

## **GENERAL.**

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. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. 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 State 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 of Connecticut taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any other 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, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the District substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.*

### **Continuing Disclosure Agreement for Bonds**

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of June 23, 2011 by Regional School District Number 19 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$2,167,000 General Obligation Bonds, Issue of 2011, dated as of June 23, 2011 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated June 9, 2011 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.

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

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

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

### **Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2011) as follows:

(i) Financial statements of the Issuer's general fund, and of any special revenue, debt service, capital projects, and trust or agency funds, 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 time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

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

- (A) amounts of the net taxable grand list of each of the Issuer's member towns applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list of each of the Issuer's member towns, together with each such taxpayer's taxable valuation thereon,

- (C) percentage of the annual property tax levy of each of the Issuer's member towns uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, total direct debt plus net overlapping and underlying debt, and total net direct debt plus net overlapping and underlying debt of the Issuer, as of the close of the fiscal year,
- (F) total direct debt, total net direct debt, total direct debt plus net overlapping and underlying debt, and total net direct debt plus net overlapping and underlying debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt, total direct debt plus net overlapping and underlying debt, and total net direct debt plus net overlapping and underlying debt of the Issuer to the aggregate estimated equalized net grand lists of the Issuer's member towns,
- (H) statement of statutory debt limitation of the Issuer and of each of its member towns as of the close of the fiscal year,
- (I) funding status of the pension benefit obligation of the Issuer and of each of its member towns, and
- (J) annual assessments by the Issuer on each of its member towns for the applicable fiscal year.

(iii) Audited financial statements of each of the Issuer's member towns for the prior fiscal year, if available, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, each of the Issuer's member towns prepares its financial statements in accordance with generally accepted accounting principles.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time 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 Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

### **Section 3. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the 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 bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) 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 Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

#### **Section 5. Use of Agents.**

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

#### **Section 6. Termination.**

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

#### **Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Treasurer, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Treasurer is Edwin O. Smith High School, 1235 Storrs Road, Storrs, Connecticut 06268.

In the event the Issuer 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 parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

**Section 8. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

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

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

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

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

REGIONAL SCHOOL DISTRICT NUMBER 19

By \_\_\_\_\_  
Francis X. Archambault  
Chairman of the Board of Education

By \_\_\_\_\_  
Robert Kremer  
Treasurer



## **APPENDIX D – NOTICE OF SALE**

**NOTICE OF SALE**  
**\$2,167,000**  
**Regional School District Number 19 of the State of Connecticut**  
**General Obligation Bonds**  
**(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by Regional School District Number 19 of the State of Connecticut at Day Pitney LLP, 6th Floor, 242 Trumbull Street, Bushnell Conference Room, Hartford, Connecticut, until **11:00 A.M. (Eastern Daylight Time) on THURSDAY,**

**JUNE 9, 2011**

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$2,167,000 General Obligation Bonds, Issue of 2011**  
**Payable annually on June 15 as follows:**

**\$152,000 in 2013**  
**\$155,000 in 2014 through 2026**

The Bonds will be dated June 23, 2011, with interest payable on December 15, 2011 and thereafter semiannually on each June 15th and December 15th.

The Bonds will be general obligations of the District and its member towns of Ashford, Mansfield, Willington, , and payable from ad valorem taxes levied on all taxable property in each member town of the District without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts, and, with respect to the Town of Ashford only, except as provided by an ordinance of the Town entitled "Resolution 80" adopted at referendum held April 29, 1980.

**DTC Book Entry.** The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$1,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the District or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The District will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the District fails to identify another qualified securities depository to replace DTC, or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the District will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the District as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of November and May.

**Redemption.** Bonds maturing after June 15, 2016 are subject to redemption prior to maturity, at the option of the District, on or after June 15, 2016, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the District may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
June 15, 2016 and thereafter	100%

**Proposals.** Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the District, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

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

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

**Disclaimer** - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the District nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the District nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The District is using PARITY® as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Bonds. The District is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the District is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

**Basis of Award.** As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the District. For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to June 23, 2011, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the District by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

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

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the District and its member towns when duly certified; (2) that, assuming the accuracy of and compliance by the District with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and the Bonds are "qualified tax-exempt obligations"; and (3) 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 interest on the Bonds 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.

**Official Statement.** Regional School District Number 19 has prepared a preliminary Official Statement for the bond issue which is dated May 31, 2011. The District deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make available to the winning purchaser 100 copies of the Official Statement as prepared by the District at the District's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the District's financial advisor, Independent Bond and Investment Consultants LLC, Madison, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the District's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

**Reoffering Prices.** **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE DISTRICT IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.**

**Delivery Date and Payment.** It is expected that the closing on the Bonds will occur on or about June 23, 2011 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

**More Information.** For more information regarding this issue and the District reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. William N. Lindsay, Independent Bond and Investment Consultants LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (203) 245-9603) or from Ms. Cheryl A. Trahan, Director of Finance, Regional School District Number 19, Edwin O. Smith High School, 1235 Storrs Road, Storrs, Connecticut 06268 (telephone: (860) 429-3343).

FRANCIS X. ARCHAMBAULT,  
*Chairman of the Board of Education*

ROBERT KREMER,  
*Treasurer*

May 31, 2011