Munistat

PRELIMINARY OFFICIAL STATEMENT DATED JULY 21, 2026

NEW ISSUE – BOOK-ENTRY-ONLY **S&P GLOBAL RATINGS: AA+**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.

REGIONAL SCHOOL DISTRICT NUMBER 18
OF THE STATE OF CONNECTICUT
(TOWNS OF LYME AND OLD LYME, CONNECTICUT)

$17,350,000 GENERAL OBLIGATION BONDS, ISSUE OF 2026 (the "Bonds")

Dated: Date of Delivery **Due: Serially, August 1, 2027-2046 as detailed herein**

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Thursday, July 30, 2026 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale for the Bonds (see Appendix F herein).

Interest on the Bonds will be payable on August 1, 2027 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, at the rates set forth on the inside cover page.

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

$3,990,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the "Notes")

S&P GLOBAL RATINGS: SP-1+

Dated: August 13, 2026 **Due: August 12, 2027**

Electronic bids via PARITY® for the Notes will be received until 11:00 A.M. (Eastern Time) on Thursday, July 30, 2026 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale for the Notes (See Appendix G herein).

The Notes are not subject to redemption prior to maturity.

The Bonds and the Notes will be general obligations of Regional School District Number 18 of the State of Connecticut (the "District") and its member towns of Lyme and Old Lyme (the "Member Towns"). The District and its Member Towns will each pledge its full faith and credit to pay the principal of and interest on the Bonds and Notes when due. See "Security and Remedies" herein.

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

U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut will certify the Bonds and the Notes and act as Registrar, Certifying Agent, Transfer Agent, and Paying Agent.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about August 13, 2026.

REGIONAL SCHOOL DISTRICT NUMBER 18
OF THE STATE OF CONNECTICUT
(TOWNS OF LYME AND OLD LYME, CONNECTICUT)

$17,350,000 GENERAL OBLIGATION BONDS, ISSUE OF 2026 (the "Bonds")

Dated: Date of Delivery **Due: Serially, August 1, 2027-2046 (as detailed below)**

MATURITY SCHEDULE									
Maturity	Amount	Coupon	Yield	CUSIP[1]	Maturity	Amount	Coupon	Yield	CUSIP[1]
2027	$870,000	%	%	759133---	2037	$865,000	%	%	759133---
2028	870,000			759133---	2038	865,000			759133---
2029	870,000			759133---	2039	865,000			759133---
2030	870,000			759133---	2040	865,000			759133---
2031	870,000			759133---	2041	865,000			759133---
2032	870,000			759133---	2042	865,000			759133---
2033	870,000			759133---	2043	865,000			759133---
2034	870,000			759133---	2044	865,000			759133---
2035	870,000			759133---	2045	865,000			759133---
2036	870,000			759133---	2046	865,000			759133---

The Bonds <u>are</u> subject to optional redemption as described more fully herein. See "Optional Redemption" herein.

$3,990,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the "Notes")

Dated: August 13, 2026 **Due: August 12, 2027**

Amount	Coupon	Yield	CUSIP[1]
$3,990,000	%	%	759133---

The Notes <u>are not</u> subject to optional redemption.

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[1] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the District and are included solely for the convenience of the holders of the Bonds and the Notes. The District is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.*

No dealer, broker, salesperson or other person has been authorized by Regional School District Number 18 of the State of Connecticut (the "District"), to give any information or to make any representations not contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes 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 the Notes and may not be reproduced or used in whole or in part for any other purpose.

Other than as to matters expressly set forth in Appendix A – "Basic Financial Statements" herein, the independent auditors for the District are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than matters expressly set forth in Appendices B and C, "Form of Opinion of Bond Counsel – The Bonds" and "Form of Opinion of Bond Counsel – The Notes", respectively herein, 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.

The District will enter into continuing disclosure agreements with respect to the Bonds and the Notes (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data with respect to the Bonds, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Continuing Disclosure Agreements are to be executed by the District substantially in the forms attached as Appendices D and E, to this Official Statement.

The District's Municipal Advisor has assisted the District in the preparation of this Official Statement from information supplied by District Officials and other sources. Munistat Services, Inc. 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 subject to revision or amendment.

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

TABLE OF CONTENTS

BOND ISSUE SUMMARY

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

Date of Sale:	**Thursday, July 30, 2026, 11:30 A.M. (Eastern Time).**
Location of Sale:	Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.
Issuer:	Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme), (the "District").
Issue:	$17,350,000 General Obligation Bonds, Issue of 2026 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	August 1, 2027 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption.
Principal Due:	Serially, August 1, 2027 through 2046, as detailed in this Official Statement.
Purpose and Authority:	The Bonds are being issued to permanently finance a portion of the $20,110,000 General Obligation Bond Anticipation Notes of the District maturing August 13, 2026 being used for the design, demolition, construction, renovation, equipping and furnishing of various schools in the District, as authorized by the legal voters of the Towns of Lyme and Old Lyme. See "Authorization and Purpose" and "Use of Bond and Note Proceeds" herein.
Redemption:	The Bonds **are** subject to redemption prior to maturity as more fully described herein. See "Optional Redemption", herein.
Security:	The Bonds will be general obligations of the District and its member towns of Lyme and Old Lyme (the "Member Towns") and the District and the Member Towns will pledge their full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The District received a credit rating of "AA+", with a stable outlook from S&P Global Ratings ("S&P") on the Bonds. See "Ratings" herein.
Bond Insurance:	The District does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost ("TIC"), as of dated date.
Tax Status:	See "Tax Matters" herein.
Bank Qualification:	The Bonds **shall not** be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of the occurrence of certain events within 10 business days of the occurrence of such events and (iii) timely notice of a failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix D to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 13, 2026 against payment in **federal funds**.
Issuer Official:	Questions concerning the Official Statement should be addressed to Holly McCalla, Business Manager, Regional School District Number 18, 49 Lyme Street, Old Lyme, Connecticut, 06371. Telephone: 860-434-7238.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at www.i-dealprospectus.com and www.munistat.com. For additional information please contact the Municipal Advisor at susan.caron@munistat.com or bill.lindsay@munistat.com

NOTE ISSUE SUMMARY

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

Date of Sale:	**Thursday, July 30, 2026, 11:00 A.M. (Eastern Time).**
Location of Sale:	Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.
Issuer:	Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme), (the "District").
Issue:	$3,990,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	August 13, 2026.
Interest Due:	At maturity, August 12, 2027.
Principal Due:	At maturity, August 12, 2027.
Purpose and Authority:	The Notes are being issued to finance and refinance a portion of outstanding notes of the District, maturing August 13, 2026, which were issued to finance the design, demolition, construction, renovation, equipping and furnishing of various schools in the District, as authorized by the legal voters of the Towns of Lyme and Old Lyme. See "Authorization and Purpose" and "Use of Bond and Note Proceeds" herein.
Redemption:	The Notes **are NOT** subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the District and its member towns of Lyme and Old Lyme (the "Member Towns") and the District and the Member Towns will pledge their full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Ratings:	The District received a credit rating of "SP-1+" from S&P Global Ratings ("S&P") on the Notes. Currently, the District has a credit rating of "AA+" with a stable outlook from S&P on certain outstanding bonds. See "Ratings" herein.
Basis of Award:	Lowest Net Interest Cost ("NIC"), as of dated date.
Tax Status:	See "Tax Matters" herein.
Bank Qualification:	The Notes **shall NOT** be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, notices of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about August 13, 2026 against payment in **federal funds**.
Issuer Official:	Questions concerning the Official Statement should be addressed to Holly McCalla, Business Manager, Regional School District Number 18, 49 Lyme Street, Old Lyme, Connecticut, 06371. Telephone: 860-434-7238.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at www.i-dealprospectus.com and www.munistat.com. For additional information please contact the Municipal Advisor at susan.caron@munistat.com or bill.lindsay@munistat.com

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to Regional School District Number 18 (the "District") of the State of Connecticut (the "State") in connection with the original issuance and sale of $17,350,000 General Obligation Bonds, Issue of 2026 (the "Bonds") and $3,990,000 General Obligation Bond Anticipation Notes (the "Notes") of the District.

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale each dated July 21, 2026 have been furnished to prospective bidders. Reference is made to the Notices of Sale (see Appendices F and G, herein) for the terms and conditions of the bidding on the Bonds and the Notes.

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 and the Notes. 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 such statutes, charters or laws, and all references to the Bonds and the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

The presentation of information in this Official Statement 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.

Munistat Services, Inc. ("Munistat" or the "Municipal Advisor") is engaged as Municipal Advisor to the District in connection with the issuance of the Bonds and the Notes. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds and the Notes is contingent upon the issuance and delivery of the Bonds and the Notes. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds and the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

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

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

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on August 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will be issued in denominations of $5,000 or any integral multiples thereof. Interest on the Bonds will be payable August 1, 2027 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if the fifteenth day is not a business day. Interest will be calculated on the basis of 360-day year, consisting of twelve 30-day months. A book-entry transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of the Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein. The certifying bank, registrar, transfer agent and paying agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion for the Bonds will be rendered by Robinson & Cole LLP, in substantially the form set forth in Appendix B to this Official Statement.

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

OPTIONAL REDEMPTION

The Bonds maturing on or before August 1, 2034 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the District, on and after August 1, 2034, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine, at the redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

Period During Which Redeemed	Redemption Price
August 1, 2034 and thereafter	100.00%

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 not less than thirty (30) days prior to the redemption date to the registered owner of such 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 kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for Depository Trust Company ("DTC") is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or its successor securities depository) or its successor nominee.

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

The District, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. (See "Book-Entry-Only Transfer System", herein for discussion of DTC and definitions of "Direct Participants", "Indirect Participants" and "Beneficial Owners".)

Redemption of a portion of the Bonds of any maturity by the District will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the District authorizing the issuance of the Bonds and will not be conducted by the District, or be the responsibility of, the District, the Registrar or Paying Agent, for the Bonds.

DESCRIPTION OF THE NOTES

The Notes will be dated August 13, 2026 and will be due and payable as to both principal and interest at maturity, on August 12, 2027. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The Notes will be issued as fully-registered notes in denominations of $5,000 or any integral multiples thereof. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein. Principal of and interest on the Notes will be payable by the District or its agent to the successful purchaser, as registered owner of the Notes. The Certifying Agent, Paying Agent, Registrar, and Transfer Agent on the Notes will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Robinson & Cole LLP, in substantially the form set forth in Appendix C to this Official Statement.

The Notes <u>are NOT</u> subject to redemption prior to maturity.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

Redemption notices shall be sent to DTC if less than all of the Bonds and the Notes 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 and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

REPLACEMENT BONDS AND NOTES

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

DTC PRACTICES

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

SECURITY AND REMEDIES

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

Notes when due. Member Towns are required to pay their share of the District's costs and, for this purpose each Member Town has power to levy taxes on its property.

Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues of the Member Towns. The Member Towns have the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property subject to taxation by the Member Towns without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Member Towns the amount of tax revenue which the Member Towns would have received except for the limitation on their power to tax such dwelling houses.

Payment of the Bonds and the Notes 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 and the Notes.

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

Section 10-58a of the Connecticut General Statutes, Revision of 1958, as amended, provides that upon certification by the State Comptroller 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 pay all of such defaulted principal and interest. 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, Revision of 1958, as amended, provides that the withdrawal of a member town from a regional school district or the dissolution of a school district pursuant to the provisions of Section 10-63f et seq. of said General Statutes will not impair the obligation of the withdrawing member town or the district to the holders of bonds and notes or other indebtedness issued prior to the withdrawal or dissolution.

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

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws and to other bankruptcy, insolvency, reorganization, moratorium and similar laws hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the District and its Member Towns may seek relief only, among other requirements, if they are specifically authorized, in their capacity as a municipality or by name, to be a debtor under Chapter 9 Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, 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, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations. The District does not have the direct power to levy taxes.

CONSIDERATION FOR BOND AND NOTE HOLDERS

Pandemics, epidemics and other public health emergencies may adversely impact the District and its revenues, expenses and financial condition. The District cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the revenues and expenses of the District. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on District revenues, expenses and financial condition.

CYBERSECURITY

The District like many other public and private entities, relies on technology to conduct its operations. The District and its departments face cyber threats from time to time, including, but not limited to, hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the District's digital networks and systems and the costs of remedying any such damage could be substantial. The District carries cyber insurance through Beazley Breach Response. The District has not had a cyber breach in the past ten years. All confidential personnel and financial information is cloud based with companies that provide additional levels of cyber security to assure data safety.

ENVIRONMENTAL FACTORS

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the District faces other threats due to climate change, including damaging wind that could become more severe and frequent. The District cannot predict the timing, extent or severity of climate change and its impact on its operations and finances. On June 3, 2020, the District's Board of Education (the "Board") unanimously approved a resolution to achieve clean, renewable energy by 2030. The goal is to achieve 100% clean, renewable energy resulting in net-zero emissions and includes, but is not limited to, the reduction/elimination of fossil fuels by upgrading District HVAC systems and converting to the use of electric buses. The District conversion of the HVAC systems is complete and the state has enacted legislation to address the transition to electric buses.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

The District prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The District provides, and will continue to provide, to rating agencies ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The District will enter into continuing disclosure agreements with respect to the Bonds and the Notes, substantially in the forms attached as Appendices D and E to this Official Statement (the "Continuing Disclosure Agreements"). In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data with respect to the Bonds. (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with the respect to the Bonds and the Notes (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 Agreements with respect to the 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 annual financial information and event notices pursuant to

Rule 15c2-12. In the last five years, the District has not failed to comply, in any material respect, with any of its undertakings under such agreements.

AUTHORIZATION AND PURPOSE

The Bonds and Notes are issued pursuant to Section 10-56 of the General Statutes of Connecticut, as amended, and a resolution adopted by the Regional Board of Education at a meeting held on September 7, 2022 and approved by the legal voters of the Towns of Lyme and Old Lyme at a referendum held November 8, 2022.

USE OF BOND AND NOTE PROCEEDS

The Bonds and Notes are being issued to finance the following projects authorized by the Member Towns:

Project	Amount Authorization	Previously Bonded	Grants Received	Additions / (Reductions)	The Bonds *(This Issue)*	Premium Applied	The Notes *(This Issue)*
District-wide Facilities Improvements.....	$57,555,000	$16,675,000	$13,599,822 [1]	$(1,737,000) [2]	$17,350,000	$660,000	$3,990,000

[1] *It is anticipated the District will receive in total approximately $21,084,805 in grants from the State of Connecticut for this project.*
[2] *The District used $884,000 of designated funds in fiscal year 2024 for the project and $853,000 in designated funds for fiscal year 2025.*

RATINGS

The District received a credit rating of "AA+" with a stable outlook on the Bonds and "SP-1+" on the Notes from S&P Global Ratings ("S&P").

The ratings reflect only the view of S&P and an explanation of the significance of the ratings may be obtained at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041-0003. 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 S&P if, in the judgment of S&P, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the District's bonds and notes, including the Notes.

Certain outstanding bonds are rated "Aa2" from Moody's Ratings ("Moody's").

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the District concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the District also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the District with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

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

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds and the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds and the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds and the Notes or adversely affect the market price of the Bonds and the Notes.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds and the Notes.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds and the Notes may be less than the principal amount payable on such Bonds and the Notes at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds or Notes is sold constitutes original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds and Notes were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. 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 or Note. 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 paid 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. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Internal Revenue Service Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of section 1273 of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103 of the Code. Notice 94-84 states that until the Internal Revenue Service provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond or Note during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Amortized original issue premium on the Bonds and the Notes is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

DESCRIPTION OF THE DISTRICT

Regional School District No. 18 was organized May 23, 1973 under the provisions of Part III of Chapter 164 of the Connecticut General Statutes, as approved by the voters of the Towns of Lyme and Old Lyme.

The District is governed by a nine-member Board of Education (the "Board"), two members from Lyme and seven members from Old Lyme. Such members are elected on an "at large" basis in their respective towns for overlapping four-year terms. The Board is responsible for determining curriculum, setting school policy, preparing and presenting the annual District budget, and all personnel matters within its jurisdiction. The District provides educational facilities for grades Pre-K through 12 for the Towns of Lyme and Old Lyme.

The District's operating and debt service expenses are paid from State grants and miscellaneous revenues such as tuition reimbursement, earnings on investments, and by the Member Towns in proportion to the number of pupils attending the District. Section 10-51(b) of the Connecticut General Statutes provides in relevant part, as follows:

> "The board shall determine the amount to be paid by each member town in an amount that bears the same ratio to the net expenses of the district as the number of pupils resident in such town in average daily membership in the regional school district during the preceding school year bears to the total number of such pupils in all the member towns…."

For the current fiscal year 2026-27, Lyme contributes 17.3% and Old Lyme contributes 82.7% based on the enrollments as of October 1, 2025 and April 1, 2026. Payments are made by the Town of Lyme to the District on the first day of each month; payments are made by the Town of Old Lyme to the District on the first and the fifteenth days of each month. The amount of payments due are based on the approved budget of the District and are adjusted for any known revenues and surpluses.

Section 10-51a of the Connecticut General Statutes provides that if a member town of a regional school district fails to include in its annual town budget appropriations for any year necessary to pay for its proportionate share of the annual district budget, ten or more taxable inhabitants of a member town within such regional school district, a majority of the board of selectmen of any such member town, the Attorney General, a holder or owner of bonds or notes of such regional school district, the board of education of such regional school district or the State Board of Education may petition the Superior Court to determine the amount of the alleged deficiency. If the court finds such deficiency to exist, it shall order such member town, through its treasurer, selectmen and assessor, to provide a sum of money equal to such deficiency, together with a sum of money equal to twenty-five percent thereof. The amount of the deficiency shall be paid by the member town to the 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 member town and shall be applied toward payment of such member town's share of the annual budget of the regional school district in the following year. If such order is made prior to the fixing of the annual tax rate of such member town, such tax rate shall be adjusted to cover the sums included in such order. If such order is made after the fixing of the annual tax rate of the member town, the sums included in such order shall be provided by the member town from any available cash surplus, from any contingent fund, from any borrowing, through a rate bill under the provisions of Section 12-123 of the Connecticut General Statutes or from any combination thereof. Any borrowing to meet such deficiency shall be made by the member town treasurer, with the approval of a majority of the selectmen, and no vote of the member town shall be required therefor. Such borrowed amount shall be included in the estimated expenses of the member town in the tax levy for the next fiscal year.

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

GENERAL DESCRIPTION – TOWN OF LYME

The Town of Lyme is located on the Connecticut River in southeastern Connecticut and is part of New London County. Lyme was founded in 1665 and named in May 1667. It covers an area of 33.0 square miles with a 2024 population of 2,303 as published by the U.S. Census Bureau, American Community Survey 2020-2024. Lyme is thirty-eight miles southeast of Hartford, forty miles east of New Haven, and twenty miles west of New London. Lyme is bounded on the north by East Haddam and Salem, on the east by East Lyme, on the west by the Connecticut River, and on the south by Old Lyme.

Lyme is a rural residential community which allows one, two, and three acre zoning. Residents are mainly employed in education, construction, manufacturing, arts, and other professional and related services located within a forty-five minute commuting area. State Highway Route 156 traverses Lyme and provides north-south access to Interstate 95 and north access to State Route 82 connecting on the west with State Route 9 and to the east with State Route 11 to State Route 2. Passenger rail and freight service is available in the neighboring Towns of Old Saybrook and New London. Limited air service is available sixteen miles to the east at Groton/New London airport while complete passenger and freight capabilities are provided seventy miles to the east at T.F. Green Airport in Providence, Rhode Island, and at Bradley International Airport, which lies roughly forty-three miles to the north in Windsor Locks.

Residential property constitutes virtually all assessed values. Certified State forest land, town parks, conservation easements, and land held in trust by various non-profit conservation groups account for 7,500 acres, or some 33% of Lyme's total use acreage. Nehantic, Gillette Castle, Selden Neck, and Becket Hill State Parks, as well as the town-owned Hartman Park, cover about 3,034 acres in Lyme. Residents enjoy boating, hiking, fishing, and other passive recreation opportunities.

GENERAL DESCRIPTION – TOWN OF OLD LYME

Old Lyme, originally a part of Old Saybrook located east of the Connecticut River, seceded from Old Saybrook to become the Town of Lyme in 1665. The Town of Lyme continued to grow and in 1855 divided again to form an independent political subdivision called South Lyme. A legislative Special Act, passed in 1857, granted Old Lyme its present name.

Old Lyme is located in New London County and covers 27.1 square miles adjacent to the mouth of the Connecticut River. Old Lyme is bounded by East Lyme and Lyme, the Connecticut River, and Long Island Sound. Old Lyme lies approximately 40 miles southeast of Hartford and almost 110 miles equidistant from New York City to the southwest and Boston to the northeast.

Interstate 95, a limited access highway, runs north/south through Old Lyme and provides Old Lyme with two major entrances/exits. U.S. Route 1 connects Old Lyme to New London and points further east/north and west/south to New

York. Passenger rail and freight service is available in the neighboring towns of Old Saybrook and New London. Regional air carriers offer limited passenger and freight service from the Groton/New London airport located sixteen miles to the east.

Old Lyme is a popular summer resort area with many fine beaches on Long Island Sound and fresh water Rogers Lake off Route 1. Full time residents, numbering 7,679 according to the U.S. Census Bureau, American Community Survey 2020-2024, are joined by almost 10,000 summer residents who come to enjoy Old Lyme's shoreline facilities.

PRINCIPAL DISTRICT OFFICIALS

Office	Name	Manner of Selection	Years of Service	Current Term
Board of Education				
Chairperson	Jason Kemp	Elected	5 Years	2025-2029
Vice Chairperson	Anna B. James	Elected	5 Years	2025-2029
Treasurer	Cynthia McCollum	Elected	1 Year	2025-2029
Secretary	Gavin Lodge	Elected	3 Years	2023-2027
Member	Michael Hansen	Elected	1 Year	2025-2029
Member	Alexander Lowry	Elected	3 Years	2023-2027
Member	Scott Brown	Elected	3 Years	2023-2027
Member	Sheryl Shyloski	Elected	1 Year	2025-2029
Superintendent of Schools	Ian Neviaser	Appointed	14 Years	Indefinite
Business Manager	Holly McCalla	Appointed	12 Years	Indefinite

Source: District Officials.

DISTRICT EMPLOYEES

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

Fiscal Year	2022	2023	2024	2025	2026
Certified	153.4	156.8	152.9	153.7	151.5
Non-certified	138.0	137.7	135.5	133.7	133.1
Totals	291.4	294.5	288.4	287.4	284.6

Source: District Officials.

The following is a breakdown by category of the District's employees:

Department	Paid Positions
Administration	11.3
Teachers	132.2
Guidance, Library & Other Professionals	8.0
Other Support	133.2
Total Personnel	**284.6**

Source: District Officials.

DISTRICT EMPLOYEES BARGAINING UNITS

Organization	Number of Members	Number of Non-Members	Current Expiration Date
Regional School District #18 Teachers Association............	140.0	2	6/30/2028
Regional School District #18 Administration Association..	10.0	0	6/30/2027
Regional School District #18 Federation of Non-Certified Employees AFT-CT AFL-CIO CLC...........................	61.0	63	6/30/2027
Total Employees..	211	65	

Members...........	211
Non-members...	65
Total.............	276

Source: District Officials.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject the 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, in assessing the financial capability of a municipality, there is an irrebuttable presumption that 15% of the municipality's budget reserve (a budget reserve of 5% or less for teacher's contracts) is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living (over the preceding three years for teacher's contracts), existing employment conditions of the employee group and similar groups, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SCHOOL FACILITIES

Schools	Grades	Date of Construction (Last Renovated)	Number of Classrooms	Enrollment 10/1/2025	Operating Capacity
Mile Creek School.......................	K-5	1963, 1970, 1990, 2002	18	321	318
Lyme School................................	K-5	1934, 1950, 1956, 1961, 1967, 1990, 2002	12	205	218
Center School..............................	Pre-K	1934, 1939, 1950, 1990, 2004	16	87	330
Lyme/Old Lyme Middle School.	6-8	1957, 1968, 1990, 2003	19	278	360
Lyme/Old Lyme High School.....	9-12	1980, 2011	27	357	613
Total			92	1,248	1,839

Source: District Officials.

SCHOOL ENROLLMENT

Actual				
School Year	Grades Pre-K-5	Grades 6-8	Grades 9 - 12	Total Enrollment
Historical				
2021-2022	580	271	449	1,300
2022-2023	609	270	409	1,288
2023-2024	627	271	395	1,293
2024-2025	639	271	368	1,278
2025-2026	613	278	357	1,248
Projected				
2026-2027	630	272	343	1,245
2027-2028	616	298	336	1,250
2028-2029	601	298	348	1,247
2029-2030	594	312	346	1,252

Source: District Officials.

POPULATION TRENDS

Year	Town of Lyme	Town of Old Lyme	The District	Lower CT River Valley Planning Region [1]	State of Connecticut
2000	2,016	7,406	9,422	259,088	3,405,565
2010	2,323	7,589	9,912	272,360	3,545,837
2020	2,425	7,371	9,796	266,868	3,570,549
2024	2,303	7,679	9,982	175,822	3,624,508

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Department of Commerce, Bureau of Census, 2000, 2010 and 2020; U.S. Census Bureau, 2020-2024 American Community Survey.

AGE DISTRIBUTION OF THE POPULATION

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region [1]		State of Connecticut	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 5........	77	3.3	452	5.9	7,192	4.1	181,691	5.0
5 - 9...........	47	2.0	347	4.5	7,837	4.5	195,164	5.4
10 - 14.........	96	4.2	484	6.3	8,440	4.8	214,972	5.9
15 - 19.........	101	4.4	425	5.5	10,474	6.0	239,710	6.6
20 - 24.........	131	5.7	232	3.0	10,583	6.0	238,387	6.6
25 - 34.........	210	9.1	436	5.7	20,311	11.6	454,892	12.6
35 - 44.........	261	11.3	819	10.7	21,569	12.3	460,916	12.7
45 - 54.........	201	8.7	1,156	15.1	22,017	12.5	453,917	12.5
55 - 59.........	189	8.2	596	7.8	13,877	7.9	256,068	7.1
60 - 64.........	284	12.3	708	9.2	14,452	8.2	258,234	7.1
65 - 74.........	452	19.6	1,216	15.8	22,328	12.7	386,232	10.7
75 - 84.........	196	8.5	550	7.2	11,520	6.6	196,373	5.4
85 and over..	58	2.5	258	3.4	5,222	3.0	87,952	2.4
Total	2,303	100.0	7,679	100.0	175,822	100.0	3,624,508	100.0

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

INCOME LEVELS

	Median Family Income			Per Capita Income		
	(2000)	(2020)	(2024)	(2000)	(2020)	(2024)
Town of Lyme................................	$82,853	$138,625	$156,750	$43,347	$79,113	$96,157
Town of Old Lyme........................	78,779	141,643	150,495	41,386	72,875	83,426
Lower CT River Valley Region[1]...	59,857	94,894	136,577	24,678	40,995	59,075
Connecticut....................................	65,521	102,061	122,706	28,766	45,668	55,915
United States..................................	50,046	80,069	99,999	21,587	35,384	44,673

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Department of Commerce, Bureau of Census, 2000 and 2020; U.S. Census Bureau, 2020-2024 American Community Survey.

INCOME DISTRIBUTION

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region [1]		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent	Families	Percent
Less than to $10,000..	3	0.4	35	1.6	787	1.7	24,004	2.6
10,000 to 14,999........	20	2.7	8	0.4	347	0.8	12,584	1.4
15,000 to 24,999........	0	0.0	55	2.5	888	1.9	27,285	3.0
25,000 to 34,999........	0	0.0	27	1.2	1,351	2.9	33,429	3.6
35,000 to 49,999........	30	4.1	99	4.5	1,844	4.0	59,826	6.5
50,000 to 74,999........	49	6.6	169	7.7	4,824	10.4	106,611	11.6
75,000 to 99,999........	56	7.6	235	10.8	5,642	12.2	106,893	11.6
100,000 to 149,999...	202	27.4	453	20.8	9,870	21.3	182,785	19.8
150,000 to 199,999...	101	13.7	331	15.2	8,275	17.9	131,310	14.3
200,000 or more........	277	37.5	769	35.3	12,415	26.8	236,661	25.7
Total..............	738	100.0	2,181	100.0	46,243	100.0	921,388	100.0

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region [1]		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.........................	5	0.3	22	0.4	2,037	1.6	101,458	4.0
9th to 12th grade............................	17	0.9	100	1.7	3,896	3.0	114,887	4.5
High School Graduate....................	231	12.5	938	16.3	31,135	23.7	647,192	25.3
Some College................................	292	15.8	959	16.7	22,401	17.1	410,903	16.1
Associate Degree..........................	130	7.0	477	8.3	11,432	8.7	195,081	7.6
Bachelor Degree............................	599	32.4	1,499	26.1	33,225	25.3	595,631	23.3
Graduate or Professional Degree.	577	31.2	1,744	30.4	27,170	20.7	489,432	19.2
Total.....................................	1,851	100.0	5,739	100.0	131,296	100.0	2,554,584	100.0
Total high school graduate or higher (%)		98.8%		97.9%		95.5%		91.5%
Total bachelor degree or higher (%)		63.5%		56.5%		46.0%		42.5%

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

MAJOR EMPLOYERS
As of July 2026

Town of Lyme

The Town of Lyme is a suburban residential community. Major employers consist of mostly small companies employing up to approximately 10 employees.

Town of Old Lyme

Name of Employer	Nature of Entity	Estimated Number of Employees
LEARN	Non-Profit Educational Services.	512
Regional School District #18	Education	285
Sennheiser Electronic Corporation	Manufacturer	100-249
Kellogg Marine Supply	Marine Equipment & Supplies	100-249
Coldwell Banker	Real Estate Sales	100-249
Big Y	Grocery Store	100-249
A Behavioral Approach	Mental Health Services	50-99
Limbkeepers LLC	Health Services	50-99
Pargo Engineering LLC	Engineering	50-99
The Hideaway	Restaurant	50-99
Black Hall Club	Country Club	50-99
Lyme Academy of Fine Arts	Post Educational Institution	20-49
Town of Old Lyme	Municipality	51
Old Lyme Inn	Bed & Breakfast	20-49
Old Lyme Day Care	Child Care Services	20-49
Old Lyme Post Office	Post Office	20-49
Coffees Country Market	Deli and Bakery	20-49
Florence Griswold Museum	Historic Site/Museum	20-49
HP Broom Housewright Inc	Building Construction	20-49
Mohegan Painting Co	Painters	20-49
Pavilion	Night Club	20-49
Readco	Property Management	20-49
Reynolds Subaru	Automotive Dealer	20-49
Seniors Helping Seniors	Home Health Services	20-49
William Pitt Sotheby's	Real Estate Agency	20-49

Source: Old Lyme Annual Report 2025, LEARN 2025 Annual Report and www1.ctdol.state.ct.us labor market website.

EMPLOYMENT BY INDUSTRY

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region [1]		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries....................	0	0.0	11	0.3	414	0.4	7,132	0.4
Construction..	181	14.8	261	7.0	5,886	6.3	113,006	6.1
Manufacturing..	112	9.2	544	14.5	11,800	12.6	198,526	10.7
Wholesale trade..	13	1.1	138	3.7	1,794	1.9	35,592	1.9
Retail trade..	72	5.9	298	8.0	9,058	9.6	192,698	10.4
Transportation & warehousing & utilities...	32	2.6	136	3.6	3,953	4.2	87,076	4.7
Information..	12	1.0	72	1.9	1,547	1.6	37,488	2.0
Finance, insurance, real estate.....................	127	10.4	211	5.6	7,539	8.0	161,226	8.7
Professional, scientific & management......	167	13.7	489	13.1	10,857	11.6	228,229	12.3
Educational, health & social services..........	311	25.4	909	24.3	26,175	27.9	496,559	26.8
Arts, entertainment & recreation.................	127	10.4	403	10.8	7,199	7.7	143,851	7.8
Other professional services.........................	34	2.8	163	4.4	3,747	4.0	80,617	4.4
Public administration...................................	35	2.9	111	3.0	4,014	4.3	67,864	3.7
Total..	1,223	100.0	3,746	100.0	93,983	100.0	1,849,864	100.0

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

EMPLOYMENT DATA [1]

	Percentage Unemployed				
Yearly Average	Town of Lyme %	Town of Old Lyme %	Norwich-New London Labor Market %	State of Connecticut %	United States %
2016..............	3.4	3.7	5.0	4.8	4.9
2017..............	3.3	3.7	4.3	4.4	4.4
2018..............	3.0	3.4	3.8	3.9	3.9
2019..............	2.5	3.1	3.5	3.6	3.7
2020..............	5.3	6.9	10.0	8.0	8.1
2021..............	4.8	5.8	6.9	6.4	5.4
2022..............	3.6	3.9	4.1	4.1	3.7
2023..............	2.5	2.8	3.2	3.2	3.6
2024..............	2.4	2.6	3.1	3.2	4.0
2025..............	3.2	2.9	3.8	3.9	4.3
2026 Monthly					
January...........	4.2	4.3	5.4	5.5	4.7
February.........	4.5	4.3	5.6	5.8	4.7
March.............	4.3	3.9	4.9	5.1	4.3
April	4.4	3.9	5.0	5.2	4.0

[1] *Not seasonally adjusted.*

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region [1]		State of Connecticut	
Year Built	Units	Percent	Units	Percent	Units	Percent	Units	Percent
1939 or earlier........	373	31.2	824	17.9	15,937	19.2	311,584	20.2
1940 - 1949...........	54	4.5	702	15.3	3,842	4.6	96,711	6.3
1950 - 1959...........	125	10.4	451	9.8	9,047	10.9	217,807	14.1
1960 - 1969...........	67	5.6	641	13.9	10,282	12.4	199,847	13.0
1970 - 1979...........	124	10.4	659	14.3	12,975	15.6	210,797	13.7
1980 - 1989...........	196	16.4	454	9.9	11,938	14.4	199,083	12.9
1990 - 1999...........	142	11.9	452	9.8	7,674	9.2	115,803	7.5
2000 - 2009...........	97	8.1	324	7.0	7,590	9.1	109,783	7.1
2010 - 2019...........	8	0.7	70	1.5	3,365	4.1	69,596	4.5
2020 or later..........	11	0.9	21	0.5	313	0.4	10,811	0.7
Total........................	1,197	100.0	4,598	100.0	82,963	100.0	1,541,822	100.0
Percent Owner Occupied.............		90.8%		88.8%		75.8%		66.5%

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

HOUSING INVENTORY

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region [1]		State of Connecticut	
Type	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-unit, detached......................	1,180	98.6	4,294	93.4	60,033	72.4	902,771	58.6
1-unit, attached.......................	5	0.4	21	0.5	3,351	4.0	99,493	6.5
2 units....................................	0	0.0	147	3.2	4,311	5.2	115,211	7.5
3 or 4 units............................	0	0.0	39	0.8	3,893	4.7	125,486	8.1
5 to 9 units.............................	0	0.0	16	0.3	3,121	3.8	76,014	4.9
10 to 19 units.........................	0	0.0	0	0.0	2,289	2.8	54,675	3.5
20 or more units...................	0	0.0	6	0.1	5,100	6.1	156,730	10.2
Mobile home, boat, other......	12	1.0	75	1.6	865	1.0	11,442	0.7
Total	1,197	100.0	4,598	100.0	82,963	100.0	1,541,822	100.0

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

Sales Price Category	Town of Lyme Number	Town of Lyme Percent	Town of Old Lyme Number	Town of Old Lyme Percent	Lower CT River Valley Planning Region [1] Number	Lower CT River Valley Planning Region [1] Percent	State of Connecticut Number	State of Connecticut Percent
Less than $50,000	7	0.8	6	0.2	1,106	2.0	23,262	2.4
$ 50,000 to $ 99,999 ...	0	0.0	79	2.8	847	1.5	14,209	1.5
$ 100,000 to $149,999 ...	12	1.3	5	0.2	1,090	1.9	31,134	3.3
$ 150,000 to $199,999 ...	0	0.0	8	0.3	3,201	5.7	65,851	6.9
$ 200,000 to $299,999 ...	21	2.3	118	4.2	11,049	19.7	205,349	21.5
$ 300,000 to $499,999 ...	307	33.9	1,308	46.3	24,838	44.2	350,277	36.8
$ 500,000 to $999,999 ...	373	41.2	1,117	39.5	12,051	21.5	197,853	20.8
$1,000,000 and over	186	20.5	187	6.6	1,954	3.5	65,054	6.8
Total	906	100.0	2,828	100.0	56,136	100.0	952,989	100.0
2000 Median Value[2]….........	$289,300		$245,100		$142,200		$166,900	
2020 Median Value[3]….............	$538,700		$395,800		$246,800		$279,700	
2024 Median Value[4]….............	$629,900		$484,200		$379,700		$366,900	

[1] *Starting with the 2019-2023 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.*

[2] *U.S. Department of Commerce, Bureau of Census, 2000.*

[3] *U.S. Census Bureau, 2016-2020 American Community Survey.*

[4] *U.S. Census Bureau, 2020-2024 American Community Survey.*

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

ASSESSMENTS

The Town of Lyme had a general property revaluation effective October 1, 2023, and the Town of Old Lyme had its revaluation effective October 1, 2024. The Town of Lyme's next revaluation is October 1, 2028 and the Town of Old Lyme's next revaluation is October 1, 2029. Under Section 12-62 of the Connecticut General Statutes the Towns must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within each Member Town for inclusion onto the Grand List is the responsibility of the Assessor of each Member Town. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within each Member Town as of October 1. In each Member Town 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. Assessments for personal property and motor vehicles are computed at 70 percent of current fair market value.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. Upon issuance of a certificate of completion, 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 personal property (furniture, fixtures, equipment and machinery) is valued annually. An assessor's check and audit is completed periodically.

Connecticut General Statutes Section 12-71e, as amended, provides that for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. Any municipality or district may establish a mill rate for motor vehicles that is equal to or lower than 32.46 mills, including zero mills. Such mill rate for motor vehicles may be different from the mill rate for real property and personal property, provided the mill rate for motor vehicles is lower than the mill rate for real property and personal property. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town of Lyme's motor vehicle tax rates for the current 2025 assessment year (the fiscal year ending June 30, 2027) is 14.50 mills. The Town of Old Lyme's motor vehicle tax rates for the current 2025 assessment year (the fiscal year ending June 30, 2027) is 16.86 mills.

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

PROPERTY TAX COLLECTION PROCEDURE

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year in the Member Towns. Real estate and personal property tax bills in Old Lyme are payable in two installments, July 1 and January 1. The Town of Lyme collects its real estate and personal property levy in one installment due July 1. Motor vehicle taxes in each Member Town are payable in July and motor vehicle supplemental bills are payable in January. Personal property taxes of $100 or less are payable in July. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in each Member Town's budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of $2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with State statutes.

COMPARATIVE ASSESSED VALUATIONS – TOWN OF LYME

Grand List Dated	FY Ending 30-Jun	Real Property (%)	Personal Property (%)	Motor Vehicle Property (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	% Growth
2025	2027	92.3	2.9	4.8	$721,356,527	$3,231,672	$718,124,855	1.1%
2024	2026	93.3	2.5	4.1	713,231,621	2,894,050	710,337,571	-0.3%
2023 [1]	2025	92.9	2.4	4.7	714,257,866	1,796,962	712,460,904	37.2%
2022	2024	89.9	3.2	6.9	521,085,912	1,653,966	519,431,946	0.7%
2021	2023	90.1	3.2	6.8	517,039,874	1,330,985	515,708,889	2.2%
2020	2022	91.5	3.2	5.1	505,961,637	1,357,970	504,603,667	0.7%
2019	2021	91.9	3.2	4.9	502,427,371	1,323,880	501,103,491	1.5%
2018 [1]	2020	93.1	2.1	4.8	494,890,348	1,151,990	493,738,358	-6.9%
2017	2019	93.7	1.9	4.4	531,399,569	1,293,652	530,105,917	1.4%
2016	2018	94.5	1.4	4.1	523,790,941	1,227,799	522,563,142	0.4%

[1] *Revaluation Year.*
Source: Assessor's Office, Town of Lyme.

COMPARATIVE ASSESSED VALUATIONS – TOWN OF OLD LYME

Grand List Dated	FY Ending 30-Jun	Real Property (%)	Personal Property (%)	Motor Vehicle Property (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	% Growth
2025	2027	94.0	2.1	3.9	$2,555,541,768	$18,193,726	$2,537,348,042	0.6%
2024 [1]	2026	94.3	2.0	3.7	2,534,568,729	13,124,908	2,521,443,821	57.4%
2023	2025	90.5	3.0	6.5	1,609,361,570	6,987,630	1,602,373,940	0.4%
2022	2024	90.3	2.8	6.9	1,601,786,671	6,583,680	1,595,202,991	0.7%
2021	2023	90.6	2.8	6.6	1,590,925,488	6,473,480	1,584,452,008	1.8%
2020	2022	92.3	2.4	5.3	1,561,164,645	4,784,670	1,556,379,975	0.5%
2019 [1]	2021	92.8	2.2	5.0	1,552,913,744	4,713,280	1,548,200,464	-2.4%
2018	2020	93.0	2.1	4.9	1,590,393,328	4,733,590	1,585,659,738	0.2%
2017	2019	93.2	2.1	4.7	1,586,789,974	4,721,130	1,582,068,844	0.5%
2016	2018	93.4	2.1	4.5	1,579,189,805	4,495,820	1,574,693,985	0.0%

[1] *Revaluation Year.*
Source: Assessor's Office, Town of Old Lyme.

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF LYME

Grand List 1-Oct	FY Ending 30-Jun	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Collected End of Each Fiscal Year	Percent Uncollected End of Each Fiscal Year	Percent Annual Levy Uncollected 6/30/2025	Amount Uncollected as of 6/30/2025
2025	2027	$718,124,855	14.50	$10,305,367		- Collection 7/1/2026 -		
2024	2026	710,337,571	14.50	10,196,896		- Unaudited -		
2023	2025	712,460,904	14.50	10,345,336	99.9%	0.1%	0.1%	$12,350
2022	2024	519,431,946	19.50	10,158,133	99.8%	0.2%	0.1%	6,046
2021	2023	515,708,889	19.95	10,320,390	99.4%	0.6%	0.0%	811
2020	2022	504,603,667	19.95	10,142,916	99.9%	0.1%	0.0%	205
2019	2021	501,103,491	19.95	10,007,981	99.7%	0.3%	0.0%	(277)
2018	2020	493,738,358	19.95	9,851,602	99.9%	0.1%	0.0%	818
2017	2019	530,105,917	18.60	9,847,500	99.5%	0.5%	0.0%	(32)
2016	2018	522,563,142	18.25	9,560,562	99.2%	0.8%	0.0%	(173)
2015	2017	520,487,150	18.25	9,472,210	99.1%	0.9%	0.0%	(600)
2014	2016	517,262,563	17.75	9,154,210	99.1%	0.9%	0.0%	814

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

PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF OLD LYME

Grand List 1-Oct	FY Ending 30-Jun	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Collected End of Each Fiscal Year	Percent Uncollected End of Each Fiscal Year	Percent Annual Levy Uncollected 6/30/2025	Amount Uncollected as of 6/30/2025
2025	2027	$2,537,348,042	16.86	$43,215,575		- Collections 7/1/26 & 1/1/2027 -		
2024	2026	2,521,443,821	16.23	40,990,476		- Unaudited -		
2023	2025	1,602,373,940	24.40	39,315,518	98.9%	1.1%	1.1%	$435,053
2022	2024	1,595,202,991	23.50	37,633,923	99.2%	0.8%	0.4%	133,158
2021	2023	1,584,452,008	23.50	37,379,482	99.1%	0.9%	0.1%	48,461
2020	2022	1,556,379,975	23.30	36,342,407	99.2%	0.8%	0.1%	34,043
2019	2021	1,548,200,464	23.20	35,918,812	98.9%	1.1%	0.1%	30,562
2018	2020	1,585,659,738	22.41	35,585,288	98.9%	1.1%	0.0%	3,521
2017	2019	1,582,068,844	21.91	34,751,872	98.9%	1.1%	0.0%	0
2016	2018	1,574,693,985	21.75	34,244,763	98.9%	1.1%	0.0%	100
2015	2017	1,575,460,055	21.20	33,318,255	98.9%	1.1%	0.0%	0
2014	2016	1,566,306,925	20.62	32,235,851	98.7%	1.3%	0.0%	0

Source: Tax Collector's Office, Town of Old Lyme.

TEN LARGEST TAXPAYERS – TOWN OF LYME [1]

Business-Name	Nature Of Business	Estimated Assessment 10/1/2025	Rank	Percent of Total
Eversource	Utility	$ 17,417,635	1	2.43%
Platner, Beverly	Residential	5,942,400	2	0.83%
Whelen, George W IV	Residential	4,405,668	3	0.61%
Daitch, Peter C.	Residential	3,802,500	4	0.53%
1859 Associates LLC	Residential	3,552,645	5	0.49%
Johnson, Maureen J & Gilead G.	Residential	3,484,100	6	0.49%
Wardlaw, Stephen C. & Lynne	Residential	3,187,139	7	0.44%
Enders, Elizabeth McGuire	Residential	2,942,266	8	0.41%
Lorac LLC	Residential	2,652,600	9	0.37%
Hecht, Kim B & Kevin J	Residential	2,650,200	10	0.37%
	Total	**$ 50,037,153**		**6.97%**

[1]*Based on a 10/1/25 Net Taxable Grand List of $718,124,855.*
Source: Assessor's Office, Town of Lyme.

TEN LARGEST TAXPAYERS – TOWN OF OLD LYME [1]

Business-Name	Nature Of Business	Estimated Assessment 10/1/2025	Rank	Percent of Total
Eversource	Utility	$ 17,896,010	1	0.71%
Old Lyme Stores Limited Partnership	Shopping Center	9,234,900	2	0.36%
Connecticut Water Company	Utility	9,064,610	3	0.36%
EPW II LLC	Commercial	7,967,700	4	0.31%
The Nest at HNB Inc	Family Resort	5,662,200	5	0.22%
Fox Brendan M Jr	Real Estate	5,629,000	6	0.22%
Garvin Family Corp Inc	Cottage Rental Company	4,326,150	7	0.17%
Patterson Michael E. & Elena C.	Real Estate	4,215,000	8	0.17%
Chambers, Herbert G.	Residential	4,141,500	9	0.16%
Salty Cottage Co	Cottage Rental Company	4,070,300	10	0.16%
	Total	**$ 72,207,370**		**2.85%**

[1]*Based on a 10/1/25 Net Taxable Grand List of $2,537,348,042.*
Source: Assessor's Office, Town of Old Lyme.

EQUALIZED NET GRAND LIST – TOWN OF LYME

Grand List of 10/1	Equalized Net Grand List	% Growth
2024	$1,156,119,180	13.7%
2023	1,016,521,292	-6.5%
2022	1,086,689,372	3.3%
2021	1,052,251,899	8.1%
2020	973,841,416	28.3%
2019	759,019,899	7.6%
2018	705,404,163	-6.5%
2017	754,053,083	5.8%
2016	712,450,053	2.5%
2015	695,103,048	-1.7%

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

EQUALIZED NET GRAND LIST – TOWN OF OLD LYME

Grand List of 10/1	Equalized Net Grand List	% Growth
2024	$3,602,548,317	-6.5%
2023	3,852,832,166	10.1%
2022	3,500,895,548	11.2%
2021	3,146,898,685	10.6%
2020	2,845,562,244	28.8%
2019	2,209,456,433	-4.9%
2018	2,322,423,659	0.5%
2017	2,311,940,149	1.3%
2016	2,282,498,687	1.1%
2015	2,257,046,618	1.0%

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

V. FINANCIAL INFORMATION

FISCAL YEAR

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

ACCOUNTING POLICIES

The financial statements of 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. Please refer to Appendix A "Notes to the Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

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

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

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

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

BUDGETARY PROCEDURES

It is the policy of the Board to require the Superintendent to direct the preparation of the budget and to submit such budget to the Board for its review and approval. The Superintendent confers with the school staff on budgetary needs, as well as considers priorities that have been determined by the Board.

The following deadlines pertaining to budget adoption are set by Connecticut General Statutes:

> The budget must be presented for vote of the electors of the Member Towns at the Annual Meeting of the District, which meeting must be held on the first Monday of May.
>
> Not less than two weeks prior to such Annual Meeting, the Board must hold a District meeting to present the proposed budget, at which time any person may recommend inclusion or deletion of expenditures.
>
> At least five days before the Annual Meeting of the District, the Board must deliver copies of its completed budget to the Town Clerks of the Member Towns and make available additional copies on request.
>
> Should the budget be rejected by a majority vote at the Annual Meeting of the District, the Board must, within four weeks, and upon notice of not less than one week, call another District meeting to consider the same or an amended budget. Such meetings must be convened at such intervals until a budget is approved.
>
> If a District budget is not approved before the beginning of a fiscal year, the disbursing officer for each Member Town, or the designee of such officer, shall make necessary expenditures to the District in amounts equal to a total of each Member Town's appropriation to the District for the previous year and the Member Town's proportionate share in any increment in debt service over the previous fiscal year, until a budget is approved. Each Member Town shall receive credit for such expenditures once the District budget is approved for the fiscal year.

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- The citizens of the Member Towns of the District vote on the recommended budget.
- All budget transfers must be approved by the Board of Education
- Formal budgetary integration is employed as a management control device during the year for the general fund.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the fund level.
- 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 report as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end.

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the "expenditure cap"). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality's adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

ANNUAL AUDIT

Pursuant to Connecticut law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management ("OPM") and a copy of the report must be filed with OPM within six months of the end of the fiscal year. For the fiscal year ended June 30, 2025 the examination was conducted by the firm of King, King & Associates, PC., certified public accountants, of Winsted, Connecticut.

PENSION PLANS – THE DISTRICT

District Pension Plan

The District participates in a multiple employer defined contribution plan administered by the Town of Old Lyme, to provide pension benefits for all of the Town of Old Lyme's full time employees and the District's nonprofessional administrative employees. The plan is considered to be part of the Town of Old Lyme's reporting entity and is included in the Town of Old Lyme's basic financial statements as a pension trust fund. 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. Participants are not required to contribute to the plan. The District's contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous service.

The District's contribution is allocated to participants' accounts on the basis of compensation. Contribution requirements of the plan members and the District are established and may be amended by the Town of Old Lyme Board of Selectmen. Plan members may contribute and are limited to 17% of their earnings. The District is required to contribute 8% of employee covered payroll.

For Fiscal Year ended June 30, 2025, the District's payroll of eligible individuals covered by the plan was $4,474,097. The District contributed $357,928 or 8% of covered payroll, while the employees contributed $46,928.

State Teachers' Retirement System

The faculty and professional personnel of the District participate in the State Teacher's Retirement System. The system is administered under the provisions of Chapter 167a of the Connecticut General Statutes. Participation in the plan is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the plan is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement Plan (TIAA-CREF).

A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

The pension contributions by the State to the plan are determined on an actuarial reserve basis as described in Connecticut General Statutes Sections 10-1831 and 10-183z. For the fiscal year ended June 30, 2025, the District recognized benefits expense and contribution revenue of $4,650,330 in the governmental funds for on-behalf amounts for the benefits provided by the State.

Participants are required to contribute 7.00% of their annual salary rate to the system as required by Connecticut General Statutes Section 10-183b (7). For year ended June 30, 2025 the certified teachers' contribution to the Connecticut Teachers Retirement Board was $1,023,166. The covered payroll for District personnel is $14,616,651.

***Please refer to Appendix A "Basic Financial Statements" under section "Notes to the Financial Statements – Note 9 – Retirement Benefits" herein for information on the District's Pension Plans*.**

PENSION PLANS – TOWN OF LYME

The Town of Lyme has two active contribution pension plans, one covering all eligible full time employees and one covering volunteer members of The Lyme Fire Company, Inc. and The Lyme Ambulance Association, Inc.. Both plans are defined contribution plans to provide pension benefits to eligible participants.

Town Employee Retirement Plan

The Town of Lyme has established and administers a single employer defined contribution plan to provide pension benefits for all of the Town's full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All non-union employees are eligible to participate at twenty-one (21) years of age and after one year of service with 1,000 hours. Participants are not required to contribute to the plan. The Town's contributions for each employee and interest allocated to the employee's account are fully vested after three years of continuous service.

The Town's contribution is allocated to participants' accounts on the basis of compensation. Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town is required to contribute 8% of employee covered payroll.

The Town's total payroll for fiscal year ended June 30, 2025 was approximately $1,159,000, while the Town's payroll of individuals covered by the plan was approximately $873,098. The Town contributed $69,848 or 8% of covered payroll.

The Lyme Fire Company, Inc. and The Lyme Ambulance Association, Inc. Incentive Plan

The Town of Lyme has established and administers a single employer defined contribution plan to provide pension benefits for all eligible members of the of the Town's volunteer fire department or ambulance association. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Any active card carrying member is eligible to participate at eighteen (18) years of age. Participants are not required to contribute to the plan. The Town's contributions for each employee and interest allocated to the employee's account are fifty percent vested after five years of service and fully vested after ten years of continuous service.

As of June 30, 2025, there were 61 plan members. Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town contributed $67,696 in fiscal year 2025.

PENSION PLANS – TOWN OF OLD LYME

Town of Old Lyme Pension Plan

The Town of Old Lyme has established and administers a multiple employer defined contribution plan to provide pension benefits for all of the Town's full-time employees and Regional School District Number 18's nonprofessional administrative employees. 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. Participants are not required to contribute to the plan; however they are allowed to contribute on an after-tax basis up to 10%, which is fully vested. The Town's contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous service.

The Town's contribution is allocated to participants' accounts on the basis of compensation. Contribution requirements of the plan members and the Town are established and may be amended by the Board of Selectmen. The Town is required to contribute 8% of employee covered payroll. The plan does not issue stand-alone reports.

The Town and District's payroll of eligible individuals covered by the plan was $6,560,295. In fiscal year 2025 Employee contributions totaled $109,114 or 1.66% of covered payroll, and the Town and District recognized pension expense of $524,824, or 8% of covered payroll.

The Town has no liability to the plan at year ended June 30, 2025.

Volunteer Firefighters' Retirement Plan

The volunteer firefighters of the Town of Old Lyme participate in a defined contribution plan; however, the assets are not held in the Town's name. Although not required, it has been the Town's policy in the past years to fund all pension costs accrued in the current year. The Town's contribution during fiscal year 2025 was $102,850.

OTHER POST-EMPLOYMENT BENEFITS – THE DISTRICT

District Other Post-Employments Benefits

The District provides post-employment benefits, including medical and life insurance benefits, to eligible retirees and their spouses though a single-employer defined benefit plan called the Regional School District No. 18 Other Post-Employment Benefits Program (the "Plan"). Benefit provisions are established by the Board of Education and may be amended by the Board. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. The plan also provides medical insurance benefits for all eligible District retirees. Benefits and contributions are established by contract and may be amended by union negotiations. Employee contributions are dependent on the covered group.

The following reflects the results of an actuarial valuation of the Post-Employment Benefits as of July 1, 2023, with a reporting date of June 30, 2025. It represents the total OPEB liability of the District, calculated using the discount rate of 5.20% as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	Fiscal year ending June 30, 2025		
	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Net OPEB Liability..........	$ 1,684,537	$ 1,547,409	$1,426,844

The following represents the net OPEB liability of the District, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Fiscal year ending June 30, 2025		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability........	$ 1,765,695	$ 1,547,409	$ 1,366,931

Connecticut State Teachers' Other Post-Employment Benefits (OPEB)

Teachers within the District's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board, which includes the Retiree Health Insurance Plan ("Connecticut State Teachers' OPEB"). This Connecticut State Teachers' OPEB is a cost sharing multiple employer defined benefit OPEB plan with a special funding situation. As such, the District does not have a liability related to participants in the Connecticut State Teachers' OPEB.

The Connecticut State Teachers' OPEB is administered under the provisions of Chapter 167a of the Connecticut General Statutes. State of Connecticut contributions are determined on an actuarial reserve basis. Participants are required to contribute 1.25% of their annual salary as required by Connecticut General Statute Section 10-183b (7). Employers are not required to contribute to the Connecticut State Teachers' OPEB. The District does not contribute to the plan.

The District recognized the OPEB expense associated with the District as well as revenue in an amount equal to the non-member contributing entities' total proportionate share of the collective OPEB expense associated with the District. For fiscal year ended June 30, 2025, the District recognized $65,109 as the amount expended by the State on behalf of the District to meet the State's funding requirements.

Please refer to Appendix A "Basic Financial Statements" under section "Notes to Financial Statements – Note 9 – Retirement Benefits" herein for information on the District's Pension Plans.

The Towns of Lyme and Old Lyme do not provide Other Post-Employment Benefits to their retirees.

INVESTMENT POLICIES AND PRACTICES

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

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

COMPARATIVE GENERAL FUND OPERATING STATEMENT
The District
Budget and Actual
(Budgetary Basis)

	Fiscal Year 2024-25				
REVENUES	**Final Budget**	**Actual Operations**	**Variance Favorable (Unfavorable)**	**2025-26 Adopted Budget**	**2026-27 Adopted Budget**
Member Town Assessments......................	$ 36,192,915	$ 36,192,915	$ -	$ 38,478,039	$ 40,607,121
Intergovernmental......................................	-	-	-	-	-
Charges for Services.................................	270,500	338,788	68,288	320,000	150,500
Interest Income..	30,000	3,459	(26,541)	350,000	180,000
Other Revenues..	4,706	12,804	8,098	4,706	4,469
TOTAL REVENUES................................	36,498,121	36,547,966	49,845	39,152,745	40,942,090
EXPENDITURES					
Program..	4,509,524	4,386,039	123,485	4,913,607	5,711,874
Instruction..	14,653,568	14,005,859	647,709	15,823,583	15,755,013
Support Services - Pupil...........................	2,079,982	2,038,412	41,570	2,028,058	2,096,628
Educational Media.....................................	1,274,709	1,128,827	145,882	1,342,092	1,349,464
General Administration.............................	873,365	1,429,779	(556,414)	895,324	908,900
School Administration..............................	2,885,881	3,102,740	(216,859)	2,460,037	2,709,084
Business...	6,468,115	6,242,041	226,074	6,721,969	7,265,761
Operation of Noninstructional Service....	911,735	889,139	22,596	1,252,845	1,413,940
Debt Service...	3,264,002	2,961,363	302,639	4,213,288	4,267,291
Other Expenditures....................................	-	-	-	-	-
TOTAL EXPENDITURES......................	36,920,881	36,184,199	736,682	39,650,803	41,477,955
Excess (deficiency) of revenues over expenditures...	(422,760)	363,767	786,527	(498,058)	(535,865)
Other financing sources (uses):					
Cancellation of prior year's encumbrances.....................................	-	34,018	34,018	-	-
Appropriated fund balance.....................	422,760	-	(422,760)	498,058	535,865
Transfers in...	-	-	-	-	-
Transfers out..	-	(400,000)	(400,000)	-	-
Total other financing sources (uses)........	422,760	(365,982)	(788,742)	498,058	535,865
Net change in fund balances.....................	$ -	$ (2,215)	$ (2,215)	$ -	$ -

Source: Audit Report 2025; Budgets 2026 and 2027.

GENERAL FUND BALANCE SHEET
The District
Summary of Audited Assets and Liabilities
(GAAP Basis)

	2021	2022	2023	2024	2025
ASSETS					
Cash and cash equivalents	$ 4,401,274	$ 3,478,097	$ 3,298,761	$ 10,480,610	$ 21,363,038
Investments	1,090,222	-	-	-	-
Receivables	17,475	813	770	-	2,363
Inventory	-	-	-	-	-
Due from other funds	1,326,993	1,320,220	1,299,120	1,291,645	1,459,557
TOTAL ASSETS	6,835,964	4,799,130	4,598,651	11,772,255	22,824,958
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payables and Accrued Items	589,162	574,165	336,512	369,671	403,200
Due to Other Funds	3,049,893	1,987,559	2,725,462	9,939,151	21,062,696
Due to Fiduciary Funds	-	-	-	-	-
Unearned Revenues	211	211	211	211	211
TOTAL LIABILITIES	3,639,266	2,561,935	3,062,185	10,309,033	21,466,107
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	2,933,884	2,080,357	1,295,119	920,818	1,033,923
Committed	-	-	-	-	-
Assigned	262,814	156,838	241,347	542,404	324,928
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	3,196,698	2,237,195	1,536,466	1,463,222	1,358,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES FUND BALANCES	$ 6,835,964	$ 4,799,130	$ 4,598,651	$ 11,772,255	$ 22,824,958

Source: Audit Report 2021-2025.

GENERAL FUND REVENUES AND EXPENDITURES

The District

Summary of Audited Revenues and Expenditures

(GAAP Basis)

	2021	2022	2023	2024	2025
REVENUES					
Member Towns	$33,932,812	$33,002,440	$33,440,179	$34,671,680	$36,192,915
Charges for Services	109,500	140,815	227,750	346,300	338,788
Intergovernmental	8,436,530	3,823,440	4,505,740	4,878,703	4,831,680
Investment Income	2,596	1,142	777	1,850	3,459
Other Revenues	167,275	24,704	45,944	16,681	12,804
Transfers In	-	-	306,141 [1]	-	481,964 [2]
TOTAL REVENUES	42,648,713	36,992,541	38,526,531	39,915,214	41,861,610
EXPENDITURES					
Current:					
Program	4,780,487	4,324,064	4,070,553	4,204,119	4,377,842
Instruction	21,025,324	17,020,415	17,869,881	18,538,312	18,717,557
Support Services - Pupil	1,899,390	2,039,937	2,045,830	2,101,167	2,040,726
Educational Media	1,327,893	1,289,693	1,376,427	1,092,416	999,181
General Administration	849,998	882,937	879,603	873,222	1,413,281
School Administration	2,124,880	2,279,990	2,371,657	2,445,230	3,032,381
Business	5,637,255	5,554,056	5,899,820	5,751,505	6,458,789
Non-Instructional Service	625,734	689,387	765,058	886,988	885,092
Debt service	3,152,220	3,174,956	3,170,574	2,531,807	2,306,168
Capital Outlay	-	-	60,970	846,805	1,334,964
Transfers Out	697,491	696,609	716,887	716,887	400,000
TOTAL EXPENDITURES	42,120,672	37,952,044	39,227,260	39,988,458	41,965,981
Results from Operations	528,041	(959,503)	(700,729)	(73,244)	(104,371)
Fund Balance - Beginning of year	2,668,657	3,196,698	2,237,195	1,536,466	1,463,222
Fund Balance - End of year	$ 3,196,698	$ 2,237,195	$ 1,536,466	$ 1,463,222	$ 1,358,851

[1] *Includes $306,141 in issuance of equipment financing notes.*

[2] *Includes $62,829 in issuance of equipment financing notes, $326,690 in leases and $92,445 in subscription arrangements.*

Note: Under Connecticut General Statutes, prior years' surplus is appropriated in the current year's budget and returned to the Member Towns each year.

ANALYSIS OF GENERAL FUND EQUITY

The District

(GAAP Basis)

	2021	2022	2023	2024	2025
Restricted	$ 2,933,884	$ 2,080,357	$ 1,295,119	$ 920,818	$ 1,033,923
Committed	-	-	-	-	-
Assigned	262,814	156,838	241,347	542,404	324,928
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	$ 3,196,698	$ 2,237,195	$ 1,536,466	$ 1,463,222	$ 1,358,851

Source: Audit Reports 2021-2025.

COMPARATIVE GENERAL FUND OPERATING STATEMENT
Town of Lyme
Budget and Actual
(Budgetary Basis)

	Fiscal Year 2024-25				
REVENUES	**Final Budget**	**Actual Operations**	**Variance Favorable (Unfavorable)**	**2025-26 Adopted Budget**	**2026-27 Adopted Budget**
Taxes, Interest and Lien Fess	$ 10,237,376	$ 10,393,304	$ 155,928	$ 10,206,896	$ 10,315,267
Licenses and Permits	167,000	243,945	76,945	167,000	187,000
Charges for Services	43,500	88,206	44,706	42,450	62,350
Intergovernmental	2,434,768	2,814,237	379,469	1,717,648	739,372
Investment Income	258,000	455,973	197,973	250,000	225,000
Other Revenues	-	21,962	21,962	102,030	199,723
Contributions	60,000	64,238	4,238	-	-
TOTAL REVENUES	13,200,644	14,081,865	881,221	12,486,024	11,728,712
EXPENDITURES					
General Government	1,490,772	1,462,181	28,591	1,244,434	1,423,273
Public Safety	405,273	390,835	14,438	317,749	331,535
Highways	917,173	895,045	22,128	934,266	1,014,345
Sanitation	292,474	263,701	28,773	344,743	347,325
Health and Welfare	98,833	87,331	11,502	103,039	101,422
Library	223,403	213,775	9,628	232,632	251,378
Recreation	168,330	145,177	23,153	178,893	267,052
Miscellaneous	65,185	47,643	17,542	519,555	587,854
Education	6,662,033	6,662,033	-	6,961,537	7,019,137
Redemption of Debt	-	-	-	-	-
Capital Outlay	2,052,900	2,013,311	39,589	530,400	2,883,800
TOTAL EXPENDITURES	12,376,376	12,181,032	195,344	11,367,248	14,227,121
Revenues over (under) expenditures	824,268	1,900,833	685,877	1,118,776	(2,498,409)
Other financing sources (uses):					
Use of Fund Balance	-	-	-	-	2,498,409
Transfers In	75,200	75,143	(57)	-	-
Transfers Out	(10,000)	(5,000)	(5,000)	(1,118,776)	-
Total other financing sources (uses)	65,200	70,143	(5,057)	(1,118,776)	2,498,409
Net change in fund balances	$ 889,468	$ 1,970,976	$ 680,820	$ -	$ -

Source: Audit Report 2025; Budgets 2026 and 2027.

GENERAL FUND BALANCE SHEET
Town of Lyme
Summary of Audited Assets and Liabilities
(GAAP Basis)

	2021	2022	2023	2024	2025
ASSETS					
Cash and Equivalents.............................	$ 816,927	$ 960,219	$ 497,950	$ 203,573	$ 136,726
Investments..	3,000,000	3,500,000	5,927,708	5,570,070	5,811,738
Receivables, net:					
Property Taxes. Interest and Liens....	81,286	45,083	105,423	58,402	33,691
Intergovernmental..............................	-	6,000	5,000	1,692,327	1,280,999
Other	-	-	-	73,364	2,453
Prepaid expenses...................................	-	-	-	-	62,776
TOTAL ASSETS	$ 3,898,213	$ 4,511,302	$ 6,536,081	$ 7,597,736	$ 7,328,383
LIABILITIES					
Accounts Payable..................................	$ 105,461	$ 173,411	$ 718,435	$ 914,178	$ 426,951
Unearned Revenue - Grants..................	-	-	144,835	29,835	-
Performance Bond Deposits.................	18,000	17,000	16,000	18,000	19,000
TOTAL LIABILITIES.........................	123,461	190,411	879,270	962,013	445,951
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property Taxes..	73,295	34,857	55,184	55,334	31,814
Unavailable revenue - state grants.........	-	-	-	1,480,469	148,999
TOTAL DEFERRED INFLOWS OF RESOURCES............................	73,295	34,857	55,184	1,535,803	180,813
FUND BALANCES					
Nonspendable..	-	-	-	-	62,776
Restricted..	-	-	-	-	-
Assigned...	637,115	1,357,338	2,106,273	1,906,926	1,211,878
Unassigned...	3,064,342	2,928,696	3,495,354	3,192,994	5,426,965
TOTAL FUND BALANCES................	3,701,457	4,286,034	5,601,627	5,099,920	6,701,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES................	$ 3,898,213	$ 4,511,302	$ 6,536,081	$ 7,597,736	$ 7,328,383

Source: Audit Reports 2021-2025.

GENERAL FUND REVENUES AND EXPENDITURES
Town of Lyme
Summary of Audited Revenues and Expenditures
(GAAP Basis)

	2021	2022	2023	2024	2025
REVENUES					
Taxes	$ 10,056,356	$ 10,195,135	$ 10,342,392	$ 10,177,405	$ 10,393,304
Licenses and Permits	227,771	239,875	180,203	192,765	243,945
Charges for Services	49,637	48,682	76,116	53,481	88,206
Intergovernmental	400,117	422,588	456,759	886,230	2,814,237
Investment Income	6,764	11,770	327,633	516,958	455,973
Other	6,834	5,773	6,868	10,115	21,962
Contributions	45,897	48,662	55,849	55,925	64,238
Transfers In	32,056	34,223	50,316	79,722	75,143
TOTAL REVENUES	10,825,432	11,006,708	11,496,136	11,972,601	14,157,008
EXPENDITURES					
General Government	1,079,710	1,117,718	1,183,706	1,381,755	1,449,171
Public Safety	264,258	318,975	329,742	367,484	390,835
Highways	645,289	777,666	591,220	923,551	850,045
Sanitation	208,336	227,577	233,300	235,451	263,701
Health and Welfare	91,927	97,365	73,438	88,358	87,331
Library	170,820	178,667	197,291	214,093	213,775
Recreation	105,687	125,793	117,658	129,477	159,725
Miscellaneous	28,643	69,867	42,761	47,010	47,643
Education	6,376,133	5,996,088	5,918,777	6,487,966	6,662,033
Debt Principal and Interest	430,837	1,110,980	45,254	-	-
Capital Outlay	352,403	293,435	1,044,396	2,599,163 [1]	2,426,050
Transfers Outlay	260,000	108,000	403,000	-	5,000
TOTAL EXPENDITURES	10,014,043	10,422,131	10,180,543	12,474,308	12,555,309
Results from Operations	811,389	584,577	1,315,593	(501,707)	1,601,699
Fund Balance - July 1	2,890,068	3,701,457	4,286,034	5,601,627	5,099,920
Fund Balance - June 30	$ 3,701,457	$ 4,286,034	$ 5,601,627	$ 5,099,920	$ 6,701,619

[1] *Starting in the 2024 audit the debt principal and interest payments have been included in the capital outlay line item.*
Source: Audit Reports 2021-2025.

ANALYSIS OF GENERAL FUND EQUITY
Town of Lyme
(GAAP Basis)

	2021	2022	2023	2024	2025
Nonspendable	$ -	$ -	$ -	$ -	$ 62,776
Assigned	637,115	1,357,338	2,106,273	1,906,926	1,211,878
Unassigned	3,064,342	2,928,696	3,495,354	3,192,994	5,426,965
TOTAL FUND BALANCES	$ 3,701,457	$ 4,286,034	$ 5,601,627	$ 5,099,920	$ 6,701,619
UNDESIGNATED FUND BALANCE AS % OF TOTAL EXPENDITURES	30.60%	28.10%	34.33%	25.60%	43.22%

Source: Audit Reports 2021-2025.

COMPARATIVE GENERAL FUND OPERATING STATEMENT
Town of Old Lyme
Budget and Actual
(Budgetary Basis)

	Fiscal Year 2024-25				
REVENUES	**Final Budget**	**Actual Operations**	**Variance Favorable (Unfavorable)**	**2025-26 Adopted Budget**	**2026-27 Adopted Budget**
Property Taxation	$ 39,027,110	$ 39,743,793	$ 716,683	$ 40,190,476	$ 42,765,575
Charges for Services	1,180,622	1,420,103	239,481	1,831,568	1,407,400
Intergovernmental	2,216,150	2,086,559	(129,591)	2,022,060	2,090,547
Investment Income	425,000	1,088,480	663,480	550,000	780,000
TOTAL REVENUES	42,848,882	44,338,935	1,490,053	44,594,104	47,043,522
EXPENDITURES					
General Government	3,573,632	3,371,188	202,444	3,870,177	4,076,375
Boards and Commissions	609,600	496,866	112,734	605,025	648,424
Public Works	971,442	915,616	55,826	1,041,985	1,175,101
Parks and Recreation	578,972	548,558	30,414	582,404	613,512
Other Public Safety	493,214	469,553	23,661	520,223	649,177
Social Services	120,930	120,484	446	132,498	137,818
Fire Services	509,183	480,655	28,528	597,911	590,367
Police Services	1,003,740	907,925	95,815	1,047,605	1,105,773
Health Services	72,831	72,831	-	91,786	91,709
Senior Citizen's Activities	204,064	198,068	5,996	187,444	208,013
Capital Projects	-	-	-	1,774,700	2,139,900
Other Associations	480,500	480,500	-	495,980	508,522
Sanitation	1,419,427	1,363,243	56,184	1,426,689	1,552,258
Chartered Associations	85,000	83,688	1,312	90,000	95,000
Regional School District 18	29,530,882	29,530,882	-	31,516,502	33,587,983
Debt Service - Redemption of Debt	415,000	415,000	-	535,000	555,000
Debt Service - Interest	16,182	16,123	59	167,350	19,000
Capital Outlay	2,377,873	2,372,079	5,794	710,825	489,590
TOTAL EXPENDITURES	42,462,472	41,843,259	619,213	45,394,104	48,243,522
Revenues over (under) expenditures	386,410	2,495,676	2,109,266	(800,000)	(1,200,000)
Other financing sources (uses):					
Appropriation of fund balance	908,390	-	(908,390)	800,000	1,200,000
Proceeds from Sale of Capital Assets	1,000	4,000	3,000	-	-
Cancellation of Prior Year Encumbrances	10,000	43,275	33,275	-	-
Transfers In	-	-	-	-	-
Transfers Out	1,305,800	1,305,800	-	-	-
Total other financing sources (uses)	2,225,190	1,353,075	(872,115)	800,000	1,200,000
Net change in fund balances	$ 2,611,600	$ 3,848,751	$ 1,237,151	$ -	$ -

Source: Audit Report 2025; Budgets 2026 and 2027.

GENERAL FUND BALANCE SHEET
Town of Old Lyme
Summary of Audited Assets and Liabilities
(GAAP Basis)

	2021	2022	2023	2024	2025
ASSETS					
Cash	$ 5,178,029	$ 4,643,973	$ 3,588,287	$ 13,334,920	$ 14,041,250
Investments	11,833,884	11,119,952	11,032,942	3,306,771	3,468,901
Receivables:					
Property Taxes	834,776	585,970	522,471	547,935	575,578
Intergovernmental	7,535	168,825	29,590	261,364	880,558
Other	33,006	39,546	82,189	76,304	75,397
Leases	-	149,528	101,662	51,846	371,521
Due from Other Funds	151,467	397,888	6,275	19,987	256,496
Prepaid Amounts	982,617	30,494	50,340	592,910	641,517
TOTAL ASSETS	$ 19,021,314	$ 17,136,176	$ 15,413,756	$ 18,192,037	$ 20,311,218
LIABILITIES					
Accounts Payable	530,076	511,235	428,354	916,779	879,861
Accrued Liabilities	31,512	44,798	358,978	319,480	279,977
Due to Other Funds	188,388	118,258	-	441,778	-
Performance Bonds	299,238	299,495	304,915	312,553	263,883
Unearned Revenues	1,329,330	219,730	230,396	88,999	462,719
TOTAL LIABILITIES	2,378,544	1,193,516	1,322,643	2,079,589	1,886,440
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	834,776	585,970	321,830	509,666	447,204
Advance Property Tax Collections	4,082,503	2,263,293	195,530	-	-
Leases	-	190,507	97,760	48,880	346,971
TOTAL DEFERRED INFLOWS OF RESOURCES	4,917,279	3,039,770	615,120	558,546	794,175
FUND BALANCES					
Nonspendable	982,617	30,494	50,340	592,910	641,517
Assigned	1,310,049	1,367,673	500,547	558,664	1,398,243
Unassigned	9,432,825	11,504,723	12,925,106	14,402,328	15,590,873
TOTAL FUND BALANCES	11,725,491	12,902,890	13,475,993	15,553,902	17,630,633
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 19,021,314	$ 17,136,176	$ 15,413,756	$ 18,192,037	$ 20,311,248

Source: Audit Reports 2021-2025.

GENERAL FUND REVENUES AND EXPENDITURES

Town of Old Lyme

Summary of Audited Revenues and Expenditures
(GAAP Basis)

	2021	2022	2023	2024	2025
REVENUES					
Property Taxes	$ 36,091,574	$ 36,604,570	$ 37,678,561	$ 37,766,978	$ 39,743,793
Charges for Services	1,348,307	1,288,311	1,343,706	1,481,968	1,432,720
Intergovernmental	1,249,213	1,089,387	985,818	1,649,817	2,086,559
Investment Income	33,977	23,798	233,445	1,031,609	1,073,448
Contributors	-	-	64,041	70,307	-
Other Local Revenues	-	-	-	-	2,415
Transfers In	41,748 [1]	45,849 [2]	1,500 [3]	2,850 [4]	4,000 [5]
TOTAL REVENUES	38,764,819	39,051,915	40,307,071	42,003,529	44,342,935
EXPENDITURES					
General Government	2,537,606	2,737,700	2,902,454	3,037,062	3,384,446
Boards and Commissions	442,983	391,514	397,913	398,126	524,337
Public Works	830,482	900,813	898,563	889,707	915,616
Parks and Recreation	383,168	411,370	516,972	500,891	548,558
Other Public Safety	460,709	428,862	422,954	439,263	469,554
Social Services	113,306	113,875	378,508	356,829	120,484
Fire Services	381,055	323,964	512,601	460,494	480,654
Police Services	934,524	921,576	-	-	907,925
Health Services	77,758	78,150	873,797	903,761	72,831
Capital Projects	-	-	-	-	-
Senior Citizens	161,346	160,786	-	-	198,068
Other Associations	382,000	413,000	-	-	-
Sanitation	1,117,425	1,200,440	1,235,160	1,369,640	1,363,243
Other Non-Profits	-	-	423,000	458,500	480,500
Chartered Associations	71,700	71,700	71,700	71,700	83,688
Education	27,556,679	27,006,352	27,521,402	28,183,714	29,530,882
Capital Outlay	1,770,486	553,719	567,335	537,320	1,448,495
Debt Service	478,698	466,695	454,729	442,910	431,123
Transfers Out	1,040,500	1,694,000	2,556,880	1,875,703	1,305,800
TOTAL EXPENDITURES	38,740,425	37,874,516	39,733,968	39,925,620	42,266,204
Net change in fund balances	24,394	1,177,399	573,103	2,077,909	2,076,731
Fund Balance - July 1	11,701,097	11,725,491	12,902,890	13,475,993	15,553,902
Fund Balance - June 30	$ 11,725,491	$ 12,902,890	$ 13,475,993	$ 15,553,902	$ 17,630,633

[1] *Includes $200 proceeds from sale of capital assets.*
[2] *Includes $15,200 proceeds from sale of capital assets.*
[3] *Includes $1,500 proceeds from sale of capital assets.*
[4] *Includes $2,850 proceeds from sale of capital assets.*
[5] *Includes $4,000 proceeds from sale of capital assets.*
Source: Audit Reports 2021-2025.

ANALYSIS OF GENERAL FUND EQUITY
Town of Old Lyme
(GAAP Basis)

	2021	2022	2023	2024	2025
Nonspendable	$ 982,617	$ 30,494	$ 50,340	$ 592,910	$ 641,517
Assigned	1,310,049	1,367,673	500,547	558,664	1,398,243
Unassigned	9,432,825	11,504,723	12,925,106	14,402,328	15,590,873
TOTAL FUND BALANCES	$ 11,725,491	$ 12,902,890	$ 13,475,993	$ 15,553,902	$ 17,630,633
UNDESIGNATED FUND BALANCE AS % OF TOTAL EXPENDITURES.	24.35%	30.38%	32.53%	36.07%	36.89%

Source: Audit Reports 2021-2025.

PROPERTY TAX REVENUES

Regional School District 18

The District derived its revenues from the assessments of Member Towns, State aid, Federal aid, various fees and charges, and certain miscellaneous revenue. The District does not levy a property tax.

Town of Lyme

Fiscal Year	General Fund Revenues	Property Taxes	Taxes a % of General Fund Revenue
2027 [1]	$ 11,728,712	$10,315,267	87.9%
2026 [1]	12,486,024	10,206,896	81.7%
2025	14,157,008	10,393,304	73.4%
2024	11,972,601	10,177,405	85.0%
2023	11,496,136	10,342,392	90.0%
2022	11,006,708	10,195,135	92.6%
2021	10,825,432	10,056,356	92.9%

[1] *Adopted budget.*
Source: Audit Reports 2020-2024; Budgets 2025 and 2026.

Town of Old Lyme

Fiscal Year	General Fund Revenues	Property Taxes	Taxes a % of General Fund Revenue
2027 [1]	$ 47,043,522	$42,765,575	90.9%
2026 [1]	44,594,104	40,190,476	90.1%
2025	44,342,935	39,743,793	89.6%
2024	42,003,529	37,766,978	89.9%
2023	40,307,071	37,678,561	93.5%
2022	39,051,915	36,604,570	93.7%
2021	38,764,819	36,091,574	93.1%

[1] *Adopted budget.*
Source: Audit Reports 2020-2024; Budgets 2025 and 2026.

INTERGOVERNMENTAL REVENUES

Regional School District 18

Fiscal Year	General Fund Revenues	Intergovernmental Aid [2]	Aid As a % of General Fund Revenue
2027 [1]	$ 41,477,955	$ -	0.0%
2026 [1]	39,650,803	-	0.0%
2025	41,861,610	4,831,680	11.5%
2024	39,915,214	4,878,703	12.2%
2023	38,526,531	4,505,740	11.7%
2022	36,992,541	3,823,440	10.3%
2021	42,648,713	8,436,530	19.8%

[1] *Adopted budget.*

[2] *Fiscal years 2021-2025 include on-behalf payments for state funding of the teachers' retirement system pension liability and for the Connecticut State Teachers' OPEB liability.*

Source: Audit Reports 2021-2025; Budgets 2026 and 2027.

Town of Lyme

Fiscal Year	General Fund Revenues	Intergovernmental Aid	Aid As a % of General Fund Revenue
2027 [1]	$ 11,728,712	$ 739,372	6.3%
2026 [1]	12,486,024	1,717,648	13.8%
2025	14,157,008	2,814,237	19.9%
2024	11,972,601	886,230	7.4%
2023	11,496,136	456,759	4.0%
2022	11,006,708	422,588	3.8%
2021	10,825,432	400,117	3.7%

[1] *Adopted budget.*

Source: Audit Reports 2021-2025; Budgets 2026 and 2027.

Town of Old Lyme

Fiscal Year	General Fund Revenues	Intergovernmental Aid	Aid As a % of General Fund Revenue
2027 [1]	$ 47,043,522	$ 2,090,547	4.4%
2026 [1]	44,594,104	2,022,060	4.5%
2025	44,342,935	2,086,559	4.7%
2024	42,003,529	1,649,817	3.9%
2023	40,307,071	985,818	2.4%
2022	39,051,915	1,089,387	2.8%
2021	38,764,819	1,249,213	3.2%

[1] *Adopted budget.*

Source: Audit Reports 2021-2025; Budgets 2026 and 2027.

EXPENDITURES

Regional School District 18

Fiscal Year	Education	Administrative	Debt Service
2027 [1]	76.9%	9.0%	10.6%
2026 [1]	77.8%	8.5%	10.6%
2025	77.7%	10.6%	5.5%
2024	79.2%	8.3%	6.3%
2023	79.7%	8.3%	8.1%
2022	79.6%	8.3%	8.4%
2021	82.3%	7.1%	7.5%

[1] *Adopted budget.*
Source: Audit Reports 2021-2025; Budgets 2026 and 2027.

Town of Lyme

Fiscal Year	Education	General Government	Public Safety	Debt Service	Public Works
2027 [1]	49.3%	10.0%	2.3%	0.0%	9.6%
2026 [1]	67.9%	12.1%	3.1%	0.0%	12.5%
2025	53.1%	11.5%	3.1%	0.0%	8.9%
2024	52.0%	11.1%	2.9%	0.0%	9.3%
2023	58.1%	11.6%	3.2%	0.4%	8.1%
2022	57.5%	10.7%	3.1%	10.7%	9.6%
2021	63.7%	10.8%	2.6%	4.3%	8.5%

[1] *Adopted budget.*
Source: Audit Reports 2021-2025; Budgets 2026 and 2027.

Town of Old Lyme

Fiscal Year	Education	General Government	Public Safety	Debt Service	Public Works
2027 [1]	69.6%	8.4%	4.9%	1.2%	5.7%
2026 [1]	69.4%	8.5%	4.8%	1.5%	5.4%
2025	69.9%	8.0%	4.4%	1.0%	5.4%
2024	70.6%	7.6%	2.3%	1.1%	5.7%
2023	69.3%	7.3%	2.4%	1.1%	5.4%
2022	71.3%	7.2%	4.4%	1.2%	5.5%
2021	71.1%	6.6%	4.6%	1.2%	5.0%

[1] *Adopted budget.*
Source: Audit Reports 2021-2025; Budgets 2026 and 2027.

PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT[1]
As of August 13, 2026
(Pro Forma)

Date	Purpose	Rate %	Original Issue	Debt Outstanding As of 8/13/2026	Date of Fiscal Year Maturity
Schools					
1/7/2015	School Bonds…................................	2.59%	5,000,000	2,085,000	2034
9/6/2017	Refunding School Bonds....................	2.00%	9,325,000	4,270,000	2029
2/10/2020	Refunding School Bonds....................	3.00-5.00%	7,215,000	2,170,000	2030
8/15/2024	School Bonds......................................	4.00-5.00%	16,675,000	15,840,000	2045
8/13/2026	School Bonds......................................	TBD	17,350,000	17,350,000	2047
	Total Long-Term Debt......................		**$55,565,000**	**$41,715,000**	

Short-Term Debt:

Project	Amount Authorized	Previously Bonded	Grants Received	Additions/ (Reductions)	Notes Maturing 8/13/2026	Notes *(This Issue)*	Renewable Limit
District-wide Facilities Improvements	$57,555,000	$16,675,000	$13,599,822 [1]	($2,397,000) [2]	$20,110,000	$3,990,000	10/17/2033
	$57,555,000	$16,675,000	$13,599,822	($2,397,000)	$20,110,000	$3,990,000	

[1] *It is anticipated the District will receive approximately $21,084,805 in grants from the State of Connecticut for this project.*
[2] *The District used $884,000 of designated funds in fiscal year 2024 and $853,000 in designated funds for the fiscal year 2025 for the project. In addition, premium in the amount of $660,000 was applied to the project.*

Other Long-Term Debt:

Equipment Notes: Principal Only

2027	15,440
2028	15,957
	$31,397

Capital Leases Payable: Principal Only

2027	73,315
2028	75,336
2029	33,487
2030	11,337
	$193,475

Source: District Officials.

PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF LYME

As of August 13, 2026
(Pro Forma)

The Town of Lyme has no outstanding bonded debt at this time.

Short-Term Debt:

None

Other Long-Term Debt:

None

PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF OLD LYME

As of August 13, 2026
(Pro Forma)

Date	Purpose	Rate %	Original Issue	Debt Outstanding As of 8/13/2026	Date of Fiscal Year Maturity
General Purpose					
8/26/2019	Library Project....................................	2.05%	1,250,000	500,000	2030
9/24/2024	General Purpose Bonds..........................	4.00%	4,100,000	3,690,000	2035
			$5,350,000	**$4,190,000**	

Short-Term Debt:

None

Other Long-Term Debt:

None

SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State's share of the eligible construction costs. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT [1]

As of August 13, 2026
(Pro Forma)

Fiscal Year Ending 30-Jun	General Obligation Bonds			The Bonds (This Issue)		Percent Retired
	Principal	Interest	Total	Principal	Interest	
2027	$ 2,520,000	$ 945,125	$ 3,465,125	$ -	$ -	6.04%
2028	2,520,000	838,525	3,358,525	870,000	-	14.17%
2029	2,535,000	735,300	3,270,300	870,000	-	22.33%
2030	2,530,000	635,500	3,165,500	870,000	-	30.48%
2031	1,815,000	550,075	2,365,075	870,000	-	36.92%
2032	1,095,000	489,075	1,584,075	870,000	-	41.63%
2033	1,095,000	438,875	1,533,875	870,000	-	46.34%
2034	1,095,000	392,200	1,487,200	870,000	-	51.05%
2035	835,000	349,700	1,184,700	870,000	-	55.14%
2036	835,000	316,300	1,151,300	870,000	-	59.22%
2037	835,000	282,900	1,117,900	870,000	-	63.31%
2038	835,000	249,500	1,084,500	865,000	-	67.39%
2039	835,000	216,100	1,051,100	865,000	-	71.46%
2040	835,000	182,700	1,017,700	865,000	-	75.54%
2041	830,000	149,400	979,400	865,000	-	79.60%
2042	830,000	116,200	946,200	865,000	-	83.66%
2043	830,000	83,000	913,000	865,000	-	87.73%
2044	830,000	49,800	879,800	865,000	-	91.79%
2045	830,000	16,600	846,600	865,000	-	95.85%
2046	-	-	-	865,000	-	97.93%
2047	-	-	-	865,000	-	100.00%
Total	**$24,365,000**	**$7,036,875**	**$31,401,875**	**$17,350,000**	**$ -**	

[1] *Does not include underlying debt.*
Source: District Officials.

ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF LYME

As of August 13, 2026
(Pro Forma)

The Town of Lyme has no outstanding bonded debt at this time.

ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF OLD LYME [1]

As of August 13, 2026
(Pro Forma)

Fiscal Year Ending 30-Jun	General Obligation Bonds Principal	Interest	Total	Percent Retired
2027	$ 535,000	$ 148,369	$ 683,369	12.77%
2028	535,000	129,406	664,406	25.54%
2029	535,000	110,444	645,444	38.31%
2030	535,000	91,481	626,481	51.07%
2031	410,000	73,800	483,800	60.86%
2032	410,000	57,400	467,400	70.64%
2033	410,000	41,000	451,000	80.43%
2034	410,000	24,600	434,600	90.21%
2035	410,000	8,200	418,200	100.00%
	$ 4,190,000	**$ 684,700**	**$ 4,874,700**	

[1] *Does not include overlapping debt or loans.*
Source: Town Officials.

OVERLAPPING/UNDERLYING DEBT - THE DISTRICT

The District has no overlapping debt.

The outstanding indebtedness of the Towns of Lyme and Old Lyme is considered underlying debt of the District:

Member Town	Net Direct Indebtedness	Applicable to District's Net Debt
Town of Lyme	$0	$0
Town of Old Lyme	4,190,000	4,190,000
Total	**$4,190,000**	**$4,190,000**

Source: Towns of Lyme and Old Lyme.

OVERLAPPING/UNDERLYING DEBT - TOWNS OF LYME AND OLD LYME

The outstanding indebtedness of the District is considered overlapping debt of the Towns of Lyme and Old Lyme:

District's Net Direct Indebtedness	Applicable to Town of Lyme (17.3%)	Applicable to Town of Old Lyme (82.7%)
$45,736,397	$7,912,397	$37,824,000

Source: District Officials.

The Town of Lyme has no underlying debt. The Town of Old Lyme has several special taxing districts within its borders empowered by State statutes to levy taxes and to issue tax-exempt debt.

Name of District	Debt Outstanding as of 6/30/2026 [1]
Miami Beach Association	None
Old Lyme Shore Beach Association	None
Old Colony Beach Club Association	$573,495
Point O'Woods Association, Inc	$1,314,866
Rogers Lake West Shores, Inc	None
White Sand Beach Association	None
Total	$1,888,361

[1] *Estimate.*
Source: Town Officials.
Note: The estimated debt shown above is from sources believed to be reliable however, the District has not assumed responsibility to verify this information.

DEBT STATEMENT - THE DISTRICT [1]
As of August 13, 2026
(Pro Forma)

Long-Term Indebtedness	
Schools *(includes the Bonds)*	41,715,000
Total Long-Term Indebtedness	41,715,000
Short-Term Indebtedness	
Notes *(includes the Notes)*	3,990,000
Equipment Note payable	31,397
Total Short-Term Indebtedness	4,021,397
Total Direct Indebtedness	45,736,397
Exclusions:	
	-
Net Direct Indebtedness	45,736,397
Overlapping/Underlying Indebtedness	4,190,000
Total Overall Net Direct Indebtedness	$ 49,926,397

[1] *Does not include authorized but unissued debt.*

CURRENT DEBT RATIOS
As of August 13, 2026
(Pro Forma)

Total Direct Indebtedness	$45,736,397
Total Net Direct Indebtedness	$45,736,397
Total Overall Net Direct Indebtedness	$49,926,397
Population	9,982
Net Taxable Grand List (10/1/25)	$3,255,472,897
Estimated Full Value	$4,650,675,567
Equalized Net Taxable Grand List (10/1/24)	$4,758,667,497
Total Direct Indebtedness:	
Per Capita	$4,581.89
To Net Taxable Grand List	1.40%
To Estimated Full Value	0.98%
To Equalized Net Taxable Grand List	0.96%
Total Net Direct Indebtedness:	
Per Capita	$4,581.89
To Net Taxable Grand List	1.40%
To Estimated Full Value	0.98%
To Equalized Net Taxable Grand List	0.96%
Total Overall Net Direct Indebtedness:	
Per Capita	$5,001.64
To Net Taxable Grand List	1.53%
To Estimated Full Value	1.07%
To Equalized Net Taxable Grand List	1.05%

DEBT STATEMENT - TOWN OF LYME
As of August 13, 2026
(Pro Forma)

Long-Term Indebtedness	
General Purpose	$ -
Total Long-Term Indebtedness	-
Short-Term Indebtedness	
Bond Anticipation Notes payable	-
Total Short-Term Indebtedness	-
Total Direct Indebtedness	-
Exclusions:	
	-
Net Direct Indebtedness	-
Overlapping/Underlying Indebtedness	7,912,397
Total Overall Net Direct Indebtedness	$ 7,912,397

CURRENT DEBT RATIOS
As of August 13, 2026
(Pro Forma)

Total Direct Indebtedness	$0
Total Net Direct Indebtedness	$0
Total Overall Net Direct Indebtedness	$7,912,397
Population	2,303
Net Taxable Grand List (10/1/25)	$718,124,855
Estimated Full Value	$1,025,892,650
Equalized Net Taxable Grand List (10/1/24)	$1,156,119,180
Total Direct Indebtedness:	
Per Capita	$0.00
To Net Taxable Grand List	0.00%
To Estimated Full Value	0.00%
To Equalized Net Taxable Grand List	0.00%
Total Net Direct Indebtedness:	
Per Capita	$0.00
To Net Taxable Grand List	0.00%
To Estimated Full Value	0.00%
To Equalized Net Taxable Grand List	0.00%
Total Overall Net Direct Indebtedness:	
Per Capita	$3,435.69
To Net Taxable Grand List	1.10%
To Estimated Full Value	0.77%
To Equalized Net Taxable Grand List	0.68%

DEBT STATEMENT - TOWN OF OLD LYME
As of August 13, 2026
(Pro Forma)

Long-Term Indebtedness	
General Purpose	$ 4,190,000
Total Long-Term Indebtedness	4,190,000
Short-Term Indebtedness	
Bond Anticipation Notes payable	-
Total Short-Term Indebtedness	-
Total Direct Indebtedness	4,190,000
Exclusions:	
	-
Net Direct Indebtedness	4,190,000
Overlapping Indebtedness	37,824,000
Underlying Indebtedness	1,888,361
Total Overall Net Direct Indebtedness	$ 43,902,361

CURRENT DEBT RATIOS
As of August 13, 2026
(Pro Forma)

Total Direct Indebtedness	$4,190,000
Total Net Direct Indebtedness	$4,190,000
Total Overall Net Direct Indebtedness	$43,902,361
Population	7,679
Net Taxable Grand List (10/1/25)	$2,537,348,042
Estimated Full Value	$3,624,782,917
Equalized Net Taxable Grand List (10/1/24)	$3,602,548,317
Total Direct Indebtedness:	
Per Capita	$545.64
To Net Taxable Grand List	0.17%
To Estimated Full Value	0.12%
To Equalized Net Taxable Grand List	0.12%
Total Net Direct Indebtedness:	
Per Capita	$545.64
To Net Taxable Grand List	0.17%
To Estimated Full Value	0.12%
To Equalized Net Taxable Grand List	0.12%
Total Overall Net Direct Indebtedness:	
Per Capita	$5,717.20
To Net Taxable Grand List	1.73%
To Estimated Full Value	1.21%
To Equalized Net Taxable Grand List	1.22%

BOND AUTHORIZATION

The District has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations. Bond and note issues, except refunding bond issues, in excess of $500,000 must be authorized by the Board of Education of the District and must be approved at a referendum of the voters of the Towns of Lyme and Old Lyme. Prior to the referendum, a public hearing is held at a District Meeting called for such purpose. The referendum is held simultaneously in each of the Member Towns and notice thereof is published in each of the Member Towns. A majority vote of the District's voters as a whole is the approval requirement.

Refunding bond issues are authorized by resolution of the Board of Education.

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

TEMPORARY FINANCING

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

LIMITATION OF INDEBTEDNESS

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

> for a district empowered to provide for its member towns all programs under the general supervision and control of the State Board of Education 4.5 times the annual receipts from taxation of its member towns for the prior fiscal year;
>
> for a district serving the same towns as are served by two or more town school districts 2.25 times the annual receipts from taxation of its member towns for the prior fiscal year.

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

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

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

The statutes also provide for exclusion from the debt limitation any debt upon placement in escrow of the proceeds of refunding bonds in an amount sufficient to pay such debt.

STATEMENT OF STATUTORY DEBT LIMITATION
THE DISTRICT
As of August 13, 2026
(Pro Forma)

	Lyme	Old Lyme	District Total
Total Receipts (including interest and lien fees)	$ 10,225,292	$ 37,778,807	$ 48,004,099
State Reimbursement for Revenue Loss on:			
Tax Relief for Elderly	-	-	-
Base for Establishing Debt Limit	$ 10,225,292	$ 37,778,807	$ 48,004,099

DEBT LIMITATION:	Schools
(4.50 times base) [1]	$216,018,446
INDEBTEDNESS:	
Bonds Payable *(includes the Bonds)*	$ 41,715,000
Bond Anticipation Notes *(includes the Notes)*	3,990,000
Equipment Note Payable	31,397
Overlapping Debt	4,190,000
Authorized but Unissued Debt	20,354,985
Total Bonded Indebtedness	$ 70,281,382
	-
Net Bonded Indebtedness	70,281,382
Excess of Limit Over Outstanding and Authorized Debt	$145,737,064

[1] *The State of Connecticut General Statutes require that in no event shall the total debt for a Regional School District that provides educational services for levels K-12 exceed 4.5 times the annual receipts for taxation of its Member Towns.*

Source: District Officials.

STATEMENT OF STATUTORY DEBT LIMITATION [1]

TOWN OF LYME
As of August 13, 2026
(Pro Forma)

Total Receipts (including interest and lien fees)	$ 10,225,292
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	-
Base for Establishing Debt Limit	$ 10,225,292

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	$ 23,006,907					
(4.50 times base)		$ 46,013,814				
(3.75 times base)			$ 38,344,845			
(3.25 times base)				$ 33,232,199		
(3.00 times base)					$ 30,675,876	
(7.00 times base)						$ 71,577,044
Indebtedness						
Bonds Payable	$ -	$ -	$ -	$ -	$ -	$ -
Bond Anticipation Notes	-	-	-	-	-	-
Overlapping Debt - RSD 18 [2]	-	7,912,397	-	-	-	7,912,397
Authorized but Unissued Debt	200,000	-	-	-	-	200,000
Total Bonded Indebtedness	200,000	7,912,397	-	-	-	8,112,397
Sewer Assessments	-	-	-	-	-	-
Net Bonded Indebtedness	200,000	7,912,397	-	-	-	8,112,397
Excess of Limit Over Outstanding and Authorized Debt	$ 22,806,907	$ 38,101,417	$ 38,344,845	$ 33,232,199	$ 30,675,876	$ 63,464,647

[1] *The total net indebtedness of the Town shall not exceed seven times the annual receipts from taxation or $71,577,044.*
[2] *Represents Lyme's share of Regional School District Number 18 Net Direct Indebtedness. The percentage of participation for the 2026-2027 Fiscal Year is 17.3%.*
Source: Town of Lyme Officials.

STATEMENT OF STATUTORY DEBT LIMITATION [1]
TOWN OF OLD LYME
As of August 13, 2026
(Pro Forma)

Total Receipts (including interest and lien fees)........	$ 37,778,807
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly........	-
Base for Establishing Debt Limit	$ 37,778,807

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)..................	$ 85,002,316					
(4.50 times base)..................		$170,004,632				
(3.75 times base)..................			$141,670,526			
(3.25 times base)..................				$122,781,123		
(3.00 times base)..................					$113,336,421	
(7.00 times base)..................						$264,451,649
Indebtedness						
Bonds Payable.........................	$ 4,190,000	$ -	$ -	$ -	$ -	$ 4,190,000
Note Payable...........................	-	-	-	-	-	-
Overlapping Debt - RSD 18 [2]...	-	37,824,000	-	-	-	37,824,000
Authorized but Unissued Debt.....................	-	-	-	-	-	-
Total Bonded Indebtedness.....	4,190,000	37,824,000	-	-	-	42,014,000
	-	-	-	-	-	-
Net Bonded Indebtedness.......	4,190,000	37,824,000	-	-	-	42,014,000
Excess of Limit Over Outstanding and Authorized Debt..................	$ 80,812,316	$132,180,631	$141,670,526	$122,781,123	$113,336,421	$222,437,649

[1] *The total net indebtedness of the Town shall not exceed seven times the annual receipts from taxation or $264,451,649.*

[2] *Represents Old Lyme's share of Regional School District Number 18 Net Direct Indebtedness. The percentage of participation for the 2026-2027 Fiscal Year is 82.7%.*

Source: Town of Old Lyme Officials.

AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT
As of August 13, 2026
(Pro Forma)

Project	Amount of Total Authorization	Paydowns/ Grants Received/ Prior Debt Issued	Additional Grants Anticipated	Other Funds Designated	Notes *This Issue*	Bonds *This Issue*	Premium Applied	Authorized But Unissued Debt
High School Additions..........................	$ 47,790,000	$ 43,581,413	$ -	$ -	$ -	$ -	$ -	$ 4,208,587
District-wide Facilities Improvements.	57,555,000	30,274,822 [1]	7,484,983 [2]	1,737,000 [3]	3,990,000	17,350,000	660,000	3,543,178
	$105,345,000	$ 73,856,235	$ 7,484,983	$ 1,737,000	$ 3,990,000	$17,350,000	$660,000	$ 7,751,765

[1] *Includes $13,599,821.86 in grants from the State of Connecticut received to date.*

[2] *It is anticipated the District will receive approximately $21,084,805 in grants from the State of Connecticut for this project. The Additional Grants Anticipated are not reflected in the Authorized But Unissued Debt amounts.*

[3] *The District used $884,000 of designated funds in fiscal year 2024 and $853,000 in designated funds for fiscal year 2025 for the project.*

AUTHORIZED BUT UNISSUED DEBT – TOWN OF LYME

As of August 13, 2026
(Pro Forma)

Project	Amount of Total Authorization	Prior Debt Issued/ Paydowns / Grants/ Other Funds	Authorized But Unissued Debt
Library Project..	$ 3,700,000	$ 3,500,000	$ 200,000 [1]
Total All Projects	$ 3,700,000	$ 3,500,000	$ 200,000

[1] *The appropriation for these projects is $5.08 million which is funded with a bank loan, grants and private donations.*

AUTHORIZED BUT UNISSUED DEBT – TOWN OF OLD LYME

The Town of Old Lyme has no authorized unissued debt.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT[1]

Long-Term Debt	2021	2022	2023	2024	2025	2026 Est.
Bonds.................................	$18,645,000	$16,230,000	$13,805,000	$11,920,000	$26,885,000	$24,365,000
Short-Term Debt						
BANs/Equipment Notes....	$0	$128,827	$265,733	$7,456,501	$15,257,702	$20,141,397
Total.......................................	$18,645,000	$16,358,827	$14,070,733	$19,376,501	$42,142,702	$44,506,397

[1] *Does not include underlying debt.*
Source: Audits 2021-2025, Estimate 2026.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF LYME[1]

Long-Term Debt	2021	2022	2023	2024	2025	2026 Est.
Bonds.................................	$1,050,000	$0	$0	$0	$0	$0
Short-Term Debt						
BANs/Loans......................	$0	$0	$0	$0	$0	$0
Total.......................................	$1,050,000	$0	$0	$0	$0	$0

[1] *Does not include overlapping debt.*
Source: Audits 2021-2025. Estimate 2026.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF OLD LYME[1]

Long-Term Debt	2021	2022	2023	2024	2025	2026 Est.
Bonds.................................	$2,315,000	$1,885,000	$1,460,000	$1,040,000	$4,725,000	$4,190,000
Short-Term Debt						
BANs/Loans......................	$0	$0	$0	$0	$0	$0
Total.......................................	$2,315,000	$1,885,000	$1,460,000	$1,040,000	$4,725,000	$4,190,000

[1] *Does not include overlapping debt.*
Source: Audits 2021-2025, Estimate 2026.

REGIONAL SCHOOL DISTRICT NUMBER 18 HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

VII. LEGAL AND OTHER INFORMATION

LITIGATION

The District

The Regional School District No. 18 Board of Education (the "Board") and Regional School District No. 18 (the "District") (collectively, "Region 18") has one actively pending litigation matter as of the date of this statement, a Connecticut state court matter filed on February 20, 2024. The complaint alleges negligence, negligent infliction of emotional distress, false arrest/false imprisonment, and malicious prosecution against the Board and two of its employees related to the arrest of a student. As of the date of this official statement, discovery closed on September 30, 2025, the filing of dispositive motions and related memoranda was completed January 21, 2026 with the court's decision pending, and trial is scheduled to begin on November 3, 2026. The case is being defended by outside insurance counsel.

Regarding this pending lawsuit, it is Region 18's counsel's opinion that such pending litigation will not be finally determined to result individually or in the aggregate in a final judgment against Region 18 which would materially adversely affect its financial position. Given that each member town (Lyme and Old Lyme) is required to pay its proportionate share of Region 18's costs, if its financial position were impacted, each member town may indirectly carry some liability for a judgment against Region 18 to the extent that it cannot be satisfied by Region 18 with current appropriations and insurance coverage.

Town of Lyme

The Town of Lyme, its officers, employees, boards and commissions, are defendants in a number of lawsuits. The Town Attorney of the Town of Lyme is of the opinion that pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would have a materially adverse effect upon its financial position.

Town of Old Lyme

The Town of Old Lyme, its officers, employees, boards and commissions, are defendants in a number of lawsuits. The Town Attorney of the Town of Old Lyme is of the opinion that pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would have a materially adverse effect upon its financial position. This opinion does not include land use matters, employment matters and matters covered by insurance, for which the Town has outside counsel.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The plan of financing and the structuring of the Bonds and the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon the delivery of the Bonds and the Notes, the winning bidder(s) will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay principal and interest on the Bonds and the Notes;

2. Certificates on behalf of the District, signed by the Chairperson of the Board of Education and the Treasurer which will be dated the date of delivery which will certify, to the best of said officials' knowledge and belief, that at the time the bids on the Bonds and the Notes were accepted, the descriptions and statements in the Preliminary Official Statement relating to the District and its Member Towns and their finances were

true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District or its Member Towns from that set forth in or contemplated by the Preliminary Official Statement;

3. Receipts for the purchase price of the Bonds and the Notes;

4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut substantially in the forms attached hereto as Appendix B and C, respectively; and;

5. Executed Continuing Disclosure Agreements for the Bonds and the Notes substantially in the forms attached hereto as Appendix D and E, respectively; and;

6. The District has prepared a Preliminary Official Statement for the Bonds and the Notes which is dated July 21, 2026. The District deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(l), but is subject to revision or amendment. The District will make available to the winning bidder(s) a reasonable number of copies of the Official Statement at the District's expense within seven business days of the bid opening.

A transcript of the proceedings taken by the District with respect to the Bonds and the Notes will be kept on file at the office of U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the District and the purchaser or holders of any of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or its Member Towns since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the District from various officials, departments and other sources and is believed by the District to be reliable, but such information, other than that obtained from official records of the District, has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the District, and executed for and on behalf of Regional School District Number 18 by the following officials:

REGIONAL SCHOOL DISTRICT NUMBER 18, CONNECTICUT

By: Jason Kemp, *Chairperson of the Board of Education*

By: Cynthia McCollum, *Treasurer*

July ____, 2026

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Appendix A - Basic Financial Statements - is taken from the Annual Report of Regional School District Number 18 for the Fiscal Year ended June 30, 2025 as presented by the Auditors and does not include all of the 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 18, Old Lyme, Connecticut 06371.

KING, KING & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Winsted, CT (860) 379-0215
Simsbury, CT (860) 431-0054
www.kingcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lyme-Old Lyme Regional School District No. 18
Old Lyme, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyme-Old Lyme Regional School District No. 18 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB schedules on pages 4-10 and 49-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and other supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Trend Information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

King, King & Associates

King, King & Associates, P.C., CPAs
Winsted, CT
January 16, 2026

As management of the Lyme-Old Lyme Regional School District No. 18 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $49,089,867 (net position). Of this amount $2,020,871 is unrestricted net position.

- The District's total net position increased by $9,436,834.

- The implementation of GASB 101, *Compensated Absences* resulted in an adjustment to reduce the beginning Governmental Activities unrestricted net position by $2,762,308 and to increase the beginning Governmental Activities compensated absences by the same amount.

- At the end of the current fiscal year, restricted fund balance for the General Fund was $1,033,923, which has been restricted in accordance with state statutes for use in reducing member town assessments in a subsequent fiscal year. The remainder of the fund balance in the General Fund of $324,928 has been assigned to liquidate existing commitments in place at year-end.

OVERVIEW OF THE 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments to member towns and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities)*. The District has no business-type activities. The governmental activities of the District include instruction, support services – pupil, educational media, general administration, school administration, business, and operation of noninstructional service.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Regional School District No. 18 can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Regional School District No. 18, maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and PreK-8 Building Project, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Regional School District No. 18, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

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 Regional School District No. 18's own programs.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Regional School District No. 18, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $49,089,867 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	2025	2024	Variance
Current and Other Assets	$ 27,410,710	$ 11,044,164	$ 16,366,546
Capital Assets	77,995,319	55,330,888	22,664,431
Total Assets	105,406,029	66,375,052	39,030,977
Deferred Outflows of Resources	130,172	179,023	(48,851)
Other Liabilities	6,021,775	976,054	5,045,721
Long-Term Liabilities	49,189,767	21,913,346	27,276,421
Total Liabilities	55,211,542	22,889,400	32,322,142
Deferred Inflows of Resources	1,234,792	1,249,334	(14,542)
Net Position:			
Net Investment in Capital Assets	45,803,522	41,588,537	4,214,985
Restricted	1,265,474	1,303,136	(37,662)
Unrestricted	2,020,871	(476,332)	2,497,203
Total Net Position	$ 49,089,867	$ 42,415,341	$ 6,674,526

The largest portion of the District's net position reflects its investment in capital assets (land, buildings, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide public education to students; consequently, these assets are not available for spending. Net investment in capital assets increased by $4,214,985 during the current year.

The District's restricted net position of $1,265,474 decreased by $37,662 compared to last years restricted net position of $1,303,136. The restricted net position is made up of $1,033,923 restricted for the subsequent year's budget, and $231,551 restricted for instructional purposes.

The District's unrestricted net position of $2,020,871 increased by $2,497,203 compared to last years unrestricted net position of ($476,332).

STATEMENT OF CHANGES IN NET POSITION

	2025	2024	Variance
REVENUES			
Program:			
Charges for Services	$ 881,213	$ 873,570	$ 7,643
Operating Grants and Contributions	6,339,124	5,240,936	1,098,188
Capital Grants and Contributions	9,048,119	15,820	9,032,299
General:			
Member Towns	36,192,915	34,671,680	1,521,235
Unrestricted Investment Earnings	941,683	77,334	864,349
Other	12,804	16,681	(3,877)
Total Revenues	53,415,858	40,896,021	12,519,837
EXPENSES			
Governmental Activities:			
Program	236,782	251,655	(14,873)
Instruction	26,334,370	24,538,042	1,796,328
Support Services - pupil	2,040,726	2,101,167	(60,441)
Educational Media	999,181	1,092,416	(93,235)
General Administration	1,413,281	873,222	540,059
School Administration	3,160,822	2,562,312	598,510
Business	6,402,889	5,665,163	737,726
Operation of noninstructional service	1,786,670	1,875,437	(88,767)
Interest on long-term debt	1,604,303	616,486	987,817
Total Expenses	43,979,024	39,575,900	4,403,124
Change in Net Position	9,436,834	1,320,121	$ 8,116,713
Beginning Net Position	42,415,341	41,095,220	
Adjustment - Change in Accounting Principle	(2,762,308)	-	
Beginning Net Position, as Adjusted	39,653,033	41,095,220	
Ending Net Position	$ 49,089,867	$ 42,415,341	

Governmental activities. Governmental activities increased the Regional School District No. 18's net position by $9,436,834.

- There was a increase in the instruction expenses and operating grants and contributions due to a increase in the actuarially determined on-behalf amount for the State Teachers Retirement System.
- Member town assessments increased $1,521,235 due to a roughly 4% increase in the 2025 budget along with a decrease in prior year's surplus which is used to offset member contributions.
- Capital grants and contribution revenues increased by $9,032,299, which is primarily driven by the ongoing HVAC construction project being partly funded with grants from the State of Connecticut.

Sixty-eight percent (68%) of the revenues of the District were derived from town assessments, followed by twenty-nine percent (29%) from grants and contributions, two percent (2%) from charges for services and other, and less than one percent (1%) of the District's revenue in the fiscal year was derived from investment income.

Sixty percent (60%) of the expenses of the District were related to program and instructional services, followed by fourteen percent (14%) related to Business, ten percent (10%) related to general and school administration, five percent (5%) related to support services- pupil and eleven percent (11%) related to educational media, operation of noninstructional services and interest expense.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Regional School District No. 18 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Regional School District No. 18's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Regional School District No. 18's financing requirements. In particular, *unassigned and assigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Regional School District No. 18's governmental funds reported combined ending fund balances of $16,586,259, an increase of $6,102,458 in comparison with the prior year.

General Fund. The General Fund is the chief operating fund of the Regional School District No. 18. At the end of the current fiscal year the total fund balance of the General Fund decreased $104,371. At the end of the current fiscal year, $1,033,923 of the fund balance was restricted and the remaining fund balance of $324,928 was assigned for encumbrances. The restricted portion of the fund balance is restricted by state statute to be used to reduce member town assessments in a future period.

PreK-8 Building Project. During the year, $15,140,000 of authorized bond anticipation notes and $16,675,000 of general obligation bonds were issued to provide funding to work on various PreK-8 building improvements. The $15,140,000 bond anticipation note replaced the maturing bond anticipation note of $7,300,000. Subsequent to year-end the $15,140,000 bond anticipation note will be replaced with another bond anticipation note in the amount of $20,110,000. During the year, construction costs totaled $23,371,167.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund included the use of fund balance of $422,760. Budgetary revenues were $165,165 greater than expected due primarily to the tuition revenues coming in greater than anticipated. Budgetary expenditures were $736,682 less than expected due primarily to savings in the instruction, educational media, debt service, and business lines. There was also an authorized transfer of $400,000 made to the capital reserve fund for future capital expenditures. Together, total budgetary expenditures plus the transfer to capital reserve equaled $36,584,199, which was $336,682 below the Districts total annual budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Regional School District No. 18's reported value in capital assets for its governmental activities as of June 30, 2025, amounts to $77,995,319 (net of accumulated depreciation). This reported value in capital assets includes land, construction in progress, land improvements, buildings and improvements and machinery and equipment. The total increase in the District's investment in capital assets for the current fiscal year was $22,664,431, which consisted of capital additions of $24,810,814, offset by current year depreciation of $2,146,383.

	2025	2024
Land	$ 480,977	$ 480,977
Construction in Progress	26,042,710	1,818,543
Land improvements	4,829,144	4,829,144
Buildings and Improvements	85,301,745	85,301,745
Machinery and Equipment	3,795,618	3,628,106
Right of Use Equipment	326,690	148,349
Right of Use Software	92,445	-
Less: Accumulated Depreciation	(42,874,010)	(40,875,976)
Total	$ 77,995,319	$ 55,330,888

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

- Purchase of a Kubota Tractor for high school.
- Construction in progress related to the PreK-8 building improvement projects.
- Purchase of a new boat for the boat house.

Additional information on the Regional School District No. 18's capital assets can be found in Note 6 on page 31 of this report.

Long-term debt. At the end of the current fiscal year, the Regional School District No. 18 had long-term debt and other long-term liabilities outstanding of $49,189,767.

	2025	2024*
G.O. Bonds	$ 26,885,000	$ 11,920,000
Unamortized Premiums	1,897,825	696,142
Bond Anticipation Notes	15,300,938	7,345,844
Equipment Financing Notes	117,702	149,287
Leases Payable	264,819	7,214
SBITAs Payable	75,997	-
Self Insurance Benefit Liability	192,385	137,835
Compensated Absences, Net	2,907,692	2,762,308
OPEB Liability	1,547,409	1,657,024
Total	$ 49,189,767	$ 24,675,654

*The beginning compensated absence balance includes the adjustment of $2,762,308 for the implementation of GASB 101, *Compensated Absences.*

Regional School District No. 18's total long-term debt and other long-term liabilities increased by $24,514,113 during the current fiscal year. The increase is primarily attributable to the issuance of a new Bond Anticipation Note totaling $15,300,938 and the issuance of a $16,675,000 general obligation bond, offset by the current year paydown of the prior Bond Anticipation Note in the amount of $7,345,844. Additional information on the District's long-term debt can be found in Note 7 on pages 32–34 of this report.

The District currently maintains a bond rating of "AA+" by Standard and Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate, as of June 2025, for the Town of Lyme was 3.1% and 2.4% for the Town of Old Lyme. Both towns compared favorably or equal to the Norwich/New London labor market areas unemployment rate of 3.4% and the State of Connecticut's rate of 3.4% for the same period. The unemployment rate for the state increased 0.2% while the Norwich/New London labor market's rate increased by .8% for the period from June 2024 to June 2025. For the same period, the unemployment rates for Lyme increased 1.2% and increased .9% in Old Lyme.

The fiscal year 2025-2026 budget was developed based in part on the following considerations:

- Commitment to continued adherence to class size guidelines and continuance of existing academic and extracurricular activities.
- Major Capital Improvements.
- Continuing to plan and provide technology infrastructure and applications that are consistent with highly effective and efficient programing and operational standards.
- Supporting the ongoing renewal of curriculum, instruction, assessment, and staff development activities in response to the expectations of state and national standards.

Overall, the budget for fiscal year 2025-2026 increased 7.39%. Student enrollment figures were utilized in developing the personnel budget. The District operating budget had a $927,636 increase of which the majority of this can be contributed to special education costs and contractual increases in certified and noncertified salaries. Debt service specifically related to the Pre-K-8 Building Project resulted in an increase of $1,802,286. Debt service for this project will be a factor for several years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Regional School District No. 18's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Holly McCalla, Regional School District No. 18, 49 Lyme Street, Old Lyme, Connecticut 06371.

Basic Financial Statements

REGIONAL SCHOOL DISTRICT NO. 18

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 21,696,924
Receivables	5,663,433
Inventory	50,353
Capital Assets:	
Assets Not Being Depreciated	26,523,687
Assets Being Depreciated, Net	51,471,632
Total Assets	105,406,029
Deferred Outflows of Resources	
Deferred Outflows - OPEB	130,172
Liabilities	
Accounts Payable and Accrued Items	5,213,644
Accrued Interest Payable	790,843
Unearned Revenues	17,288
Noncurrent Liabilities:	
Due Within One Year	3,826,442
Due In More Than One Year	45,363,325
Total Liabilities	55,211,542
Deferred Inflows of Resources	
Deferred Inflows - OPEB	1,234,792
Net Position	
Net Investment in Capital Assets	45,803,522
Restricted:	
Subsequent Year's Budget	1,033,923
Instruction	231,551
Unrestricted	2,020,871
Total Net Position	$ 49,089,867

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

REGIONAL SCHOOL DISTRICT NO. 18
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Governmental Activities:					
Program	$ 236,782	$ -	$ -	$ -	$ (236,782)
Instruction	26,334,370	375,555	6,039,314	9,048,119	(10,871,382)
Support Services - Pupil	2,040,726	-	-	-	(2,040,726)
Educational Media	999,181	-	-	-	(999,181)
General Administration	1,413,281	-	-	-	(1,413,281)
School Administration	3,160,822	-	110,025	-	(3,050,797)
Business	6,402,889	-	-	-	(6,402,889)
Operation of Noninstructional Service	1,786,670	505,658	189,785	-	(1,091,227)
Interest on Long-Term Debt	1,604,303	-	-	-	(1,604,303)
Total Governmental Activities	$ 43,979,024	$ 881,213	$ 6,339,124	$ 9,048,119	(27,710,568)

General Revenues:	
Member Towns	36,192,915
Unrestricted Investment Earnings	941,683
Other	12,804
Total General Revenues	37,147,402
Change in Net Position	9,436,834
Net Position - Beginning of Year	42,415,341
Adjustment - Change in Accounting Principle	(2,762,308)
Net Position - Beginning of Year, as Adjusted	39,653,033
Net Position - End of Year	$ 49,089,867

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

REGIONAL SCHOOL DISTRICT NO. 18
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	PreK-8 Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 21,363,038	$ -	$ 333,886	$ 21,696,924
Receivables	2,363	5,593,519	67,551	5,663,433
Inventory	-	-	50,353	50,353
Due from Other Funds	1,459,557	17,039,491	4,023,205	22,522,253
Total Assets	$ 22,824,958	$ 22,633,010	$ 4,474,995	$ 49,932,963
Liabilities				
Accounts Payable and Accrued Items	$ 403,200	$ 4,689,007	$ 121,437	$ 5,213,644
Unearned Revenues	211	-	17,077	17,288
Due to Other Funds	21,062,696	-	1,459,557	22,522,253
Total Liabilities	21,466,107	4,689,007	1,598,071	27,753,185
Deferred Inflows of Resources				
Unavailable Revenues:				
Grants Receivable	-	5,593,519	-	5,593,519
Total Deferred Inflows of Resources	-	5,593,519	-	5,593,519
Fund Balances				
Restricted	1,033,923	12,350,484	231,551	13,615,958
Committed	-	-	3,853,006	3,853,006
Assigned	324,928	-	-	324,928
Unassigned	-	-	(1,207,633)	(1,207,633)
Total Fund Balances	1,358,851	12,350,484	2,876,924	16,586,259
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 22,824,958	$ 22,633,010	$ 4,474,995	$ 49,932,963

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

REGIONAL SCHOOL DISTRICT NO. 18

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Fund balances reported in governmental funds Balance Sheet	$ 16,586,259
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital Assets	120,869,329
Depreciation	(42,874,010)
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	
Unavailable revenue from grants receivable	5,593,519
Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.	(1,897,825)
Certain changes related to pensions and OPEB are deferred and amortized over time	
Deferred Outflows - OPEB	130,172
Deferred Inflows - OPEB	(1,234,792)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
Accrued Interest Payable	(790,843)
Bonds Payable	(26,885,000)
Bond Anticipation Notes Payable	(15,300,938)
Equipment Financing Notes Payable	(117,702)
Leases Payable	(264,819)
Subscription Based IT Arrangements Payable	(75,997)
Self Insurance Benefit Liability	(192,385)
Compensated Absences	(2,907,692)
Total OPEB Liability	(1,547,409)
Net position of governmental activities	$ 49,089,867

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

REGIONAL SCHOOL DISTRICT NO. 18

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Capital Reserve	PreK-8 Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Member Towns	$ 36,192,915	$ -	$ -	$ -	$ 36,192,915
Intergovernmental	4,831,680	-	3,454,600	677,279	8,963,559
Tuition and Charges for Services	338,788	-	-	542,425	881,213
Investment Income	3,459	-	872,068	66,156	941,683
Other	12,804	-	-	-	12,804
Total Revenues	41,379,646	-	4,326,668	1,285,860	46,992,174
Expenditures					
Current:					
Program	4,377,842	-	-	5,000	4,382,842
Instruction	18,717,557	-	-	399,642	19,117,199
Support Services - Pupil	2,040,726	-	-	-	2,040,726
Educational Media	999,181	-	-	-	999,181
General Administration	1,413,281	-	-	-	1,413,281
School Administration	3,032,381	-	-	110,025	3,142,406
Business	6,458,789	-	-	-	6,458,789
Operation of Noninstructional Service	885,092	-	-	938,712	1,823,804
Debt Service	2,306,168	-	8,285,015	-	10,591,183
Capital Outlay	1,334,964	-	23,371,167	-	24,706,131
Total Expenditures	41,565,981	-	31,656,182	1,453,379	74,675,542
Excess/(Deficiency) of Revenues over Expenditures	(186,335)	-	(27,329,514)	(167,519)	(27,683,368)
Other Financing Sources/(Uses)					
Proceeds from the Issuance of BANs	-	-	15,140,000	-	15,140,000
Premiums on BANs Issued	-	-	160,938	-	160,938
Proceeds from the Issuance of Bonds	-	-	16,675,000	-	16,675,000
Premiums on Bonds Issued	-	-	1,327,924	-	1,327,924
Issuance of Equipment Financing Notes	62,829	-	-	-	62,829
Leases Issued	326,690	-	-	-	326,690
Subscription Based IT Arrangements Issued	92,445	-	-	-	92,445
Transfers In	-	-	-	400,000	400,000
Transfers Out	(400,000)	-	-	-	(400,000)
Total Other Financing Sources/(Uses)	81,964	-	33,303,862	400,000	33,785,826
Net Change in Fund Balances	(104,371)	-	5,974,348	232,481	6,102,458
Fund Balances at Beginning of Year	1,463,222	3,208,698	6,376,136	(564,255)	10,483,801
Change in Fund Presentation from Major to Nonmajor	-	(3,208,698)	-	3,208,698	-
Fund Balances at Beginning of Year - As Adjusted	1,463,222	-	6,376,136	2,644,443	10,483,801
Fund Balances at End of Year	$ 1,358,851	$ -	$ 12,350,484	$ 2,876,924	$ 16,586,259

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

REGIONAL SCHOOL DISTRICT NO. 18

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

For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 6,102,458
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	24,810,814
Depreciation expense	(2,146,383)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants receivable accrual basis change	5,593,519
Deferred outflows and inflows of resources resulting from changes in the components of the total OPEB liability are amortized as a component of expense in the statement of activities.	(34,309)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-tem liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Proceeds from long-term debt - general obligation bonds	(16,675,000)
Principal payments on long-term debt - general obligation bonds	1,710,000
Proceeds from long-term debt - bond anticipation notes	(15,300,938)
Principal payments on long-term debt - bond anticipation notes	7,345,844
Proceeds from long-term debt - equipment financing notes	(62,829)
Principal payments on long-term debt - equipment financing notes	94,414
Proceeds from long-term debt - leases payable	(326,690)
Principal payments on long-term debt - leases payable	69,085
Proceeds from long-term debt - SBITAs payable	(92,445)
Principal payments on long-term debt - SBITAs payable	16,448
Premium on bonds issued	(1,327,924)
Amortization of premiums	126,241
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.	
Accrued Interest	(375,152)
Self Insurance Benefit Liability	(54,550)
Compensated Absences	(145,384)
Total OPEB Liability	109,615
Change in net position of governmental activities	$ 9,436,834

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

REGIONAL SCHOOL DISTRICT NO. 18

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
	Student Activity Funds
Assets	
Cash and Cash Equivalents	$ 70,512
Deferred Outflows of Resources	-
Liabilities	
Payables	-
Deferred Inflows of Resources	-
Net Position	
Restricted for Individuals and Organizations	$ 70,512

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

REGIONAL SCHOOL DISTRICT NO. 18

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds Student Activity Funds
Additions	
Charges for Services	$ 64,086
Total Additions	64,086
Deductions	
Activities	78,225
Total Deductions	78,225
Change in Net Position	(14,139)
Net Position at Beginning of Year	84,651
Net Position at End of Year	$ 70,512

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

REGIONAL SCHOOL DISTRICT NO. 18
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Revenues				
Member Towns	$ 36,192,915	$ 36,192,915	**$ 36,192,915**	$ -
Charges for Services	270,500	270,500	**338,788**	68,288
Investment Income	30,000	30,000	**3,459**	(26,541)
Other	4,706	4,706	**12,804**	8,098
Total Revenues	36,498,121	36,498,121	**36,663,286**	165,165
Expenditures				
Current:				
Program	4,509,524	4,509,524	**4,386,039**	123,485
Instruction	14,653,568	14,653,568	**14,005,859**	647,709
Support Services - Pupil	2,079,982	2,079,982	**2,038,412**	41,570
Educational Media	1,274,709	1,274,709	**1,128,827**	145,882
General Administration	873,365	873,365	**1,429,779**	(556,414)
School Administration	2,885,881	2,885,881	**3,102,740**	(216,859)
Business	6,468,115	6,468,115	**6,242,041**	226,074
Operation of Noninstructional Service	911,735	911,735	**889,139**	22,596
Debt Service	3,264,002	3,264,002	**2,961,363**	302,639
Total Expenditures	36,920,881	36,920,881	**36,184,199**	736,682
Excess of Revenues Over Expenditures	(422,760)	(422,760)	**479,087**	901,847
Other Financing Sources (Uses)				
Appropriation of Fund Balance	422,760	422,760	**-**	(422,760)
Cancellation of Prior Year Encumbrances	-	-	**34,018**	34,018
Transfers Out	-	-	**(400,000)**	(400,000)
Total Other Financing Sources (Uses)	422,760	422,760	**(365,982)**	(788,742)
Net Change in Fund Balance	$ -	$ -	**113,105**	$ 113,105
Fund Balance, Beginning of Year			**920,818**	
Fund Balance, End of Year			**$ 1,033,923**	

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

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

The accompanying financial statements of the Regional School District No. 18 (the "District") have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity
The District was formed in 1973 by the Towns of Lyme and Old Lyme to provide a full range of educational services to its member towns.

The District operates under a Board of Education/Superintendent form of government.

Accounting principles generally accepted in the United States of America require that the District reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity includes the primary government only. No component units meeting the criteria provided by the Government Accounting Standards Board exist.

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

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

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

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

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

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

- The *PreK-8 Building Project* fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays and debt service related to PreK-8 building improvement projects.

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

- The *Custodial Funds* account for resources held by the District in a purely custodial capacity.

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
Cash and Cash Equivalents – The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAm by Standard & Poor's. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the District does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

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

Inventories – On the government-wide financial statements, inventories are valued at cost using the first-in/first-out (FIFO) method, and are expensed when used in accordance with the consumption method. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

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

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

Capital Assets - Capital assets, which include equipment, fixtures, and other long-lived assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 for equipment and $20,000 for 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 is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	20
Buildings and Improvements	45
Machinery and Equipment	5 - 20

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

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

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

Compensated absences - Employees accumulate, by prescribed formula, vacation, sick and personal days for subsequent use or for payment upon termination or retirement. The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. A liability for these amounts is reported in the governmental funds only for amounts expected to be paid with available resources; for example, as a result of employee resignations and retirements.

Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

Leases (as Lessee) – The District recognizes a lease liability and an intangible right-of-use lease asset for a noncancellable lease in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $20,000 or more. At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the life of the lease.

Key estimates and judgments related to leases included how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt and other long-term liabilities on the statement of net position.

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

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

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

> *Net Investment in Capital Assets* – This category presents the net assets that reflect capital assets net of the debt applicable to the acquisition or construction of the assets. Debt issued for non-capital purposes, and unspent bond proceeds, is excluded.
>
> *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
>
> *Unrestricted Net Position* – This category represents the net position of the District, which is not restricted for any project or other purpose.

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

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

> *Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.
>
> *Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
>
> *Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Education in accordance with provisions of the Connecticut General Statutes.
>
> *Assigned Fund Balance* – Indicates amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by action of District Officials.
>
> *Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications. This is the residual classification for the General Fund (i.e., everything that is not in another classification or in another fund). The General Fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

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

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

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

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

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

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

NOTE 2 - **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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 citizens of the District vote on the recommended budget.
- All budget transfers must be approved by the Board of Education.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the fund level.
- Additional appropriations may be made during the year by the Board of Education. An additional appropriation requires approval at a District meeting if it exceeds $20,000 or is a second request.
- 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 used 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.

Budget - GAAP Reconciliation

A reconciliation of the General Fund revenues, expenditures, other financing sources (uses), and fund balance between the accounting treatment required by GAAP and budgetary requirement is as follows:

	Fund Balance Beginning	Total Revenues	Total Expenditures	Other Financing Sources (Uses)	Fund Balance Ending
Budgetary Basis	$ 920,818	$ 36,663,286	$ 36,184,199	$ (365,982)	$ 1,033,923
"On-behalf" payments - State Teachers' Retirement and OPEB	-	4,715,439	4,715,439	-	-
Education Grants net for Budget	-	921	921	-	-
Adjustment for Encumbrances	542,404	-	183,458	(34,018)	324,928
Issuance of Equipment Finance Notes	-	-	62,829	62,829	-
Issuance of Leases	-	-	326,690	326,690	-
Issuance of SBITAs	-	-	92,445	92,445	-
GAAP Basis	$ 1,463,222	$ 41,379,646	$ 41,565,981	$ 81,964	$ 1,358,851

Special Revenue Funds
The District does not have legally adopted annual budgets for the Special Revenue Funds, which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Capital Project Funds
Legal authorization for expenditures of the Capital Project Funds is provided by District ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

NOTE 3 – **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 following is a summary of cash and cash equivalents at June 30, 2025.

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 21,696,924	$ 70,512	$ 21,767,436

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio. The following is a reconciliation of the District's deposits subject to custodial credit risk:

Cash and Cash Equivalents	$ 21,767,436
Less: Cash Equivalents (STIF)	(17,842,927)
	$ 3,924,509

At year-end, the District's carrying amount of deposits subject to custodial credit risk was $3,924,509 and the bank balance was $5,437,120. Of the bank balance, the Federal Depository Insurance Corporation insured $500,000.

As of June 30, 2025, $4,937,120 of the District's bank balance of $5,437,120 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 4,393,408
Uninsured and collateral held by pledging bank's Trust department not in the District's name	543,712
Total	$ 4,937,120

Cash Equivalents
At June 30, 2025, the District's cash equivalents (Short-Term Investment Fund "STIF") amounted to $17,842,927. STIF is rated AAAm by Standard and Poor's and has an average maturity of under 60 days.

NOTE 4 – **RECEIVABLES**

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

	General Fund	PreK-8 Building Project	Nonmajor and Other Funds	Total
Receivables:				
Intergovernmental	$ -	$ 5,593,519	$ 67,551	$ 5,661,070
Accounts	2,363	-	-	2,363
Gross Receivables	2,363	5,593,519	67,551	5,663,433
Less Allowance for Uncollectibles:				
Total Allowance	-	-	-	-
Net Total Receivables	$ 2,363	$ 5,593,519	$ 67,551	$ 5,663,433

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

	Governmental Funds
General Fund:	
Other	$ 211
Nonmajor Funds:	
Advances on Grants	17,077
Total Unearned Revenue	$ 17,288

NOTE 5 – **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2025, the outstanding balances between funds were:

Payable Fund	Receivable Fund	Total
General Fund	PreK-8 Building Project	17,039,491
General Fund	Nonmajor Governmental Funds	4,023,205
Nonmajor Governmental Funds	General Fund	1,459,557
		$ 22,522,253

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2025, were as follows:

Transfers In:	Transfers Out:	Total
Nonmajor Governmental Funds	General Fund	$ 400,000

NOTE 6 – **CAPITAL ASSETS**

The following is a summary of the change in capital assets as of June 30, 2025:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 480,977	$ -	$ -	$ 480,977
Construction in Progress	1,818,543	24,224,167	-	26,042,710
Total capital assets, not being depreciated	2,299,520	24,224,167	-	26,523,687
Capital assets, being depreciated				
Land improvements	4,829,144	-		4,829,144
Buildings and Improvements	85,301,745	-	-	85,301,745
Machinery and Equipment	3,628,106	167,512	-	3,795,618
Right of Use Equipment	148,349	326,690	(148,349)	326,690
Right of Use Software	-	92,445	-	92,445
Total capital assets, being depreciated	93,907,344	586,647	(148,349)	94,345,642
Less accumulated depreciation for:				
Land Improvements	2,586,786	203,651	-	2,790,437
Building and Improvements	34,788,011	1,786,618	-	36,574,629
Machinery and equipment	3,359,324	65,827	-	3,425,151
Right of Use Equipment	141,855	71,798	(148,349)	65,304
Right of Use Software	-	18,489	-	18,489
Total accumulated depreciation	40,875,976	2,146,383	(148,349)	42,874,010
Total capital assets, being depreciated, net	53,031,368	(1,559,736)	-	51,471,632
Governmental Activities capital assets, net	$ 55,330,888	$ 22,664,431	$ -	$ 77,995,319

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

Instructional Services	$ 2,141,244
Operation of noninstructional service	5,139
Total Depreciation expense	$ 2,146,383

NOTE 7 – **LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2025, was as follows:

Governmental Activities	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 11,920,000	$ 16,675,000	$ 1,710,000	$ 26,885,000	$ 2,520,000
Unamortized Premium	696,142	1,327,924	126,241	1,897,825	262,857
Total Bonds Payable	12,616,142	18,002,924	1,836,241	28,782,825	2,782,857
Bond Anticipation Notes	7,345,844	15,300,938	7,345,844	15,300,938	-
Equipment Financing Notes	149,287	62,829	94,414	117,702	86,305
Leases Payable	7,214	326,690	69,085	264,819	71,346
SBITAs Payable	-	92,445	16,448	75,997	17,280
Self Insurance Benefit Liability	137,835	54,550	-	192,385	-
Compensated Absences	2,762,308	145,384		2,907,692	868,654
Total OPEB Liability	1,657,024	-	109,615	1,547,409	-
Total	$ 24,675,654	$ 33,985,760	$ 9,471,647	$ 49,189,767	$ 3,826,442

*The beginning balance of the Governmental Activities compensated absences balance has been restated for the implementation of GASB 101, Compensated Absences. See Note 14. The change in the liabilities for compensated absences is presented net of increases and decreases.

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

General Obligation Bonds

The District issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the District and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2025, consisted of the following:

Bond Issue	Year of Issue	Original Amount	Interest Rates	Final Maturity	Principal Outstanding June 30, 2025
General Obligation	2015	$ 5,000,000	2-4%	2034	$ 2,350,000
General Obligation	2017	9,325,000	1.5-4%	2030	5,690,000
General Obligation*	2020	7,125,000	3-5%	2031	2,170,000
General Obligation	2024	16,675,000	4-5%	2045	16,675,000
					$ 26,885,000

*Refunding Bonds

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

Year(s)	Principal	Interest	Total
2026	$ 2,520,000	$ 1,051,625	$ 3,571,625
2027	2,520,000	945,125	3,465,125
2028	2,520,000	838,525	3,358,525
2029	2,535,000	735,300	3,270,300
2030	2,530,000	635,500	3,165,500
2031-2035	5,935,000	2,219,925	8,154,925
2036-2040	4,175,000	1,247,500	5,422,500
2041-2045	4,150,000	415,000	4,565,000
Total	$ 26,885,000	$ 8,088,500	$ 34,973,500

Authorized and Unissued Bonds
The District had $19,888,400 of bonds authorized and unissued as of June 30, 2025.

Equipment Financing Notes
The following is a summary of outstanding equipment financing notes:

Equipment	Year of Issue	Original Amount	Interest Rate	Final Maturity	Principal Outstanding June 30, 2025
Lenovo Computers	2022	$ 143,350	6.78%	7/15/2025	$ 37,578
Dell Chromebooks	2022	68,590	5.11%	8/15/2025	17,553
Kubota Tractor	2022	60,970	4.29%	9/15/2025	16,234
Kubota Tractor	2025	62,829	3.30%	1/1/2028	46,337
					$ 117,702

The annual debt service requirements of the District's equipment financing notes are as follows:

Year(s)	Principal	Interest	Total
2026	$ 86,305	$ 5,910	$ 92,215
2027	15,440	1,052	16,492
2028	15,957	535	16,492
Total	$ 117,702	$ 7,497	$ 125,199

Self-Insurance Cooperative
The District participates in the Eastern CT Healthcare Cooperative (the Cooperative) to provide medical, prescription and dental health coverage to employees. The Cooperative was established in June 2013 by several eastern Connecticut entities under the provisions of Connecticut Public Act 10 – 174 for the purpose of providing one or more health care benefits as allowed by such act for their employees. The Cooperative is a public entity risk pool operating as a common risk management and insurance program for its members. The Cooperative is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administrative, and a margin for unexpected losses or expenses. The Cooperative reinsures for medical, dental, and prescription drug claims in excess of $1,000,000 maximum aggregate benefit. The members are subject to supplemental assessments in the event of deficiencies. The Districts estimated portion of claims incurred but not reported as of June 30, 2025, was $192,385.

Leases Payable
The District leases computer equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2030.

The annual debt service requirements of the District's leases payable are as follows:

Year(s)	Principal	Interest	Total
2026	$ 71,346	$ 5,880	$ 77,226
2027	73,313	3,914	77,227
2028	75,336	1,891	77,227
2029	33,487	689	34,176
2030	11,337	55	11,392
Total	$ 264,819	$ 12,429	$ 277,248

Compensated Absences
Employees may accumulate unused vacation, sick, and personal leave in accordance with policies, union contracts, and employment agreements. A liability has been recorded in the Governmental Activities financial statements for amounts more likely than not to be used as time off or paid. The liability is based on estimates of the amount of vacation, sick, and personal leave that employees will use in future years. Actual leave usage could differ from those estimates, and those differences could be material to the financial statements.

Subscription-Based Information Technology Arrangements
The District has entered into subscription-based information technology arrangements ("SBITAs") under long-term noncancelable agreements. The SBITA arrangements expire at various dates through 2029. The future subscription payments under SBITA agreements as of June 30, 2025, are as follows:

Year(s)	Principal	Interest	Total
2026	$ 17,280	$ 1,775	$ 19,055
2027	18,392	1,235	19,627
2028	19,555	661	20,216
2029	20,770	52	20,822
Total	$ 75,997	$ 3,723	$ 79,720

Bond Anticipation Notes
The District uses bond anticipation notes to fund construction costs prior to the issuance of bonds. The following table summarizes changes in the District's Bond Anticipation Notes for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note	$ 7,300,000	$ 15,140,000	$ 7,300,000	$ 15,140,000
Unamortized Premium	45,844	160,938	45,844	160,938
	$ 7,345,844	$ 15,300,938	$ 7,345,844	$ 15,300,938

As described in Note 13, the bond anticipation note matures in August 2025 and is replaced with another bond anticipation note upon maturity. Since the bond anticipation note has been replaced with another bond anticipation note that extends the due date beyond one year from the financial statement date, they have been reported with long-term liabilities in the statement of net position. The bond anticipation note has an interest rate of 4.25%.

NOTE 8 - **FUND BALANCE COMPONENTS**

The components of fund balance for the governmental funds at June 30, 2025, are as follows:

	General Fund	PreK-8 Building Project	Nonmajor Governmental Funds	Total
Fund Balances:				
Restricted for:				
Subsequent Year's Budget	$ 1,033,923	$ -	$ -	$ 1,033,923
Operation of Noninstructional Services	-	-	206,951	206,951
Building Project	-	12,350,484	-	12,350,484
Instruction	-	-	24,600	24,600
Total Restricted	$ 1,033,923	$ 12,350,484	$ 231,551	$ 13,615,958
Committed to:				
Instruction	$ -	$ -	$ 58,875	$ 58,875
Capital	-	-	3,794,131	3,794,131
Total Committed	$ -	$ -	$ 3,853,006	$ 3,853,006
Assigned:				
Encumbrances:				
Program	$ 8,197	$ -	$ -	$ 8,197
Instruction	5,719	-	-	5,719
Support Services - Pupil	5,204	-	-	5,204
Education Media	2,007	-	-	2,007
General Administration	29,238	-	-	29,238
School Administration	44,355	-	-	44,355
Business	224,290	-	-	224,290
Operation of Noninstructional Services	5,918	-	-	5,918
Total Assigned	$ 324,928	$ -	$ -	$ 324,928
Unassigned	$ -	$ -	$ (1,207,663)	$ (1,207,663)

Significant encumbrances of $826,298 are included in the restricted category of the PreK-8 Building project fund.

Deficit Fund Balances

The High School Capital Reserve Project Fund (a nonmajor governmental fund) has a deficit fund balance of $1,106,696 and is expected to be funded by intergovernmental grants. The Tuition Account Fund and School Lunch Fund (nonmajor governmental funds) have a deficit fund balance of $13,220 and $87,717 which is expected to be funded with future charges for services.

NOTE 9 – **RETIREMENT BENEFITS**

Defined Contribution Plan
The District participates in a multiple-employer defined contribution plan administered by the Town of Old Lyme to provide pension benefits for all of the Town's full time employees and the District's nonprofessional administrative employees. The plan is considered to be part of the Town's reporting entity and is included in the Town's basic financial statements as a pension trust fund. 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. Participants are not required to contribute to the plan. The District's contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous service. The District's contribution is allocated to participants' accounts on the basis of compensation. Contribution requirements of the plan members and the District are established, and may be amended, by the Board of Selectmen. Plan members may contribute and are limited to 17% of earnings. The District is required to contribute 8% of employee covered payroll. The District's payroll of eligible individuals covered by the plan was $4,474,097. The District contributed $357,928 or 8% of covered payroll, while the employees contributed $46,928.

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

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

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

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective January 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement preceded normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of $1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service-related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15% nor more than 50%. In addition, disability benefits under this Plan (without regard for cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefits as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

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

Employer (School Districts): School District employers are not required to make contributions to the plan, and contributions are required only from employees and the State. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2025, the certified teachers' contribution to the Connecticut Teachers Retirement Board was $1,023,166. The covered payroll for the District for the year ended June 30, 2025, was approximately $14,616,651.

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

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2025 the District reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate
share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ -
State's proportionate share of the net pension liability associated with the District	47,178,795
Total	$ 47,178,795

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2025, the District had no proportionate share of the net pension liability.

For the year ended June 30, 2025, the District recognized benefits expense and contribution revenue of $4,650,330 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized $5,411,509 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income Fund	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The District's proportionate share of the net pension liability is $0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Post-Employment Benefits
Plan Description: The District provides post-retirement benefits, including medical and life insurance benefits, to eligible retirees and their spouses through a single-employer defined benefit plan called the Regional School District No. 18 Other Post-Employment Benefits Program (the "Plan"). Benefits provisions are established by the Board of Education and may be amended by the Board. The plan does not issue a publicly available financial report and is not included in the financial statements of another entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Benefits Provided: Teachers and Administrators (Certified) – A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall pay 100% of the health premium for self and spouse, reduced by the Connecticut State Teachers' OPEB Subsidy.

The District's plan also provides for medical insurance benefits for all other eligible District retirees. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

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

Employees Covered by Benefit Terms: The membership of the Plan consisted of the following at July 1, 2023, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	17
Active plan members	224
	241

Total OPEB Liability: The District's total OPEB liability of $1,547,409 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2023
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Salary Increases	Graded by Service for Teachers and Administrators; 3.5% for all others.
Medical Trend Rate	Varies by year
Discount Rate	5.20% (Bond Buyer General Obligation 20-Bond Municipal Index)
Inflation Rate	2.50%

Mortality rates (Teachers and Administrators) based on the PubT-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP-2021 Ultimate scale. Mortality rates (Non-Certified) based on the PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/24	$ 1,657,024
Changes for the year:	
Service Cost	85,507
Interest	66,835
Changes in Assumptions	(177,386)
Benefit Payments	(84,571)
Net Changes	(109,615)
Balance at 6/30/25	$ 1,547,409

Changes in assumptions included an increase in the discount rate from 3.93% to 5.20%, and changes in the mortality tables from MP-2019 to MP-2021.

Changes in demographics and plan experience included an increase in overall membership and an update to expected claims costs. The per capita healthcare costs did not increase as much as expected, which resulted in a decrease in the accrued liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Total OPEB Liability	$ 1,684,537	$ 1,547,409	$ 1,426,844

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 1,765,695	$ 1,547,409	$ 1,366,931

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2025, the District recognized OPEB expense of $9,265. As of June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (780,708)
Change in assumptions	130,172	(454,084)
Total	$ 130,172	$ (1,234,792)

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

Year ended June 30:	
2026	$ (144,189)
2027	(146,801)
2028	(148,644)
2029	(165,147)
2030	(166,577)
Thereafter	(333,262)
	$ (1,104,620)

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

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to $220 per month for a retired member plus an additional $220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of $440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least $440 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the Plan sponsored by the TRS. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parks A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retires, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Contributions - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the District was $65,109.

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

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

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.93%
Prior Measurement Date	3.65%

The projected fiduciary net position is projected to be depleted in 2027.

<u>Single equivalent interest rate</u>	
Measurement Date	3.93%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.64%, net of OPEB plan investment expense, Including price inflation
<u>Healthcare cost trend rates:</u>	
Medicare	Known increases until calendar year 2024, then General trend decreasing to an ultimate rate of 4.5% by 2031.

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

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

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	1.26%	1.10%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.75%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 7,943,741	$ 9,677,993	$ 12,035,866

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

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	$ 11,787,088	$ 9,677,993	$ 8,030,551

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2025 the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with the District	9,677,993
Total	$ 9,677,993

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the District had no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the District recognized OPEB expense and revenue of $65,109 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized $134,095 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

NOTE 10 – LITIGATION AND CONTINGENCIES

Federal Awards and State Financial Assistance

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation

The District is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the District attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Environmental Remediation
In August 2022, a furnace fuel line failure occurred at the Old Lyme Middle School resulting in #2 heating oil being released causing contamination to soil and groundwater outside the building and to migrate further on-site. The School District immediately notified the Connecticut Department of Energy and Environmental Protection ("CT DEEP") and steps to remove and contain the release of heating oil were initiated, which included excavation, installation of groundwater recovery wells, and on-site treatment. Effective July 2023, the District entered into a Consent Order with CT DEEP, which established a process for CT DEEP to review and approve of the Districts approach and investigation, remediation, and monitoring that is ongoing on the site. The District has been following the Consent Order and is participating in monthly meetings with CT DEEP representatives and representatives from the Connecticut Department of Public Health, who are providing comments to the work performed by the District and its licensed environmental professional consultant. The District has also notified the Connecticut Interlocal Risk Management Agency ("CIRMA") who indicated that Ironshore Specialty Insurance Company has accepted coverage under the Site Pollution Incident Legal Liability Select (SPILLS) Form. The coverage was subject to a $125,000 deductible which has been satisfied and Ironshore is now paying for all environmental investigations, remediations, and monitoring that is ongoing on the site and off-site on the neighboring properties as a First Party Remediation Expense. The insurance policy provides a per incident limit of $2,000,000 and an aggregate limit of $2,000,000 under this coverage.

Remediation through a pump and treatment system installed in September 2023 has been ongoing since that time. On and off-site wells are sampled in accordance with a schedule established and approved by CT DEEP. In addition, off-site drinking water supply wells are tested on a monthly basis. An application for a reduction in the parameters and frequency of testing has recently been approved by DEEP per correspondence from the District's consultant dated November 24, 2025. Based upon the testing and sampling performed the treatment system is effectively controlling the release. To date, no impacts from the release have been detected in the residential wells. It is not known how long these activities will take in order to restore the site and the impacts from the release of the heating oil and any future costs to the District, if the remediation exceeds the insurance policy limit, cannot be determined at this time.

NOTE 11 **– RISK MANAGEMENT**

The District is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, and natural disasters.

The District currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers' compensation and employer liability coverage. The District pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of $1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

The District generally obtains commercial insurance for these risks, including blanket and umbrella policies.

During the year, deductibles paid by the District were insignificant. Settled claims, for all types of commercial coverage, have not exceeded coverage in any of the past three years. There were no significant reductions in insurance coverage from amounts held the prior year.

NOTE 12 – **UPCOMING PRONOUNCEMENTS**

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

GASB Statement No. 103 – Financial Reporting Model Improvements – The objective of this Statement is to provide key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2025.

GASB Statement No. 104 – Disclosure of Certain Capital Assets – The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2025.

NOTE 13 – **SUBSEQUENT EVENTS**

In August 2025, the District issued $20,110,000 of general obligation bond anticipation notes. The bond anticipation note replaces the current bond anticipation note of $15,140,000 which matured in August 2025. The general obligation bond anticipation note matures in August 2026 and has an interest rate of 4.00%.

NOTE 14 – **ACCOUNTING CHANGES AND ERROR CORRECTIONS**

Change in Accounting Principle
Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, there was an adjustment to increase the beginning Governmental Activities compensated absences liability by $2,762,308 and to reduce the beginning Net Position by the same amount.

Changes to or within the Financial Reporting Entity
The Capital Reserve Fund previously met the criteria to be reported as a major governmental fund. However, effective July 1, 2024, the fund no longer met the criteria to be reported as a major governmental fund and is reported as a nonmajor governmental fund for fiscal year ended June 30, 2025. The effect of the changes to or within the financial reporting entity is to remove the beginning fund balance from the Capital Reserve Fund and report them with the beginning fund balance of the nonmajor governmental funds.

Adjustments and Restatements of Beginning Balances

The effect of the change in accounting principle and changes to or within the financial reporting entity on the beginning net position and fund balances is described in the table below:

	Governmental Activities	Capital Reserve Fund	Nonmajor Governmental Funds
Net Position/Fund Balance as Reported June 30, 2024	$ 42,415,341	$ 3,208,698	$ (564,255)
Change in Accounting Principle - Compensated Absences	(2,762,308)	-	-
Changes to or Within the Financial Reporting Entity	-	(3,208,698)	3,208,698
Net Position/Fund Balance as Adjusted July 1, 2024	$ 39,653,033	$ -	$ 2,644,443

Required Supplementary Information

REGIONAL SCHOOL DISTRICT NO. 18
State Teacher's Retirement System
Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

Schedule of Proportionate Share of Net Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State of Connecticut's proportionate share of the net pension liability associated with the District	47,178,795	51,863,406	55,993,689	44,278,461	55,906,549	51,629,271	39,809,168	41,080,674	43,340,432	34,460,371
Total	$47,178,795	$51,863,406	$55,993,689	$44,278,461	$55,906,549	$51,629,271	$39,809,168	$41,080,674	$43,340,432	$34,460,371
District's covered payroll	$14,616,651	$14,302,507	$14,216,032	$13,777,390	$15,137,948	$14,996,178	$14,533,930	$12,687,654	$12,462,714	$12,564,398
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Remaining amortization period	25.9 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 6.50% average, including inflation
Investment rate of return	6.9% net of investment expense, including inflation

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 18
State Teacher's Retirement System
Proportionate Share of Net OPEB Liability
Last Eight Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	2025	2024	2023	2022	2021	2020	2019	2018
District's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the District	9,677,993	4,858,889	4,903,763	4,824,057	8,338,464	8,051,863	7,958,105	10,573,699
Total	$ 9,677,993	$ 4,858,889	$ 4,903,763	$ 4,824,057	$ 8,338,464	$ 8,051,863	$ 7,958,105	$ 10,573,699
District's covered-employee payroll	$ 14,616,651	$ 14,302,507	$ 14,216,032	$ 13,777,390	$ 15,137,948	$ 14,996,178	$ 14,533,930	$ 12,687,654
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

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

Notes to Schedule

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

See accountant's report.

REGIONAL SCHOOL DISTRICT NO. 18
Other Post Employment Benefits (OPEB) Plan
Schedule of Changes in Total OPEB Liability
Last Eight Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 85,507	$ 88,143	$ 99,347	$ 149,285	$ 168,484	$ 128,898	$ 125,001	$ 127,657
Interest	66,835	79,131	72,753	63,495	62,132	87,720	89,095	79,995
Economic/Demographic Gains/(Losses)	-	(498,045)	-	(561,138)	-	(130,051)	-	-
Changes of Assumptions	(177,386)	(56,803)	31,369	(406,149)	12,854	293,340	85,110	(63,759)
Benefit Payments	(84,571)	(69,850)	(88,916)	(71,380)	(120,501)	(108,057)	(90,022)	(57,395)
Net Change in Total OPEB Liability	(109,615)	(457,424)	114,553	(825,887)	122,969	271,850	209,184	86,498
Total OPEB Liability - Beginnning	1,657,024	2,114,448	1,999,895	2,825,782	2,702,813	2,430,963	2,221,779	2,135,281
Total OPEB Liability - Ending	$ 1,547,409	$ 1,657,024	$ 2,114,448	$ 1,999,895	$ 2,825,782	$ 2,702,813	$ 2,430,963	$ 2,221,779
Covered Payroll	$ 17,893,256	$ 17,893,256	$ 16,290,157	$ 16,290,157	$ 14,732,200	$ 14,732,200	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	8.65%	9.26%	12.98%	12.28%	19.18%	18.35%	N/A	N/A

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

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

Notes to Schedule

Measurement Date	June 30, 2025
Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal
Discount Rate	5.20% (Prior 3.93%)
Inflation Rate	2.50%
Salary Increases	Graded by Service for Teachers and Administrators; 3.50% for all others
Healthcare Cost Trend Rates	Varies by year

See accountant's report.

Robinson+Cole

One State Street
Hartford, CT 06103
Main (860) 275-8200
Fax (860) 275-8299

[FORM OF OPINION OF BOND COUNSEL]

August ___, 2026

Regional School District Number 18,
Old Lyme, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Regional School District Number 18 of the State of Connecticut (the "District"), a Tax Regulatory Agreement of the District, dated August ___, 2026 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $17,350,000* Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bonds, Issue of 2026, dated August ___, 2026 (the "Bonds"), maturing on August 1 in each of the years, in the principal amounts and bearing interest payable on August 1, 2027 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

Year of Maturity	Principal Amount*	Interest Rate Per Annum	Year of Maturity	Principal Amount*	Interest Rate Per Annum
2027	$870,000	[___]%	2037	$865,000	[___]%
2028	870,000	[___]	2038	865,000	[___]
2029	870,000	[___]	2039	865,000	[___]
2030	870,000	[___]	2040	865,000	[___]
2031	870,000	[___]	2041	865,000	[___]
2032	870,000	[___]	2042	865,000	[___]
2033	870,000	[___]	2043	865,000	[___]
2034	870,000	[___]	2044	865,000	[___]
2035	870,000	[___]	2045	865,000	[___]
2036	870,000	[___]	2046	865,000	[___]

with principal payable at the principal office of U.S. Bank Trust Company, National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at the address as shown on the registration books of the District kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

* Preliminary, subject to change.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the District the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the District without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

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

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

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

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

Respectfully,

Robinson+Cole

One State Street
Hartford, CT 06103
Main (860) 275-8200
Fax (860) 275-8299

[FORM OF OPINION OF BOND COUNSEL]

August ___, 2026

Regional School District Number 18,
Old Lyme, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Regional School District Number 18 of the State of Connecticut (the "District"), a Tax Regulatory Agreement of the District, dated August ___, 2026 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $3,990,000* Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bond Anticipation Notes, dated August ___, 2026 and maturing August ___, 2027, consisting of Note R-__ in the aggregate principal amount of $3,990,000*, bearing interest at the rate of ___% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the District the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the District without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

---

* Preliminary, subject to change.

In our opinion, under existing statutes and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

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

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

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Notes or adversely affect the market price of the Notes.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,

APPENDIX D – FORM OF CONTINUING DISCLOSURE – THE BONDS

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Regional School District Number 18 of the State of Connecticut
(Towns of Lyme and Old Lyme, Connecticut)
$17,350,000* General Obligation Bonds, Issue of 2026
dated August ___, 2026

August ___, 2026

WHEREAS, the Regional School District Number 18 of the State of Connecticut (the "District") has heretofore authorized the issuance of $17,350,000* in aggregate principal amount of its General Obligation Bonds, Issue of 2026, dated August ___, 2026 (the "Bonds"), maturing on the dates and in the amounts set forth in the District's Official Statement dated August ___, 2026 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated July 30, 2026 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the District has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the District desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the District in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Financial Obligation" shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

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

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

* Preliminary, subject to change.

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

"Repository" shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The District shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the District:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

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

(A) the amounts of the gross and net taxable grand list;

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

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the District per capita;

(G) the ratios of total direct debt and total overall net debt of the District to the District's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the District's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the District's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the District which will be available from the MSRB.

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

Section 3. Timing. The District shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the District shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The District agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The District agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;

(xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 5. Notice of Failure. The District agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the District to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District 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 in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the District, 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) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the District chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The District agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the District under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the District shall fail to perform its duties hereunder, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the District's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the District with respect to the Bonds.

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

REGIONAL SCHOOL DISTRICT NUMBER 18, CONNECTICUT

By: ______________________________
Name: Jason Kemp
Title: Chairperson of the Board of Education

By: ______________________________
Name: Cynthia McCollum
Title: Treasurer

APPENDIX E – FORM OF CONTINUING DISCLOSURE – THE NOTES

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

Regional School District Number 18 of the State of Connecticut
(Towns of Lyme and Old Lyme, Connecticut)
$3,990,000* General Obligation Bond Anticipation Notes
dated August ___, 2026

August ___, 2026

WHEREAS, the Regional School District Number 18 of the State of Connecticut (the "District") has heretofore authorized the issuance of $3,990,000* in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated August ___, 2026 (the "Notes"), maturing on the dates and in the amounts set forth in the District's Official Statement dated August ___, 2026 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated July 30, 2026 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the District has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the District desires to assist the underwriter of the Notes in complying with the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the District in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

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

"Financial Obligation" shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

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

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

"Repository" shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

* Preliminary, subject to change.

Section 2. Event Notices. The District agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

(vii) modifications to rights of Noteholders, if material;

(viii) Note calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Notes, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;

(xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Noteholders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 3. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District 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 in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the District, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report 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 financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the District chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The District agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the District under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the District shall fail to perform its duties hereunder, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the District's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the District with respect to the Notes.

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

REGIONAL SCHOOL DISTRICT NUMBER 18, CONNECTICUT

By: ________________________________
Name: Jason Kemp
Title: Chairperson of the Board of Education

By: ________________________________
Name: Cynthia McCollum
Title: Treasurer

APPENDIX F – NOTICE OF SALE – THE BONDS

NOTICE OF SALE
$17,350,000
REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT
(Towns of Lyme and Old Lyme, Connecticut)
GENERAL OBLIGATION BONDS, ISSUE OF 2026

Electronic bids (as described herein) will be received by the **REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT** (the "Issuer"), until 11:30 A.M. (E.T.) Thursday,

JULY 30, 2026

(the "Sale Date") for the purchase of all, but not less than all, of the $17,350,000 Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bonds, Issue of 2026 (the "Bonds"). Electronic bids must be submitted via ***PARITY®***. (See "Electronic Bidding Procedures").

The Issuer reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through ***PARITY®***. Prospective bidders are advised to check for such ***PARITY®*** postings prior to the above stated sale time.

The Bonds

The Bonds will be dated August 13, 2026, mature in the principal amounts of $870,000 on August 1 in each of the years 2027 to 2036, both inclusive, and $865,000 on August 1 in each of the years 2037 to 2046, both inclusive, bear interest payable on August 1, 2027 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 21, 2026 (the "Preliminary Official Statement").

The Bonds maturing on or before, August 1, 2034 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2035 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after August 1, 2034, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Date	Redemption Price
August 1, 2034 and thereafter	100%

Nature of Obligation

The Bonds will be general obligations of the Issuer and its member towns of Lyme and Old Lyme, Connecticut (the "Member Towns") and the Issuer and such Member Towns will each pledge their full faith and credit for the prompt payment of the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Member Towns without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds shall NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

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, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Issuer or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of ***PARITY®***. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of ***PARITY®*** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer 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.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by ***PARITY®*** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about ***PARITY®***, including any fee charged, may be obtained from ***PARITY®***, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire $17,350,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Issuer, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 13, 2026, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to August 13, 2026, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The Issuer reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Issuer further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Adjustment of Principal Amount and Maturity Schedule for the Bonds

The Municipal Advisor to the Issuer, reserves the right to adjust the principal amount of each maturity of the Bonds and the aggregate principal amount of the Bonds after the determination of the winning bidder. The final aggregate principal amount of the Bonds shall not increase or decrease by more than 20%. All calculations will be rounded to the nearest $5,000. The Issuer anticipates that the final maturity schedule will be communicated to the successful bidder within three (3) hours of the Issuer's receipt of the reoffering prices and yields for the Bonds from the successful bidder. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Issuer as stated herein. **The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices for any Bonds as a result of any changes made to the principal amounts within these limits.**

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut ("Bond Counsel"), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations, (iii) under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond

Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Bonds, and further, will assume compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Issuer must establish the "issue price" of the Bonds. In order to assist the Issuer, the winning bidder is obligated to deliver to the Issuer a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The Issuer will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Susan Caron, Vice President, Munistat Services, Inc., Email: susan.caron@munistat.com, Telephone: (860) 372-1887, municipal advisor to the Issuer (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied**.

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule <u>Not</u> Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, the winning bidder will abide by the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a "maturity" refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the "public" does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about August 13, 2026. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Issuer will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer 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 winning bidder.

The Preliminary Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished a reasonable number of copies of the final Official Statement prepared for the Bonds at the Issuer's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Issuer's Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. 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 the Bonds.

Related Information

For more information regarding the Bonds and the Issuer, reference is made to the Preliminary

Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Susan Caron, Vice President, Munistat Services, Inc., Email: susan.caron@munistat.com, Telephone: (860) 372-1887, municipal advisor to the Issuer.

JASON KEMP
Chairperson of the Board of Education

CYNTHIA MCCOLLUM
Treasurer

July 21, 2026

APPENDIX G – NOTICE OF SALE – THE NOTES

NOTICE OF SALE
$3,990,000
REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT
(Towns of Lyme and Old Lyme, Connecticut)
GENERAL OBLIGATION BOND ANTICIPATION NOTES

Electronic bids (as described herein) will be received by the **REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT** (the "Issuer"), until 11:00 A.M. (E.T.) Thursday,

JULY 30, 2026

(the "Sale Date") for the purchase of all or a portion of the $3,990,000 Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bond Anticipation Notes (the "Notes"). Electronic bids must be submitted via ***PARITY***®. (See "Electronic Bidding Procedures").

The Issuer reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through ***PARITY®***. Prospective bidders are advised to check for such ***PARITY®*** postings prior to the above stated sale time.

The Notes

The Notes will be dated August 13, 2026, and will be payable to the registered owner on August 12, 2027, as further described in the Preliminary Official Statement for the Notes dated July 21, 2026 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on the basis of twelve 30-day months and a 360-day year) payable at maturity at the rate or rates per annum set forth in the bid or bids accepted for their purchase, which rates shall be multiples of 1/1000 of one percent (1%) per annum.

The Notes are not subject to redemption prior to maturity.

Nature of Obligation

The Notes will be general obligations of the Issuer and its member towns of Lyme and Old Lyme, Connecticut (the "Member Towns") and the Issuer and such Member Towns will each pledge their full faith and credit for the prompt payment of the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Member Towns without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Notes shall NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registration

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of ***PARITY®***. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of ***PARITY®*** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer 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.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by ***PARITY®*** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about ***PARITY®***, including any fee charged, may be obtained from ***PARITY®***, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must provide the information set forth in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than $100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

For purposes of the electronic bidding process, the time as maintained by ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, computed and rounded to six decimal places.

The Issuer reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Issuer further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes or a portion thereof at the lowest net interest cost computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any.

Closing Documents and Legal Opinion

The Notes will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Hartford, Connecticut ("Bond Counsel"), and the winning bidders will be furnished with their opinion without charge. Each winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Notes, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations, (iii) under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Notes, and further, will assume compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the Issuer must establish the "issue price" of the Notes. In order to assist the Issuer, each winning bidder is obligated to deliver to the Issuer a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes. The Issuer will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Susan Caron, Vice President, Munistat Services, Inc., Email: susan.caron@munistat.com, Telephone: (860) 372-1887, municipal advisor to the Issuer (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal notes which has an established industry reputation for underwriting new issuances of municipal notes, (ii) its bid is a firm offer to purchase the Notes, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received on all of the Notes from at least three (3) underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidders if the Competitive Sale Rule was met at the same time it notifies the winning bidders of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied**.

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidders that the Competitive Sale Rule has been met, the winning bidders shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of the Notes as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidders agree (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, the winning bidders will abide by the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering price(s) and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes at a price that is higher than the initial offering price of such Notes until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of such maturity of the Notes at a price that is no higher than the initial offering price of such maturity of the Notes or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which each winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a "maturity" refers to Notes that have the same interest rate, credit and payment terms.

If a winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the "public" does not include the winning bidders or any person that agrees pursuant to a written contract with the winning bidders to participate in the initial sale of the Notes to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidders must reflect the effect on the offering prices of any "derivative products" (e.g., a tender option) used by the winning bidder in connection with the initial sale of any of the Notes.

Settlement of the Notes

The Notes will be available for delivery on or about August 13, 2026. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Notes prior to delivery, and the Issuer will not be responsible for any delay occasioned by the failure of the winning bidders to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer 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 winning bidder(s).

The Preliminary Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1). The winning bidders will be furnished a reasonable number of copies of the final Official Statement prepared for the Notes at the Issuer's expense. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidders no later than seven business days after the bid opening at the office of the Issuer's Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidders by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the names of the winning bidders of the Notes.

Continuing Disclosure

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Notes. Each winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the Issuer, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Susan Caron, Vice President, Munistat Services, Inc., Email: susan.caron@munistat.com, Telephone: (860) 372-1887, municipal advisor to the Issuer.

JASON KEMP
Chairperson of the Board of Education

CYNTHIA MCCOLLUM
Treasurer

July 21, 2026