

OFFICIAL STATEMENT

NEW MONEY

RATING: S&P AA-

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

REGIONAL SCHOOL DISTRICT NO. 16

STATE OF CONNECTICUT
(Towns of Beacon Falls and Prospect)

\$8,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2014
BANK QUALIFIED, BOOK-ENTRY-ONLY

Dated: February 14, 2014

Due: February 15 as shown below

MATURITY SCHEDULE									
Due	Amount	Coupon (%)	Yield (%)	CUSIP ¹	Due	Amount	Coupon (%)	Yield (%)	CUSIP ¹
2015	--	--	--	--	2025	\$445,000	3.000	2.700*	758926 JE0
2016	--	--	--	--	2026	445,000	3.125	2.900*	758926 JF7
2017	\$445,000	3.000	0.650	758926 HW2	2027	445,000	3.250	3.050*	758926 JG5
2018	445,000	3.000	0.950	758926 HX0	2028	445,000	3.375	3.200*	758926 JH3
2019	445,000	3.000	1.250	758926 HY8	2029	445,000	3.500	3.350*	758926 JJ9
2020	445,000	3.000	1.650	758926 HZ5	2030	445,000	3.625	3.500*	758926 JK6
2021	445,000	3.000	2.000	758926 JA8	2031	445,000	3.750	3.600*	758926 JL4
2022	445,000	3.000	2.200	758926 JB6	2032	445,000	3.750	3.700*	758926 JM2
2023	445,000	3.000	2.400	758926 JC4	2033	445,000	4.000	3.800*	758926 JN0
2024	445,000	3.000	2.550	758926 JD2	2034	435,000	4.000	3.900*	758926 JP5

* Priced assuming optional redemption on February 15, 2024, however any such redemption is at the option of the District. See "Redemption Provisions" herein.

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

The Bonds will be general obligations of Regional School District No. 16 of the State of Connecticut and its member towns of Beacon Falls and Prospect (the "Member Towns"), and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due (See "Security and Remedies" herein.)

Interest on the Bonds will be payable semiannually on the fifteenth day of February and August in each year until maturity, commencing August 15, 2014. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the District or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof.

The Bonds ARE subject to redemption prior to maturity as noted herein. See "Redemption Provisions" herein.

The Bonds will be certified by U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, CT 06103 which will also act as Registrar, Paying Agent, and Transfer Agent for the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive book-entry form will be made to DTC in New York, New York, or its agents, on or about February 14, 2014.

PIPER JAFFRAY & CO.

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

Dated: January 30, 2014

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No person has been authorized by Regional School District Number 16 of the State of Connecticut (the “District”) to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

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

NOTICE OF SALE
\$8,000,000
Regional School District Number 16 of the State of Connecticut
General Obligation Bonds
(BOOK-ENTRY)

ELECTRONIC BIDS via PARITY® only will be received by Regional School District Number 16 of the State of Connecticut at Office of the Business Manager, 207 New Haven Road, Prospect, Connecticut, until **11:30 A.M. (Eastern Standard Time) on THURSDAY,**

JANUARY 30, 2014

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

\$8,000,000 General Obligation Bonds, Issue of 2014
Payable annually on February 15 as follows:

\$445,000 in 2017 through 2033
\$435,000 in 2034

The Bonds will be dated February 14, 2014, with interest payable on August 15, 2014 and thereafter semiannually on each February 15th and August 15th.

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

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

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

Redemption. Bonds maturing after February 15, 2024 are subject to redemption prior to maturity, at the option of the District, on or after February 15, 2024, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the District may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption prices, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

Period During Which Redeemed (Both Dates Inclusive)	Redemption Prices
February 15, 2024 and thereafter	100%

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

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

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

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

telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

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

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the District. For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to September 6, 2012, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the District by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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

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

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

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

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

Official Statement. Regional School District Number 16 has prepared a preliminary Official Statement for the Bond issue which is dated January 17, 2014. The District deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make

available to the winning purchaser a reasonable number of copies of the Official Statement as prepared by the District at the District's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the District's financial advisor, DIXWORKS LLC, Avon, Connecticut, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the District's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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

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

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about February 14, 2014 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the District reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Dennis Dix, Jr., DIXWORKS LLC, 241 Avon Mountain Road, Avon, Connecticut 06001-3942 (telephone: (860) 676-0609) or from Ms. Pamela F. Mangini, Business Manager, Regional School District Number 16, 207 New Haven Road, Prospect, Connecticut 06712 (telephone: (203) 758-6671).

DONNA CULLEN,
Chairman of the Board of Education

SHERYL FEDUCIA,
Treasurer

January 17, 2014

BOND ISSUE SUMMARY

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

Issuer:	Regional School District No. 16 of the State of Connecticut (the “District”) (Towns of Beacon Falls and Prospect) (the “Member Towns”)
Issue:	\$8,000,000 General Obligation Bonds, Issue of 2014, Book-Entry-Only (the “Bonds”)
Dated Date:	February 14, 2014
Interest Due:	August 15, 2014, and then each February 15 and August 15 thereafter
Principal Due:	February 15, 2017 - 2034
Purpose and Authority:	The Bonds are being issued to permanently fund a portion of the 2011 Elementary Schools and Administrative Facilities Improvements Program, consisting of the design, construction, demolition, expansion, renovation, relocation, equipping and furnishing of various of the District’s school and administrative facilities, such project contemplated to include: 1) construction of a new elementary school to be located at 75 New Haven Road in the Town of Prospect to support approximately 643 students pre-kindergarten through grade 5; 2) renovations and additions to the existing Laurel Ledge School at 30 Highland Avenue in the Town of Beacon Falls in order to support a population of approximately 451 students pre-kindergarten through grade 5; and 3) Renovations to and demolitions of portions of the existing Algonquin School facility at 30 Coer Road in the Town of Prospect to accommodate the District’s Board of Education offices following the relocation of the existing students to the new elementary school.
Redemption:	The Bonds are subject to redemption prior to maturity.
Security:	The Bonds will be general obligations of Regional School District No. 16 of the State of Connecticut and its Member Towns of Beacon Falls and Prospect, Connecticut, and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.
Credit Rating:	Standard & Poor’s Corporation has assigned a rating of “AA-“ to the Bonds and to the District’s currently outstanding bonded debt.
Tax Exemption:	Refer to Appendix B, “Form of Opinion of Bond Counsel and Tax Exemption”.
Continuing Disclosure:	Refer to Appendix C, “Form of Continuing Disclosure Agreement”.
Bank Qualification:	The Bonds shall be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Registrar, Transfer, Certifying and Paying Agent:	The Bonds will be certified by U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, CT 06103 which will also act as Registrar, Paying, and Transfer Agent.
Legal Opinion:	Day Pitney LLP, 242 Trumbull Street, Hartford, Connecticut will serve as Bond Counsel.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Ms. Pamela Mangini, Business Manager, Regional School District No. 16, 207 New Haven Road, Prospect, CT 06712. Phone: (203) 758-6671. Fax: (203) 758-5797. Email: pmangini@region16ct.org.
Financial Advisor:	DIXWORKS LLC, 241 Avon Mountain Road, Avon, CT 06001-3942. Contact: Dennis Dix, Jr., Principal. Phone: (860) 676-0609. Fax: (860) 676-1649. Email: dixworks@comcast.net
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 February 14, 2014. Delivery of the Bonds will be made against payment in Federal funds.

I. BOND INFORMATION

Introduction

This Official Statement, including its cover page and appendices, is provided for the purpose of presenting certain information relating to Regional School District No. 16 of the State of Connecticut (the "District") consisting of the Towns of Beacon Falls and Prospect, Connecticut (the "Member Towns") in connection with the sale of \$8,000,000 General Obligation Bonds, Issue of 2014 (the "Bonds") of the District.

The Bonds are being offered for sale at public bidding. A Notice of Sale for the Bonds, dated January 17, 2014, has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. 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 in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale. No dealer, salesman, or any other person has been authorized by the District to give any information or make any representation, other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by the District.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, statements, and expressions of opinion in this Official Statement herein are subject to changes without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

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

The information in this Official Statement has been prepared by the District's financial advisor, DIXWORKS, LLC (the "Financial Advisor"), from information supplied by the District and other sources as indicated. The Financial Advisor 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. DIXWORKS LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, or of underwriting, trading, or distributing municipal or other public securities. An agreement between the District and the Financial Advisor has been entered into to conform to Municipal Securities Rulemaking Board ("MSRB") Rule G-23.

The independent auditors for the District were not engaged to review this Official Statement. The independent auditors are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A "General Purpose Financial Statements" herein) and they make no representation that they have independently verified the same.

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 are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein) and they make no representation that they have independently verified the same.

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

Description of the Bonds

The Bonds will be dated February 14, 2014 and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable on August 15, 2014 and semiannually thereafter on February 15 and August 15 in each year until the date of maturity. Interest is payable to the registered owners as of the close of business on the last business day of January and July in each year or the preceding business day if the last day is not a business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. A book-entry-only 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 the rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein.

Redemption Provisions

The Bonds maturing on or before February 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on February 15, 2025, and thereafter are subject to redemption prior to maturity at the election of the District, on or after February 15, 2024, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the District may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
February 15, 2024 and thereafter	100%

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds 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.

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 a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

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

Security and Remedies

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

Unless paid from other sources, the Bonds are payable from general property tax revenues of the Member Towns. The Member Towns have the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in said 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. On the last completed grand list of the Member Towns, there were no acres classified as such forest land. 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 or the Member Towns may place a lien on the property for the amount of tax relief granted plus interest.

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

Section 10-58a of the Connecticut General Statutes, Revision of 1958, as amended, provides that upon verification of a default by a regional school district in the payment of principal of or interest on its bonds or notes, the State Comptroller is required to withhold future payments of State aid and assistance in such amounts as may be required to remedy the default. If the amounts withheld from the District are insufficient for this purpose, payments of State aid and assistance due to the 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 regional school district pursuant to the provisions of Section 10-63a *et seq.* of the General Statutes will not impair the obligation of the withdrawing member town or the regional school district to the holders of bonds or other indebtedness issued prior to the withdrawal or dissolution.

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 levy or other revenues of the District or the Member Towns to secure the Bonds, or judgments thereon, in priority to other claims.

The District and the Member Towns are subject to suit on their general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the District or the Member Towns. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefore or, in the absence thereof, to order the District and the 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 the Member Towns and the availability and adequacy of other remedies.

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

Availability of Continuing Information

Regional School District No. 16 prepares, in accordance with State law, annual independently audited financial statements and files such annual report 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, Standard & Poor's Corporation 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.

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

The District, in accordance with the provisions of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission of the United States (the “SEC”), has undertaken in Continuing Disclosure Agreements (the “Agreements”) entered into for the benefit of holders of certain of its general obligation bonds and notes to provide or cause to be provided certain annual financial information and operating data, as described in the Agreements, with respect to the District and the Member Towns to the Municipal Securities Rulemaking Board (the “MSRB”) or any other information repository established pursuant to the Rule as amended from time to time. Pursuant to the Agreements, such financial information and operating data is to be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The District’s fiscal year, and the fiscal year of each Member Town, currently ends on June 30. In addition, the Agreements require the District in a timely manner to provide or cause to be provided notices of certain material events as described in the Agreements to the MSRB or any other information repository established pursuant to the Rule as amended from time to time. Along with these material events, the District has agreed to provide notice of a failure to file such annual financial information and operating data in a timely manner as described above.

Except as described below, for the past five years the District has complied in all material respects with its obligations under the Agreements. On or before February 29, 2012, the District made a timely filing of its audited financial statements and operating data for the fiscal year ending June 30, 2011 and of the audited financial statements of the Member Towns for the fiscal year ending June 30, 2011, together with draft audited financial statements for the Member Town of Beacon Falls for the fiscal year ending June 30, 2011. The Member Town of Beacon Falls’ final audited financial statements for the fiscal year ending June 30, 2011 were not yet complete and therefore could not be filed with the MSRB on or before February 29, 2012, when due in accordance with the Agreements. The District filed with the MSRB on February 29, 2012 a material event notice with respect to the failure to make a timely filing of the such final audited financial statements, and filed such final audited financial statements on March 30, 2012.

Qualification For Financial Institutions

The District shall designate the Bonds 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.

Book-Entry-Only Transfer System

The information contained in the following paragraphs of this subsection “Book-Entry-Only Transfer System” has been provided by Depository Trust Company, New York, New York (“DTC”). The District makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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

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

Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The District takes no responsibility for the accuracy thereof.

DTC Practices

The District can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act

according to rules and procedures established by DTC and its participants which are on file with the U.S. Securities and Exchange Commission.

NEITHER THE DISTRICT, THE PAYING AGENT, NOR THE UNDERWRITER SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST ON THE BONDS; (3) ANY NOTICE PERMITTED OR REQUIRED TO BE GIVEN BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT, OR BENEFICIAL OWNER; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BOND OR NOTE HOLDER; (5) THE SELECTION BY DTC, ANY DTC DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

Replacement Bonds

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

Authorization and Purpose

2011 Elementary Schools and Administrative Facilities Improvements Program

At a two-town wide referendum held on December 20, 2011, the District voters appropriated \$47,536,000 and authorized the issuance of notes and bonds for the design, construction, demolition, expansion, renovation, relocation, equipping and furnishing of various of the District's school and administrative facilities, such project contemplated to include: 1) construction of a new elementary school to be located at 75 New Haven Road in the Town of Prospect to support approximately 643 students pre-kindergarten through grade 5; 2) renovations and additions to the existing Laurel Ledge School at 30 Highland Avenue in the Town of Beacon Falls in order to support a population of approximately 451 students pre-kindergarten through grade 5; and 3) renovations to and demolitions of portions of the existing Algonquin School facility at 30 Coer Road in the Town of Prospect to accommodate the District's Board of Education offices following the relocation of the existing students to the new elementary school.

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>The Bonds</u>
2011 Elementary Schools and Administrative Facilities Improvements Program	\$47,536,000	\$6,518,000	\$8,000,000

State of Connecticut School Building Grants

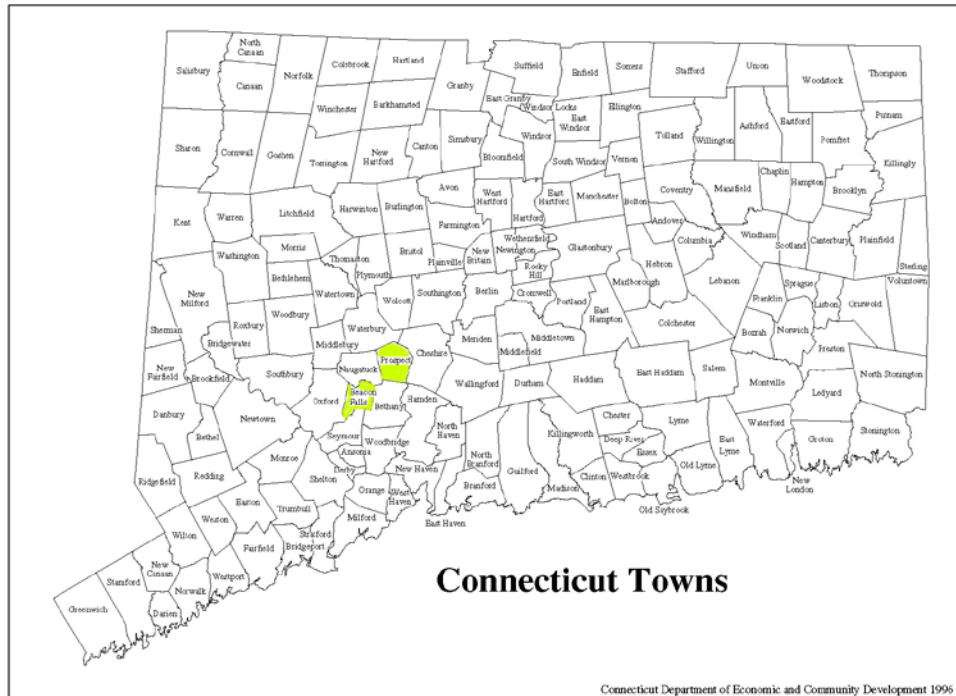
Pursuant to Public Act No. 97-11, the State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the prior program for all projects approved prior to July 1, 1996. Under the prior program, the State of Connecticut will reimburse the District for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund school projects. As of February 14, 2014, the District expects to receive principal grant reimbursements under the prior program in an aggregate amount of \$8,414,581. The District expects to receive approximately \$27 million in progress payment grants for the current projects. To date, the District has not yet received any progress payment grants.

Rating

Standard & Poor's Corporation has assigned a rating of "AA-" to the Bonds and to the District's outstanding bonded debt. The District has furnished to the rating agency certain information and materials, some of which may not have been included in the Official Statement.

The rating reflects only the view of the rating agency and an explanation of the significance of the rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. A revision or a withdrawal of the rating may have an effect on the market price of the District's bonds and notes, including the Bonds.

II. THE ISSUER



Description of Regional School District No. 16 and Member Towns

Regional School District No. 16

Regional School District No. 16 was established on November 20, 1969 pursuant to provisions of the Connecticut General Statutes, Chapter 164, Section 10-45, after approval by the Member Towns of Prospect and Beacon Falls. The District operates five schools located in the two Member Towns which serve pre-kindergarten through twelfth grade students.

The District's operating and debt service expenses are paid by the Member Towns in proportion to the number of pupils attending school from each town. For the fiscal year 2013 – 2014, Beacon Falls contributes 39.364% and Prospect contributes 60.636% based on enrollment figures as of October 1, 2012. Payments are made to the District by the Member Towns on the first Friday following the 15th of the months of July through April at either 10% or 15% of the amount owed with special accommodations for July and December (5%).

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 amounts necessary to pay for its proportionate share of the annual district budget, ten or more taxable inhabitants of a town within such regional school district, a majority of the Board of Selectmen of any such 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 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 town to the regional school district as soon as it is available; the additional sum of twenty-five percent shall be kept in a separate account by such town and shall be applied toward payment of such town's share of the annual budget of the regional school district in the following year. If such order is made prior to the fixing of the annual tax rate of such 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 such town, the sums included in such order shall be provided by the 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 paid by the town Treasurer, with the approval of a majority of the Selectmen, and no vote of the town shall be required therefore. Such borrowed amount shall be included in the estimated expenses of the town in the tax levy for the fiscal year in which incurred.

Pursuant to Section 10-63f of the Connecticut General Statutes dissolution of a regional school district shall not impair the obligation of the member towns or the district to the holders of any bonds or any other outstanding indebtedness issued prior to dissolution. The regional board of education and the boards of education of the member towns may make agreements for the payment of money to or from the district and said towns in accordance with the final plan of dissolution.

General Description - Town of Beacon Falls

Located in New Haven County, 14 miles north of New Haven and 7 miles south of Waterbury, Beacon Falls was incorporated on June 30, 1871 and encompasses a geographic area of 9.8 square miles. A Board of Selectmen/Town Meeting form of government administers the Town. A Board of Finance administers the Town's fiscal operations and policy. The construction of new homes and multifamily dwellings has been strong due to population growth over recent years.

General Description - Town of Prospect

The Town of Prospect is contiguous to the City of Waterbury and is located 12 miles north of New Haven. Prospect was incorporated on May 16, 1827 and its geographic area encompasses 14.3 square miles. The community spreads over wooded hilltops 900 feet above sea level and is close to Interstate Highway I-84. The Town has experienced a steady increase in population with an active new home construction market. Prospect is administered by a Mayor/Town Council form of government.

Principal District Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Term of Office</u>
Board of Education			
Chairman.....	Donna Cullen	Elected	4 years
Vice Chairman	Priscilla Cretella	Elected	4 years
Secretary	Wendy Oliveira	Elected	4 years
Treasurer.....	Sheryl Feducia	Elected	4 years
Member.....	Christina Arnold	Elected	4 years
Member.....	Robert Hiscox	Elected	4 years
Member.....	Nazih Noujam	Elected	4 years
Member.....	Roxann Vaillancourt	Appointed ¹	4 years
Superintendent	Thomas James	Appointed	Indefinite
Business Manager	Pamela Mangini	Appointed	Indefinite

¹ *To fill unexpired term until next election*
 Source: Superintendent's Office, Regional School District No. 16

District Employees ¹

The following table illustrates the full-time equivalent District employment rolls for the last five fiscal years:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Teachers	199.6	214	217	219	218
Administrators	13.0	15	13	12	12
Office Staff	29.5	29	31	30	30
Custodians	20.0	38	38	40	40
Other	56.5	123	128	134	134
Total	318.6	419	427	435	434

¹ *"Other" prior to 2013 includes part-time employees as well as full-time equivalent*
 Source: Superintendent's Office, Regional School District No. 16

Employee Bargaining Groups

<u>Bargaining Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
Regional School District No. 16 Education Association (CEA).....	209	August, 2016
Regional School District No. 16, Administrators Association, Local No. 48.....	11	June, 2015
Regional School District No. 16, Secretaries/Aides, UPSEU	107	June, 2014
Total Organized.....	327	
Non-Union.....	88	
	415	

Source: Superintendent's Office, Regional School District No. 16

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

District Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Additions (Renovations)</u>	<u>Number of Classrooms</u>	<u>Enrollment ¹ 10/1/13</u>	<u>Rated Capacity</u>
Algonquin School	PreK-3	1957	1961, 1963	26	426	460
Community School	4-5	1936	1948, (51, 54, 96)	13	216	298
Laurel Ledge School.....	PreK-5	1952	1962, (89)	26	422	510
Long River Middle School	6-8	1969	1996	31	560	750
Woodland Regional HS	9-12	2001	--	45	714	800
Total.....				141	2,338	2,818

¹ Includes High School students and Special Ed outside placements

Source: Superintendent's Office, Regional School District No. 16

Enrollment History and Projections

School Year	Algonquin PreK-3	Laurel Ledge PreK-5	Community 4-5	Long River 6-8	Woodland 9-12	Total Enrollment
Actual						
2004-05	482	459	238	626	806	2,611
2005-06	477	465	247	629	784	2,602
2006-07	468	469	232	628	814	2,611
2007-08	449	473	247	631	816	2,616
2008-09	435	476	256	620	792	2,579
2009-10	475	477	229	623	842	2,646
2010-11	480	473	211	599	785	2,548
2011-12	478	476	208	580	740	2,482
2012-13	463	458	214	561	727	2,423
2013-14	426	422	216	560	714	2,338
Projected						
2014-15	448	517	231	562	725	2,483
2015-16	452	510	217	567	730	2,476
2016-17	453	503	199	547	735	2,437
2017-18	451	499	204	533	726	2,413

Source: Superintendent's Office, Regional School District No. 16

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

Population and Density

Regional School District No. 16

Year	Actual Population ¹	% Increase During Decade	Density ²
1950	3,963	-	164
1960	7,253	83.0	301
1970	10,089	39.1	418
1980	10,802	7.1	448
1990	12,858	19.0	534
2000	13,953	8.5	579
2010	15,454	10.8	639

Beacon Falls

Prospect

Year	Actual Population ¹	% Increase During Decade	Density ²	Actual Population ¹	% Increase During Decade	Density ²
1950	2,067	--	211	1,896	--	133
1960	2,886	39.6	294	4,367	130.3	305
1970	3,546	22.9	362	6,543	49.8	458
1980	3,995	12.7	408	6,807	4.0	476
1990	5,083	27.2	519	7,775	14.2	544
2000	5,246	3.2	535	8,707	12.0	609
2010	6,049	15.3	617	9,405	8.0	658

¹ 1950-2010, U.S. Department of Commerce, Bureau of Census

² Per square mile: Regional School District No. 16; 24.1 miles
Beacon Falls; 9.8 miles
Prospect; 14.3 miles

Age Distribution of the Population

Age	Town of Beacon Falls		Town of Prospect		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5	368	6.2	491	5.3	210,470	6.0
5 - 19	1,073	18.0	1,722	18.4	704,478	20.0
20 - 34	1,084	18.2	1,288	13.8	644,783	18.3
35 - 44	844	14.1	1,362	14.6	488,453	13.9
45 - 54	911	15.3	1,811	19.4	562,185	16.0
55 - 64	968	16.2	1,265	13.6	419,864	11.9
65 and over	721	12.1	1,396	15.0	488,055	13.9
Total	5,969	100.0	9,335	100.0	3,518,288	100.0
Median Age (Years)	39.5		44.2		39.5	

Source: U.S. Department of Commerce, Bureau of Census, 2010

Income Distribution

Range	Town of Beacon Falls		Town of Prospect		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000.....	24	1.5	48	1.8	32,885	3.7
10,000 - 14,999	9	0.6	8	0.3	20,278	2.3
15,000 - 24,999	44	2.8	32	1.2	51,614	5.8
25,000 - 34,999	128	8.0	130	4.9	62,266	7.0
35,000 - 49,999	171	10.7	168	6.3	90,504	10.1
50,000 - 74,999	188	11.8	324	12.2	142,209	15.9
75,000 - 99,999	433	27.1	543	20.5	131,744	14.8
100,000 - 149,999	480	30.0	777	29.3	174,178	19.5
150,000 - 199,999	64	4.0	366	13.8	87,181	9.8
200,000 or more.....	57	3.6	259	9.8	100,242	11.2
Total.....	1,598	100.0	2,655	100.0	893,101	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010

Income Levels

	Town of Beacon Falls	Town of Prospect	State of Connecticut
Per Capita Income, 2010	\$32,023	\$ 41,460	\$35,932
Per Capita Income, 2000	\$25,285	\$ 26,827	\$28,766
Per Capita Income, 1989	\$18,020	\$ 17,482	\$20,189
Median Family Income, 2010	\$88,895	\$104,306	\$83,106
Median Family Income, 2000	\$62,461	\$ 74,038	\$65,521
Median Family Income, 1989	\$47,127	\$ 52,551	\$49,199
Percent Below Poverty Level 2010	2.2%	1.8%	10.9

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

Educational Attainment Persons 25 Years and Older

	Town of Beacon Falls		Town of Prospect		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	91	2.2	179	2.7	112,719	4.7
9th to 12th grade	135	3.3	393	5.9	167,880	7.0
High school graduate	1,505	36.3	2,281	34.1	683,511	28.5
Some college, no degree	931	22.5	1,050	15.7	414,903	17.3
Associate's degree	333	8.0	620	9.3	175,075	7.3
Bachelor's degree	727	17.5	1,167	17.5	477,258	19.9
Graduate or professional degree	423	10.2	994	14.9	366,937	15.3
Total	4,145	100.0	6,684	100.0	2,398,283	100.0
Total high school graduate or higher (%)	94.5		91.4		88.4	
Total bachelor's degree or higher (%)	27.7		32.3		35.2	

Source: U.S. Department of Commerce, Bureau of Census, 2010

Major Employers

As of January 2014

Town of Beacon Falls

<u>Name</u>	<u>Business</u>	<u>Estimated Number of Employees</u>
Regional School District No. 16	Regional School District	221
NEJ	Retail Clothing Distributor	75
Town of Beacon Falls	Municipality	50
Golden Rod Corporation	Manufacturer	45
O & G Industries	Masonry Products	25
Ansonia Steel Fabrication	Precision Steel Fabrication	20

Source: First Selectman's Office, Town of Beacon Falls

Town of Prospect

<u>Name</u>	<u>Business</u>	<u>Estimated Number Employed</u>
Regional School District No. 16	Regional School District	194
Town of Prospect	Municipality	109
Olivers Super Market	Super market	92
All Star Transportation	School bus company	81
Curtis Screw	Mfr. Screws, machine products	50
Foam Plastic	Mfr. insulation and styrofoam	47
CVS Stores	Drug store	30
Prospect Machine Products	Mfr. Machine tools	27
The Tree Man	Commercial arborist	18
OGI	Machine shop	12

Source: Mayor's Office, Town of Prospect

Employment by Industry

Employed Persons 16 Years and Over

<u>Sector</u>	<u>Town of Beacon Falls</u>		<u>Town of Prospect</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fisheries, mining	--	--	16	0.3	7,200	0.4
Construction	216	6.9	384	7.5	97,630	5.6
Manufacturing	492	15.8	891	17.4	189,245	10.9
Wholesale trade	122	3.9	65	1.3	44,110	2.5
Retail trade	456	14.7	593	11.6	192,231	11.0
Transportation, Warehousing, Utilities.....	87	2.8	172	3.4	68,289	3.9
Information	245	7.9	231	4.5	38,748	2.2
Finance, Insurance, Real Estate	169	5.4	388	7.6	161,071	9.2
Professional, Scientific, Management, Admin ..	218	7.0	400	7.8	185,445	10.6
Education, Health, Social Services	794	25.5	1,304	25.4	464,211	26.6
Arts, Entertainment, Recreation, Leisure Serv. .	93	3.0	308	6.0	146,302	8.4
Other Services	109	3.5	142	2.8	81,954	4.7
Public administration	111	3.6	234	4.6	66,058	3.8
Total Labor Force, Employed	3,112	100.0	5,128	100.0	1,742,494	100.0

Source: U.S. Department of Commerce, Bureau of the Census, 2010

Employment Data
By Place of Residence

Period	Town of Beacon Falls		Percentage Unemployed		
	Employed	Unemployed	Town of Beacon Falls	Waterbury Labor Market	State of Connecticut
November, 2013 ¹	3,076	197	6.0	9.2	6.9
May, 2013 ¹	3,070	234	7.1	10.8	8.1
Annual Average					
2012	3,104	271	8.0	10.9	8.4
2011	3,139	290	8.5	11.6	8.8
2010	3,066	323	9.5	12.1	9.1
2009	3,053	293	8.8	11.1	8.2
2008	3,143	192	5.8	7.6	5.7
2007	3,165	146	4.4	5.9	4.6
2006	3,099	136	4.2	5.5	4.3
2005	3,032	148	4.7	6.3	4.9
2004 ²	3,017	153	4.8	6.3	4.9
2003 ³	2,994	175	5.5	7.2	5.5

¹ Not seasonally adjusted

² Revised October, 2006

³ Revised October, 2006

Source: Department of Labor, State of Connecticut.

Employment Data
By Place of Residence

Period	Town of Prospect		Percentage Unemployed		
	Employed	Unemployed	Town of Prospect	Waterbury Labor Market	State of Connecticut
November, 2013 ¹	4,740	299	5.9	9.2	6.9
May, 2013 ¹	4,732	356	7.0	10.8	8.1
Annual Average					
2012	4,784	401	7.7	10.9	8.4
2011	4,837	434	8.2	9.8	7.6
2010	4,916	470	8.7	12.1	9.1
2009	4,872	412	7.8	11.1	8.2
2008	5,005	273	5.2	7.6	5.7
2007	5,098	224	4.2	5.9	4.6
2006	5,065	199	3.8	5.5	4.3
2005	4,987	216	4.2	6.3	4.9
2004 ²	4,962	218	4.2	6.3	4.9
2003 ³	4,921	264	5.1	7.2	5.5

¹ Not seasonally adjusted

² Revised October, 2006

³ Revised October, 2006

Source: Department of Labor, State of Connecticut.

Age Distribution of Housing

Year Built	Town of Beacon Falls		Town of Prospect		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier	358	14.9	189	5.6%	331,140	22.2
1940 to 1969	700	29.2	1,258	37.0%	543,921	36.4
1970 to 1979	272	11.4	365	10.7%	196,123	13.1
1980 to 1989	437	18.2	624	18.4%	198,976	13.3
1990 to 1999.....	266	11.1	493	14.5%	115,712	7.7
2000 or later.....	362	15.1	468	13.8%	108,170	7.2
Total housing units, 2010	2,395	100.0	3,397	100.0%	1,494,042	100.0
Percent Owner Occupied, 2010	79.0%		94.0%		67.4%	

Source: U.S. Department of Commerce, Bureau of Census, 2010

Building Permits

The following schedule of building permits issued over the last several years indicates the development experienced in the District member towns for the period.

Fiscal Year	Beacon Falls		Prospect	
	No.	Value	No.	Value
2013 ¹	111	\$1,039,261	7	\$ 917,000
2012 ²	283	2,110,191	22	2,923,503
2011	113	1,299,790	49	6,427,000
2010	96	2,692,334	40	5,685,000
2009	64	3,737,610	472	6,682,931
2008	64	5,298,332	166	6,180,781
2007	34	2,945,000	260	10,100,874
2006	47	3,192,000	278	7,177,037
2005	34	2,387,000	219	10,213,469
2004	34	2,787,000	258	11,266,382
2003	10	715,000	218	8,336,865
2002	18	2,455,105	40	5,259,000

¹ As of June 30, 2013

² Calendar year 2013 (January – November)

Source: Building Officials - Towns of Beacon Falls and Prospect, Connecticut

Housing Inventory

Type	Town of Beacon Falls		Town of Prospect	
	Units	Percent	Units	Percent
1-unit detached	1,559	65.1	3,059	90.1
1-unit attached	176	7.3	67	2.0
2 to 4 units	338	14.1	85	2.5
5 to 9 units	--	--	50	1.5
10 or more units	150	6.3	--	--
Mobile home, trailer, other	172	7.2	136	4.0
Total Inventory.....	2,395	100.0	3,397	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010

Owner-Occupied Housing Values

<u>Value</u>	<u>Town of Beacon Falls</u>		<u>Town of Prospect</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
Less than \$50,000	112	5.9	97	3.1	17,669	1.9
\$ 50,000 to \$ 99,999	38	2.0	52	1.7	24,913	2.7
\$100,000 to \$149,999	65	3.4	47	1.5	65,406	7.2
\$150,000 to \$199,999	211	11.2	213	6.8	137,241	15.1
\$200,000 to \$299,999	507	26.8	944	30.1	262,157	28.8
\$300,000 to \$499,999	874	46.2	1,504	47.9	250,385	27.5
\$500,000 to \$999,999	84	4.4	245	7.8	113,294	12.4
\$1,000,000 or more	--	--	35	1.1	39,994	4.4
Total.....	1,891	100.0%	3,137	100.0	911,059	100.0
Median Sales Price	\$301,900		\$323,000		\$278,700	

Source: U.S. Department of Commerce, Bureau of Census, 2010

IV. TAX BASE DATA

Assessments

Beacon Falls - The Town of Beacon Falls completed a general property revaluation effective October 1, 2011. The Town must conduct its next revaluation on the list of October 1, 2016 and its next revaluation based on physical observation in 2021. For the list of October 1, 2012, Beacon Falls' Net Taxable Grand List amounted to \$472,457,9624.

Prospect - The Town of Prospect completed a general property revaluation effective October 1, 2011. The Town must conduct its next revaluation based on physical observation in 2016. For the list of October 1, 2012, Prospect's Net Taxable Grand List amounted to \$806,651,649.

Under Section 12-62 of the Connecticut General Statutes, a town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection.

The Assessor's Office of each Member Town is responsible for the preparation of the Member Town's annual Grand List. The Grand List is a complete listing of all properties in the Member Towns, their ownership, and their assessed value as of October 1st in each year. Grand List information is used by each Member Town's Board of Finance to set the mill rate which in turn becomes the basis for the Member Town's annual tax levy. Any property owner who wishes to appeal their assessment may do so before the Board of Assessment Appeals. Assessments are computed at seventy (70%) percent of market value at the time of last revaluation. As the Grand List is prepared, tax maps are also updated. Building changes are updated through extensive field work. The Assessor's Office also administers the State of Connecticut's elderly tax relief programs and the veterans' and blind exemption programs.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value. When property is sub-divided, the Assessor's Office receives the information from Planning and Zoning. The newly created lots are then included into the Grand List.

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

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

All property exempt from taxation, except public highways, streets, and bridges is listed, valued, and assessed annually by the assessor and added to the Grand List in a special section. The state reimbursements to the Member Towns are derived from this list.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments - July 1 and January 1. Motor vehicle taxes are payable in July and Motor vehicle supplemental bills are payable in January. Personal Property tax of \$100 or less is 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 the budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are

transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

Comparative Assessed Valuations

Grand List of 10/1	Residential Real Property (%)	Commercial Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
<u>Beacon Falls</u>¹								
2012	74.7	9.5	3.1	4.2	8.5	\$478,414,418	\$5,956,456	\$472,457,962
2011 ¹	74.8	9.5	2.8	4.3	8.6	478,057,240	6,544,606	471,512,634
2010	78.2	7.8	2.8	3.9	7.3	547,947,297	7,472,256	540,475,041
2009	78.1	5.7	4.9	3.9	7.4	540,007,211	8,184,940	531,822,271
2008	77.9	7.9	3.1	3.9	7.2	533,029,144	9,178,436	523,850,708
2007	77.5	11.0	0.1	3.8	7.6	524,404,528	11,616,339	512,788,189
2006 ¹	75.9	12.5	0.2	3.7	7.7	513,349,600	10,038,705	503,310,895
2005	70.5	9.2	2.8	5.9	11.6	327,486,308	6,625,138	320,861,170
2004	70.7	9.5	3.2	5.2	11.4	316,753,630	5,525,690	311,227,940
2003	70.9	9.4	3.4	5.2	11.1	306,916,420	8,680,398	298,236,022
<u>Prospect</u>¹								
2012	78.3	7.5	0.7	4.2	9.3	\$816,473,204	\$9,821,555	\$806,651,649
2011 ¹	79.7	6.7	2.9	3.3	7.4	793,702,237	9,809,150	783,893,087
2010	81.8	5.9	0.9	3.0	8.4	838,424,659	8,939,375	829,485,284
2009	82.0	6.8	0.2	2.9	8.1	828,330,754	8,782,781	819,547,973
2008	81.9	6.1	1.0	3.0	8.0	814,720,875	8,898,969	805,821,906
2007	81.2	6.2	1.0	2.9	8.7	804,458,914	8,303,674	796,155,240
2006	81.6	6.0	1.0	2.6	8.8	792,107,730	8,070,872	784,036,858
2005 ¹	81.6	6.0	1.0	2.7	8.7	786,985,046	7,668,089	779,316,957
2004	75.1	7.5	1.0	4.0	12.4	528,923,572	6,147,309	522,776,263
2003	75.9	7.4	1.0	4.1	11.6	512,355,136	7,732,607	504,622,529

¹ Revaluation

Source: Assessor's Office, Town of Beacon Falls and Town of Prospect

Beginning with the grand list of October 1, 1991, Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities. The State of Connecticut will directly reimburse the member towns for 80% - 100% of the foregone taxes.

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at 11/30/13
<u>Beacon Falls</u>						
2012 *	2014	\$472,457,962	31.90	\$14,825,284	In Process	46.8
2011 ^{1*}	2013	471,512,634	31.10	14,414,435	96.5	2.1
2010	2012	540,475,041	26.10	14,108,981	96.6	1.9
2009	2011	531,822,271	25.60	13,512,456	96.8	1.4
2008	2010	523,850,708	24.23	12,619,510	96.6	1.0
2007	2009	512,788,189	24.73	12,574,038	96.9	0.5
2006 ¹	2008	503,310,895	22.68	11,379,132	96.1	0.2
2005	2007	320,861,170	34.06	11,036,797	97.1	Nil
2004	2006	311,227,940	33.25	10,193,627	96.7	Nil
2003	2005	298,236,022	33.00	9,879,478	97.1	Nil
2002	2004	296,465,460	28.40	8,677,431	96.4	Nil
<u>Prospect</u>						
2012 *	2014	\$806,651,649	28.08	\$22,388,498	In Process	44.5
2011 ^{1*}	2013	783,893,087	27.58	21,680,433	98.9	0.7
2010	2012	829,485,284	25.20	20,776,588	98.8	0.3
2009	2011	819,547,973	25.26	20,696,927	98.8	0.1
2008	2010	805,821,906	25.00	20,155,933	98.8	Nil
2007	2009	796,155,240	25.00	19,757,980	98.6	Nil
2006	2008	784,036,858	24.50	19,074,231	98.6	Nil
2005 ¹	2007	779,316,957	23.98	18,684,632	99.7	Nil
2004	2006	522,776,263	33.15	17,398,858	98.8	Nil
2003	2005	504,622,529	32.00	16,263,896	99.0	Nil
2002	2004	496,350,164	30.00	14,790,318	99.0	Nil

* Preliminary. Subject to audit

¹ Revaluation

Property Taxes Receivable

Town of Beacon Falls

Fiscal Year Ending 6/30	Total Uncollected	Current Year
2013 ¹	\$1,292,732	\$437,157
2012	1,977,881	477,096
2011	1,076,799	433,390
2010	828,661	428,866
2009	1,021,667	394,338
2008	926,438	387,347

Town of Prospect

Fiscal Year Ending 6/30	Total Uncollected ²	Current Year
2013 ¹	\$454,864	\$229,613
2012	479,933 ²	243,013
2011	526,671	248,715
2010	579,022	249,913
2009	548,883	278,986
2008	522,073	261,906

¹ Estimated, unaudited.

² Includes \$62,987 for lists of 10/1/97 – 10/1/01 owed by U.S. Cap, Inc. not yet transferred to suspense

Source: Comprehensive Annual Financial Reports, 2008-2012; Town of Beacon Falls; Audit Reports, June 30, 2008-2012, Town of Prospect; Tax Collectors' Office, Towns of Beacon Falls and Prospect, June 30, 2013

Top Taxpayers

Town of Beacon Falls

<u>Name</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Percent of Net Taxable Grand List ¹</u>
Two North Main LLC	Condominiums	\$11,133,280	2.36
Connecticut Light & Power	Electric utility	9,337,410	1.98
AM Alexandra LLC	Senior housing	4,990,900	1.06
Murtha Enterprises Inc.	Warehousing & commercial real estate	3,430,980	0.73
Aquarion Water Co. of Connecticut	Water utility	2,661,410	0.56
Murtha Industrial Four LLC	Warehousing & commercial real estate	2,524,210	0.53
SMSP-Connecticut LLC	Manufacturer drapery hardware	2,346,400	0.50
CRC Development LLC	Industrial real estate	2,057,590	0.44
Seymour Beacon Falls LLC	Commercial real estate	1,985,520	0.42
Mark Leonard	Beacon Falls Business Park	1,792,930	0.38
Total		<u>\$42,260,630</u>	<u>8.94</u>

¹ Based on Net Taxable Grand List 10/1/12: \$472,457,962

Source: Assessor's Office, Town of Beacon Falls

Town of Prospect

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u>	<u>Percent of Net Taxable Grand List ¹</u>
Yankee Gas Services Inc.	Gas pipeline utility	\$ 8,754,450	1.09
Geloso, Giuseppe & Rosa	Banquet hall	7,507,800	0.93
Connecticut Light & Power	Utility	5,529,490	0.69
Prospect Medical LLC	Medical real estate	5,095,120	0.63
Toll CT Limited Partnership	Condominiums	4,240,170	0.53
Paulmar Assoc. LTD Partnership	Residential development	3,807,130	0.47
The Connecticut Water Co	Utility	3,105,830	0.39
43 Candee LLC	Holiday Hill recreation center	2,669,160	0.33
LRH LLC	Residential real estate	2,353,490	0.29
Healthcare REIT LLC	Country Manor nursing home	2,293,800	0.28
Total		<u>\$45,356,440</u>	<u>5.62</u>

¹ Based on 10/1/12 Net Taxable Grand List of \$806,651,649

Source: Assessor's Office, Town of Prospect

Tax Exempt Property

	<u>Assessed Value</u>	
	<u>Town of Beacon Falls ¹</u>	<u>Town of Prospect ²</u>
Public		
State of Connecticut	\$ 6,642,680	\$11,605,250
Municipal	<u>32,206,950</u>	<u>435,490</u>
Sub-Total Public	38,849,630	12,040,740
Private		
Agricultural, horticultural	282,450	--
Cemetery	209,400	207,910
Churches	1,882,430	4,183,950
House used by clergymen	--	276,460
Railroads	148,100	--
Volunteer fire departments	--	95,140
Scientific, educational, historical, charitable	--	15,666,400
Veterans Organizations	--	273,680
Sub-Total Private	<u>2,522,380</u>	<u>20,703,540</u>
Total Exempt Property	<u>\$41,372,010</u>	<u>32,744,280</u>
Percent of Total Net Taxable Grand List	8.76%	4.06%

¹ Based on 10/1/12 Net Taxable Grand List of \$472,457,962

² Based on 10/1/12 Net Taxable Grand List of \$806,651,649

Source: Assessor's Office, Towns of Beacon Falls and Prospect

V. FINANCIAL ADMINISTRATION

Fiscal Year

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

Basis of Accounting

The District's accounting policies are summarized in Note 1 of the Notes to Financial Statements for the fiscal year ended June 30, 2012 in the District's General Purpose Financial Statements in Appendix A.

Budget Procedure

The Regional School District Board of Education is the budget making authority for the District. The following calendar, directed by the Connecticut General Statutes, outlines the sequence of events required to adopt a budget.

Early February	Superintendent submits Preliminary budgets to the Board of Education.
First week in April	Final budget is prepared
Third week in April	A public information meeting is held for comments. Recommendations are received for increases or decreases.
First Monday in May	At the Annual Meeting, eligible voters of member towns vote either to accept or to reject the budget.

In the event the budget is rejected, the Regional Board must resubmit the budget to a vote at intervals not to exceed two weeks until a budget is passed.

Bond Authorization

Authorization to incur indebtedness through the issuance of notes or bonds must be approved by the Regional Board of Education and the voters of the Member Towns, except for refunding bonds which are approved by the Board of Education. Balloting is on the one-man one-vote principal without regard to the voter's town affiliation. Once approved, the issuance of and administration of debt is the responsibility of the District Board of Education.

Annual Audit

Regional School District No. 16, pursuant to provisions of the Connecticut General Statutes, is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of Education, is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2013, the financial statements of the various funds of the District were audited by Zackin, Zimyeski & Sullivan LLC, Certified Public Accountants.

Pensions

Regional School District No. 16

Regional School District No. 16 certificated teachers and administrators belong to the retirement program provided by the State Teachers' Retirement Board. The members contribute 7.25% of their gross pay (6% for retirement benefits plus 1.25% for health insurance benefits) and may contribute a supplemental amount of 1% to 3% for additional benefits. The State of Connecticut makes appropriations from the General Fund and Bond Funds for its contributions to the Retirement Fund. For fiscal year 2013, the State made on behalf of payments for the District in the amount of \$1,076,755 which are reported both as a revenue and an expenditure in the District's financial report. The contributions are calculated using the terminal funding method. Neither the member towns nor the Board of Education is required to contribute to this fund.

Non-certificated union employees participate in a union-run defined contribution plan to which the District contributes 3.5% per hour per eligible employee (vested) and \$1.05 per hour per eligible union employee (non vested) employee surcharge. In December of 2011, the District withdrew from the fund which calculated a gross withdrawal liability of \$3,491,256 to be repaid in monthly installments of \$14,547 for 240 months. None of the non-certificated employees contribute to or participate in a pension plan other than monthly participation in the federal social security system. In January of 2012, the District implemented a 403(b) retirement plan for 107 unionized school secretaries, paraprofessionals, nurses, custodians, and food service employees in which participation is mandatory. Contributions to the plan for the current fiscal year amounted to \$89,869.

Also see Note 10, “State of Connecticut Teachers’ Retirement System, Certified Employee Plan” and Note 11, “Employees Retirement Plan – Other Employees” of Notes to the Financial Statements for the fiscal year ended June 30, 2013.

Beacon Falls

Union employees, police officers and other Town employees participate in the Connecticut Municipal Employees’ Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system established by the State of Connecticut, and administered by the State Retirement Commission to provide benefits for employees of participating municipalities. MERS, considered to be part of the State’s financial reporting entity, is included in the State’s financial reports as a pension trust fund. MERS issues a publicly available financial report which may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

Required employee plan contributions are 2 ¼% of earnings upon which Social Security tax is paid, plus 5% or earnings on which no Social Security tax is paid. Each participating municipality is required to contribute amounts necessary to finance the remaining costs of the plan. In addition to the monthly contribution the Town is obligated to MERS for the unfunded accrued liability of its participants that existed at the inception of Town participation in MERS. The Town’s obligation at June 30, 2013 was \$1,600,870 and is payable in annual installments that include interest through 2036, currently \$157,833. Town contributions, necessary to fund all of its annual obligations under the plan for 2013, were \$315,000.

Prospect

The Town of Prospect maintains a defined contribution money purchase pension plan for all full time employees of the Town (excluding union employees, who are covered separately as discussed below), including elected officials. Contributions to the Plan are made annually at the discretion of the retirement board (8% of eligible wages for the year ended June 30, 2013). Participating employees are not required to make any contributions to the Plan. However, each employee may make voluntary contributions in an amount no less than 2% or more than 10% of gross pay.

Public Works employees, covered by union contract, participate in the Municipal Employees’ Retirement System (MERS), a cost sharing multiple employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. Each covered municipality is required by State statute to pay an actuarially determined percentage of covered payroll (8% of eligible wages for the year ended June 30, 2013) to provide for benefits based on current service. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit’s date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit’s date of participation and other factors. Effective July 1, 2006, the Town of Prospect’s annual accrued liability payment is \$7,384 for thirty years and a balance of \$105,199 is included in the Town’s long-term debt as of June 30, 2013.

The Town of Prospect also offers an IRS Section 457 Deferred Compensation Program to its employees. At June 30, 2013, net assets of the Town of Prospect Profit Sharing Plan and Trust totaled \$969,292 and net assets of the Deferred Compensation Program totaled \$806,077.

Other Post Employment Benefits (OPEB)

Regional School District No. 16

The District had a study conducted by the Segal Corporation, actuaries, of Farmington, Connecticut to analyze actuarial valuation of postemployment welfare benefits under GASB Statements Number 43 and 45. The report was dated June 15, 2009. To amortize an actuarial accrued liability of \$1,115,596, Segal recommended a total annual required contribution (ARC) of \$81,994 per year if the District was to pre-fund. The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide benefits valued, nor is there any implication that the District was required to implement a funding policy to satisfy the projected expense. At its September 9th, 2009 meeting, the Board of Education voted to fund the \$81,994 for the 2008-09 school year from the surplus funds available that year. The District has determined that it will not fund an OPEB account in the future but rather the \$81,994 that makes up the OPEB account as of September 30, 2010 is being set aside and will be invested in a 13 month CD with a local financial institution. The value of this account is now \$86,458. Retired employees pay 100% of their insurance costs until they are eligible for Medicare, so therefore there is no imputed liability for these costs. Retired administrators pay 19.5% of their insurance costs and the District pays the balance; however, there are only two retired administrators who receive such benefits for a total cost to the District of \$17,428

for the current fiscal year. Also see Note 12, “Other Post-Employment Benefits Plan” of Notes to Financial Statements for year ending June 30, 2013.

Beacon Falls

The Town provides post-employment health care benefits for certain employees for current and future health insurance benefit expenses through a single-employer defined benefit plan. A triennial actuarial valuation will be made to redetermine the annual required contributions (“ARC”). The latest actuarial valuation was made July 1, 2008. As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The sum of the normal cost as of June 30, 2013 and the actuarial accrued liability for benefits as of the valuation date, resulting in an unfunded actuarial accrued liability of \$198,817 at June 30, 2013. The Town funding of postemployment benefits is on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits which would require the reporting of a trust fund in accordance with GASB guidelines.

Prospect

The Town adopted Governmental Accounting Standards Board (GASB) Statement #45 – *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. The actuarially computed annual required contribution for fiscal 2013 is \$77,759; the Town contributed \$10,854. There is no requirement for the Government to fund the OPEB plan and the Town has not established a formal funding policy or created a trust to accumulate plan assets.

Investment Policy

Sections 7-400 and 7-402 of the Connecticut General Statutes, as amended, govern the investments the District is permitted to acquire. Generally, the District may invest in certificates of deposit, money market mutual funds, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks and Federal Land banks, all Federal intermediate credit banks, the Central Bank for Cooperatives, the Tennessee Valley Authority, or any other agency of the United States government. The District’s investment policies are available upon request from the Business Manager. Also see Note 2, “Cash, Cash Equivalents, and Investments” of Notes to Financial Statements for the fiscal year ended June 30, 2013.

FY2013/2018 Capital Improvement Plan

	2013/14	2014/15	2015/16	2016/17	2017/18	
	Year 1	Year2	Year3	Year 4	Year 5	5-Year Total
<u>District Office</u>						
District Vehicle replacement	\$ 11,000	\$ 11,000	\$ 11,000			\$ 33,000
<u>Long River Middle School</u>						
Remove Damaged Carpet in Computer Lab and replace with VCT Tile	\$ 8,400					\$ 8,400
Retile Kitchen floor		\$ 13,500				\$ 13,500
Upgrade Controls on RTU's 1,2,5 & 6	\$ 9,780					\$ 9,780
Bathroom Renovations		\$ 10,000	\$ 10,000	\$ 10,000		\$ 30,000
Replace 39 Single Pane Windows		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 60,000
Replace all classroom heat unit ventilators to include A/C			\$100,000	\$ 100,000	\$ 100,000	\$ 300,000
Gutter Replacement on pitched roof			\$ 19,000			\$ 19,000
Clean all Ductwork		\$ 5,000				\$ 5,000
Tie in all Exhaust Fans into EMS		\$ 5,000				\$ 5,000
Remove Carpeting from Admin offices, Library and install VCT Tile		\$ 15,000	\$ 15,000			\$ 30,000
Replace existing oil fired boilers w/ High Eff. Gas Boilers	\$200,000					\$ 200,000
Install Generator			\$150,000			\$ 150,000
Replace Maint. Door	\$ 4,800					\$ 4,800
Upgrade Bldg Exterior lights to LED		\$ 2,000	\$ 2,000	\$ 2,000		\$ 6,000
Clean all Bathroom Floors	\$ 3,524					\$ 3,524
Café A/C Compressor replacement	\$ 2,500					\$ 2,500
Install Water cooler in Gym Hallway	\$ 1,050					\$ 1,050
Connect Ansul Fire Suppression System in Culinary Room to Fire Alarm Panel	\$ -					
<u>Woodland Regional High School</u>						
Upgrade all Exterior Bldg Lights to LED		\$ 5,000	\$ 5,000			\$ 10,000
Install Variable Frequency Drives on all Air Handling Units		\$ 15,000	\$ 15,000	\$ 15,000		\$ 45,000
Install Variable Frequency Drive for pool pump		\$ 5,000				\$ 5,000
Add Boiler Glycol system to EMS	\$ 6,387					\$ 6,387
Add 3 ton ductless AC unit to Rm 119 Teachers Center	\$ 2,500					\$ 2,500
Install Air Conditioning Throughout Bldg.		\$125,000	\$125,000	\$ 125,000	\$ 125,000	\$ 500,000
Generator for Pump House		\$ 70,000				\$ 70,000
Separate Boiler for Pool Heat Exchanger			\$ 80,000			\$ 80,000
Connect New Kitchen hot water heater to EMS	\$ 4,631					\$ 4,631
Tennis Court & Running Track Repairs		\$ 10,000	\$ 10,000			\$ 20,000
Install window film on Café & Kitchen windows	\$ 5,850					\$ 5,850
Replace broken Stove in Culinary Arts Classroom	\$ 4,437	\$ 8,900	\$ 5,200			\$ 18,537
Install operators panel for pool cover		\$ 2,500				\$ 2,500
Replace Water Coolers in Café & Gym Hallway	\$ 2,200	\$ 2,100				\$ 4,300
Retrofit 4Exterior Double Door Openings with safe school locks	\$ 17,380					\$ 17,380
Retrofit Doors with safe school locks Throughout Bldg.	\$ 24,474					\$ 24,474
Replace 3rd Floor Bathroom Particians	\$ 5,000					\$ 5,000
Replace Dish Washer in Culinary Arts rm	\$ 400					\$ 400
<u>Laurel Ledge</u>						
Install Stage padding	\$ 4,490					\$ 4,490
Gym Floor Recoating	\$ 1,700					\$ 1,700
Paint Gym		\$ 10,000				\$ 10,000
Replace Exterior Doors going to Gym Hallway	\$ 10,000					\$ 10,000
Up grade Exterior Bldg. Lights To LED		\$ 5,000				\$ 5,000
Year Totals - CIP Projects	\$330,503	\$335,000	\$562,200	\$ 267,000	\$ 240,000	\$ 1,734,703

General Fund Balance Sheet
Regional School District No. 16
Five Year Summary of Audited Assets and Liabilities
(GAAP Basis)

	Actual 6/30/13	Actual 6/30/12	Actual 6/30/11	Actual 6/30/10	Actual 6/30/09
ASSETS					
Cash and cash equivalents	\$ 1,929,804	\$ 1,590,909	\$ 1,279,190	\$ 2,172,815	\$ 1,996,201
Due from State of Connecticut	8,980,057	10,453,027	11,950,083	13,559,490	15,063,575
Due from other fund	164,016	114,609	306,318	--	6,707
Total Assets	\$11,073,877	\$12,158,545	\$13,535,591	\$15,732,305	\$17,066,483
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,143,636	\$ 1,084,697	\$ 806,352	\$ 1,099,575	\$ 1,115,520
Deferred revenue	8,980,057	10,453,027	11,950,083	13,559,490	15,063,575
Due to other fund	--	--	--	35,439	--
Total Liabilities	10,123,693	11,537,724	12,756,435	14,694,504	16,179,095
 Fund Balances					
Reserved					
Capital projects and long-term debt	205,993	203,816	198,114	198,114	198,114
Unreserved					
Designated	744,191	417,003	581,042	600,000	600,000
Undesignated	--	--	--	239,687	89,274
Total Fund Equity	950,184	620,821	779,156	1,037,801	887,388
Total Liabilities and Fund Equity	\$11,073,877	\$12,158,545	\$13,535,591	\$15,732,305	\$17,066,483

General Fund Balance Sheet
Town of Beacon Falls
Five Year Summary of Audited Assets and Liabilities
(GAAP Basis)

	Estimated Unaudited 6/30/2013	Actual 6/30/2012	Actual 6/30/2011	Actual 6/30/2010	Actual 6/30/2009
ASSETS					
Cash	\$ 846,931	\$ 128,454	\$ 418,791	\$ 765,819	\$ 831,248
Receivables (net)					
Taxes receivable (net)	1,061,320	1,061,320	946,123	876,283	837,802
Accrued interest and lien fees	428,394	428,394	382,691	376,817	376,457
Sewer & water assessments	1,616,782	1,616,782	1,698,359	1,792,677	1,885,075
Intergovernmental	1,690	102,761	45,710	7,256	104,906
Mortgage receivable	24,157	24,157	24,157	24,157	24,157
Other	126,147	71,667	93,709	26,450	86,153
Other current assets	--	--	3,075	3,075	3,075
Due from other funds	704,732	1,049,257	592,093	446,169	427,239
Total Assets	<u>\$4,810,153</u>	<u>\$4,482,792</u>	<u>\$4,204,708</u>	<u>\$4,318,703</u>	<u>\$4,576,112</u>
LIABILITIES and FUND BALANCES					
Liabilities					
Accounts payable	\$ 31,416	\$ 480,883	\$ 311,911	\$ 142,294	\$ 63,633
Other current liabilities.....	3,504	7,258	6,204	5,160	2,762
Deferred property taxes.....	1,329,950	1,426,277	1,169,050	1,159,751	1,125,163
Due to other funds.....	131,357	63,820	179,290	131,825	102,525
Deferred sewer assessments.....	1,582,835	1,607,835	1,691,642	1,786,035	1,880,418
Deferred mortgages receivable.....	24,157	24,157	24,157	24,157	24,157
Total Liabilities	<u>3,103,219</u>	<u>3,610,230</u>	<u>3,382,254</u>	<u>3,249,222</u>	<u>3,198,658</u>
Fund Balance					
Unreserved:					
Designated for subsequent years....	--	--	--	200,000	100,000
Undesignated General fund.....	--	--	--	869,481	1,277,454
Unassigned	1,706,934	872,562	822,454	--	--
Total fund balances	<u>1,706,934</u>	<u>872,562</u>	<u>822,454</u>	<u>1,069,481</u>	<u>1,377,454</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$4,810,153</u>	<u>\$4,482,792</u>	<u>\$4,204,708</u>	<u>\$4,318,703</u>	<u>\$4,576,112</u>

General Fund Balance Sheet
Town of Prospect
Five Year Summary of Audited Assets and Liabilities
(GAAP Basis)

ASSETS	Actual 6/30/13	Actual 6/30/12	Actual 6/30/11	Actual 6/30/11	Actual 6/30/10
Cash	\$ 746,148	\$ 439,520	\$ 526,753	\$ 526,753	\$186,571
Investments	50,940	49,698	48,484	48,484	47,298
Taxes receivable.....	454,864	479,933	526,671	526,671	579,022
Other receivables.....	238,121	457,058	181,271	181,271	78,806
Due from other funds.....	18,779	760	--	--	25,912
Total Assets.....	<u>\$1,508,852</u>	<u>\$1,426,969</u>	<u>\$1,283,179</u>	<u>\$1,283,179</u>	<u>\$917,609</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable.....	\$ 352,825	\$ 446,419	\$ 325,565	\$ 325,565	\$200,375
Due to other funds	16,367	247,182	2,000	2,000	--
Deferred revenue.....	382,328	415,381 ¹	453,100	453,100	515,989
Total Liabilities	<u>751,520</u>	<u>1,108,982</u>	<u>780,665</u>	<u>780,665</u>	<u>716,364</u>
 Fund Balances					
Reserved					
For capital expenditures	--	--	--	--	--
For next year's budget.....	--	--	--	--	--
Unassigned.....	757,332	317,987	502,514	502,514	201,245
Total Fund Equity.....	<u>757,332</u>	<u>317,987</u>	<u>502,514</u>	<u>502,514</u>	<u>201,245</u>
Total Liabilities and Fund Equity.....	<u>\$1,508,852</u>	<u>\$1,426,969</u>	<u>\$1,283,179</u>	<u>\$1,283,179</u>	<u>\$917,609</u>

General Fund Revenues and Expenditures
Regional School District No. 16
Five Year Summary of Audited Revenues and Expenditures,
and Current Year Budget
(GAAP BASIS)

The General Fund revenues, expenditures, and changes in fund balances for the fiscal years ended June 30, 2009 through 2013 have been derived from the audited financial statements. The District's independent accountants have not examined, reviewed, or compiled any of the figures presented below or expressed any conclusion or provided any other form of assurance with respect to such figures, and accordingly, they assume no responsibility for them. The financial information presented herein is the responsibility of the District's management. Appendix A – "General Purpose Financial Statements" was taken from the annual audit report of the District for the fiscal year June 30, 2013.

	Budget 2013-14	Actual 6/30/13	Actual 6/30/12	Actual 6/30/11	Actual 6/30/10	Actual 6/30/09
REVENUES						
Participating towns.....	\$35,938,847	\$34,263,006	\$33,438,120	\$32,863,865	\$32,304,066	\$32,115,988
Federal and state grants 2	5,371,439	3,864,224	5,951,635	5,734,428	5,452,457	5,921,590
Earnings on investments	5,000	6,643	8,178	3,440	3,605	5,867
Other miscellaneous income	50,000	48,653	142,087	340,018	79,058	254,820
Total Revenues	41,365,286	38,182,526	39,540,020	38,941,751	37,839,186	38,298,265
EXPENDITURES						
Regular Program	14,565,075	14,651,275	14,799,699	14,610,765	14,455,770	13,686,127
Special Programs.....	3,625,341	3,374,766	3,240,146	3,111,431	2,993,432	2,817,836
Teachers retirement contribution ²	2,844,202	1,076,755	3,111,448	2,422,161	2,356,652	2,233,927
Social Work Services	--	274,955	253,357	--	--	--
Guidance Services	--	910,836	915,023	--	--	--
Health Services	--	415,974	404,032	--	--	--
Psychological Services	--	311,777	320,977	--	--	--
Speech/Audio Services	--	308,692	350,315	--	--	--
Improvement of Instructions	617,010	594,808	486,905	--	--	--
Education Media Services	1,583,927	1,295,518	1,293,908	--	--	--
Board of Education Services.....	731,553	595,584	692,992	--	--	--
Office of Superintendent Services.....	394,554	373,367	481,719	--	--	--
Special Services Administration	326,785	279,323	298,176	--	--	--
Office of Principal Services	1,828,009	1,845,210	1,816,504	--	--	--
Fiscal Services.....	709,768	660,217	594,940	--	--	--
Printing/Publishing/Duplicating.....	54,500	43,675	42,482	--	--	--
Pupil Services	2,379,209	--	--	4,272,735	4,376,586	4,301,785
Board of Education	--	--	--	532,286	295,820	481,623
Administration	--	--	--	3,141,405	2,922,309	2,838,250
Operation of Plant/Security Services.....	3,263,404	3,288,036	3,098,316	3,471,406	3,190,246	3,520,226
Student Transportation.....	2,488,523	2,348,505	2,297,580	2,313,557	1,886,529	2,148,462
Other services, future buildings	646,785	647,464	710,850	667,831	570,843	853,972
OPEB Contribution	--	--	--	--	4,481	81,994
Debt Service.....	3,597,243	3,299,089	3,318,064	3,544,957	3,568,115	4,074,266
Tuition	1,676,538	1,257,337	1,177,171	1,002,646	1,076,901	1,128,029
Total Expenditures	41,332,426	37,853,163	39,704,604	39,091,180	37,697,684	38,166,497
Net change in fund balance.....	32,860	329,363	(164,584)	(149,429)	141,502	131,768
Other Financing Sources (Uses) Net.....	(32,860)	--	6,249	(109,216)	8,911	21,964
Fund Balance, July 1.....	--	620,821	779,156	1,037,801	887,388	733,656
Fund Balance, June 30.....	--	\$ 950,184	\$ 620,821	\$ 779,156	\$ 1,037,801	\$ 887,388

¹ Budgetary Basis.

² Reflects State of Connecticut on-behalf-of payments for Connecticut State Teachers' Retirement Fund

General Fund Revenues and Expenditures
Town of Beacon Falls
Four Year Summary of Audited Revenues and Expenditures,
Prior year Estimate, and Current Year Budget
(GAAP BASIS)

	Budget ¹ 2013-2014	Estimated Unaudited 6/30/13	Actual 6/30/12	Actual 6/30/11	Actual 6/30/10	Actual 6/30/09
REVENUES:						
Property taxes & assessments	\$15,194,239	\$14,826,115	\$14,110,201	\$13,859,691	\$12,828,491	\$12,873,095
State and Federal Grants	4,617,924	4,600,447	4,488,715	3,766,748	4,378,865	4,475,600
Investment income	11,000	14,834	10,343	20,391	25,459	29,628
Charges for services	174,500	98,951	172,085	78,327	190,712	216,147
Miscellaneous	77,500	77,562	276,389	107,158	113,630	178,571
Total Revenues	20,075,163	19,617,909	19,057,733	17,832,315	17,537,157	17,773,041
EXPENDITURES:						
Current						
General government	2,031,211	2,050,083	1,898,916	1,849,719	1,816,223	1,801,110
Public safety	1,214,076	1,193,354	1,146,119	1,126,917	1,036,745	980,271
Public works/Highways	1,169,733	803,466	740,815	782,831	645,279	640,666
Sanitation	615,845	872,276	945,154	868,799	876,344	878,249
Health and welfare	108,576	107,752	66,831	62,979	62,478	60,531
Culture and recreation	289,163	278,419	295,092	296,242	309,833	287,822
Education	13,948,646	13,516,055	13,312,652	12,593,791	12,534,084	12,655,947
Other	100,000	--	--	--	--	--
Debt Service	498,662	376,063	347,663	330,655	411,029	485,626
Capital outlay	99,251	67,605	127,933	43,782	232,802	76,153
Total Expenditures	\$20,075,163	19,265,073	18,881,175	17,955,715	17,924,817	17,866,375
Excess (Deficiency) of Revenues over Expenditures	--	352,836	176,558	(123,400)	(387,660)	(93,334)
Other Financing Sources (Uses):						
Capital lease proceeds	--	--	59,450	28,180	124,000	52,721
Proceeds from Sale of Capital Assets	--	884,000	--	--	--	--
Operating Transfers In	--	--	50,000	105,034	265,000	28,947
Operating Transfers Out	--	--	(235,900)	(256,841)	(179,300)	--
Net Other Financing Sources (Uses)	--	884,000	(126,450)	(123,627)	209,700	81,668
Net Change in Fund Balances	--	1,236,836	50,108	(247,027)	(177,960)	(11,666)
Fund Balance Beginning of Year	--	872,562	822,454	1,069,481	1,377,454	1,389,120
Prior period adjustment	--	--	--	--	(130,013)	--
Fund Balance End of Year	--	\$2,109,398	\$ 872,562	\$ 822,454	\$1,069,481	\$ 1,377,454

¹ Budgetary basis

General Fund Revenues and Expenditures
Town of Prospect
Four Year Summary of Audited Revenues and Expenditures,
Prior year Estimate, and Current Year Budget
(GAAP BASIS)

	Budget ¹ 2013-2014	Actual 6/30/13	Actual 6/30/12	Actual 6/30/11	Actual 6/30/10	Actual 6/30/09
REVENUES						
Property Taxes	\$22,656,139	\$21,841,375	\$21,110,172	\$21,016,543	\$20,230,635	\$20,066,563
Federal, State, and other Grants.....	5,723,296	5,999,797	6,012,381	5,929,171	5,614,624	5,691,962
Licenses, Permits, and Fees	210,780	246,871	256,916	250,852	277,857	258,793
Investment Income.....	3,500	5,504	5,986	12,499	20,191	59,008
Reg. 16- Over Assessment Refund	--	--	--	146,633	54,094	--
Other Revenues	175,059	169,975	123,727	99,879	77,857	108,861
Total Revenues	28,768,774	28,263,522	27,509,182	27,455,577	26,275,258	26,185,187
EXPENDITURES						
General Government.....	2,461,222	2,406,770	2,457,062	2,407,182	2,181,500	2,199,560
Public Safety	1,937,734	1,397,564	1,447,683	1,334,022	1,174,900	1,153,362
Public Works	1,428,414	1,978,529	2,331,220	1,991,526	1,853,786	2,041,226
Park & Recreation	615,169	584,724	582,035	561,972	553,786	560,443
Health & Social Services	295,014	281,481	247,976	226,062	216,918	252,197
Education	21,486,385	20,746,911	20,218,427	19,839,615	19,824,076	19,460,041
Sundry Services and Program Costs.....	42,413	26,349	28,286	24,405	24,692	28,514
Capital Outlays.....	--	113,322	66,639	935,479	291,732	15,000
Debt Service.....	502,423	544,885	523,145	591,621	584,986	788,767
Total Expenditures	\$28,768,774	28,080,535	27,902,473	27,911,884	26,706,376	26,499,110
Excess (deficiency) of revenues over expenditures	--	182,987	(393,291)	(456,307)	(431,118)	(313,923)
Other financing sources (uses)						
Operating transfers in	--	175,376	214,764	221,736	115,014	112,751
Operating transfers out	--	(17,340)	(6,000)	(2,000)	--	(3,700)
Bond Issue Costs	--	--	--	--	--	--
Bond Premium.....	--	--	--	--	--	--
Proceeds of Bonds/BANs	--	--	--	--	--	--
Proceeds of lease-purchase financing.....	--	98,322	--	537,840	246,732	--
Total other financing sources (uses)	--	256,358	208,764	757,576	361,746	109,051
Net Change in Fund Balance.....	--	439,345	(184,527)	301,269	(69,372)	(204,872)
Fund Balance, BEGINNING	--	317,987	502,514	201,245	270,617	475,489
Fund Balance, ENDING	--	\$ 757,332	\$ 317,987	\$ 502,514	\$ 201,245	\$ 270,617

¹ Budgetary basis

VI. DEBT SUMMARY

Principal Amount of Indebtedness

As of February 14, 2014

(Pro forma)

Regional School District No. 16¹

Long-Term debt

Date	Purpose	Rate %	Original Issue	Bonds Outstanding	Final Maturity Fiscal Year Ending 6/30
6/15/03	School	2.00 – 5.00	\$17,295,000	\$ 4,725,000	2017
1/14/10	School Refunding	3.25 - 4.50	3,585,000	3,585,000	2020
7/1/10	School	3.05	517,000	129,000	2015
11/15/10	School	2.00 – 4.00	8,155,000	5,285,000	2020
9/6/12	School	2.00 – 3.00	8,055,000	7,655,000	2033
	Sub-Total		<u>37,607,000</u>	<u>21,379,000</u>	
This Issue					
2/15/14	School	--	8,000,000	8,000,000	2034
	Total Bonds		<u>\$45,607,000</u>	<u>\$29,379,000</u>	

Short-Term Debt

None

Other Obligations - Leases

The District has a lease purchase agreement for 32 school buses with a cost of \$2,256,270. The buses are leased for 5 years beginning July 1, 2010 and leased to the busing contractor for \$1 per vehicle per year. Future minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2013 are as follows:

Future minimum lease payments	\$936,312
Less: Approximate amount representing interest	<u>(28,510)</u>
Present value of minimum lease payments	907,802
Less: Current portion	<u>(461,850)</u>
Noncurrent portion	<u>\$445,952</u>

The present value of future net minimum lease payments as of June 30, 2013 are as follows:

2014	\$461,850
2015	<u>474,462</u>
	<u>\$936,312</u>

On October 10, 2013, the District entered into a \$51,707 capital lease at \$967.95 per month for 60 months for two copiers. On November 8, 2013, the District entered into a \$37,904 capital lease at \$13,354 per year for 3 years for a truck.

Also see “Note 9. General Long-Term Debt” in Notes to Financial Statements for fiscal year ended June 30, 2013.

Town of Beacon Falls

<u>Bonds/Loans</u>			<u>Original</u>	<u>Bonds</u>	<u>Final Maturity</u>
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Issue</u>	<u>Outstanding</u>	<u>Fiscal Year</u> <u>Ending 6/30</u>
9/25/98	Sewer ¹	4.75	\$2,529,100	\$1,264,500	2028
3/25/99	Sewer ¹	4.75	149,400	79,680	2029
1/23/03	Water ¹	4.625	1,387,500	878,750	2034
1/1/05	Pension Obligation (MERF) ²	8.07	1,734,266	1,572,305	2035
	Total Bonds		\$5,800,266	\$3,795,235	

¹ USDA Rural Development Administration (formerly Farmers Home Administration)

² State of Connecticut Municipal Employees Retirement Fund

Short-Term Debt

<u>Project</u>	<u>Amount</u> <u>Authorized</u>	<u>Date</u> <u>Authorized</u>	<u>Notes</u> <u>Outstanding</u>	<u>Maturity</u> <u>Date</u>	<u>Legal</u> <u>Renewable</u> <u>Limit</u>
Road & Bridge Improvements	\$ 560,000	06/27/06	\$ 392,000	03/19/14	10/26/16
Railroad Ave. Pump Station	750,000	06/27/06	500,000	03/19/14	10/26/16
Wolfe Ave. Land Purchase	425,000	08/12/08	340,000	03/19/14	09/17/18
Fuel/Heating Oil Storage	125,000	03/15/11	125,000	03/19/14	04/12/23
Road & Streetscape Improv.	206,700	06/21/12	206,700	03/19/14	04/12/23
Public Safety Equip./Fac. Impr.	294,356	06/21/12	294,000	03/19/14	04/12/23
Sanitary Sewer System Improv.	427,660	06/21/12	425,000	03/19/14	04/12/23
Var. Information Syst. Improv.	61,034	06/21/12	61,000	03/19/14	04/12/23
Public Works Dept. Equip.	152,450	06/21/12	152,050	03/19/14	04/12/23
Depot Street Bridge	4,110,000	09/03/13	459,250	03/19/14	10/01/23
Sewer Plant Upgrade 2011	1,000,000	03/15/11	1,000,000	03/19/14	10/01/23
Sewer Plant Upgrade 2013	700,000	09/03/13	700,000	03/19/14	12/17/23
	\$8,812,200		\$4,655,000		

Other Long-Term Commitments

Other Obligations - Leases

<u>Dated</u>	<u>Rate (%)</u>	<u>Original</u> <u>Amount</u>	<u>Balance</u> <u>6/30/13</u>	<u>Final</u> <u>Fiscal</u> <u>Year</u>	<u>Purpose</u>
2011	5.65	\$30,267	\$10,089	2014	Police vehicle
2011	4.77	66,482	39,889	2016	Self contained breathing apparatus
		\$96,749	\$49,978		

Town of Prospect

Long-Term Debt

Bonds

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original</u> <u>Issue</u>	<u>Bonds</u> <u>Outstanding</u>	<u>Final Maturity</u> <u>Fiscal Year</u> <u>Ending 6/30</u>
7/15/98	General Purpose	4.25 - 4.25	\$4,310,000	\$600,000	2017
8/15/06	General Purpose	3.70 - 5.00	1,155,000	345,000	2017
	Total		\$5,465,000	\$945,000	

Short-Term Debt

None

Other Obligations

The Town has entered into lease-purchase agreements for the acquisition of (1) a front-end loader in the amount of \$147,351 (\$105,351 after a down payment of \$42,000) with an imputed interest rate of 5.12%; the lease will be amortized by annual payments of \$20,888 extending to fiscal year 2013, (2) a dump truck totaling \$242,510 (\$212,510 after a down payment of \$30,000) with an imputed interest rate of 5.34%; the lease will be amortized by annual payments of \$36,879 extending to fiscal year 2017, (3) a fire pumper truck in the amount of \$537,840 with an imputed interest rate of 3.50%; the lease will be amortized by annual payments of \$69,989 extending to fiscal year 2019 and (4) a roadside mower in the amount of \$98,322 with an imputed interest rate of 4.55%; amortized by annual payments of \$27,500 extending to fiscal year 2016:

Fiscal Year Ending June 30	Present Value of Minimum Lease Payments	Interest	Total Minimum Lease Payments
2014	\$111,151	\$23,217	\$134,368
2015	115,821	18,547	134,368
2016	120,696	13,673	134,369
2017	98,283	8,585	106,868
2018	65,437	4,552	69,989
2019	67,674	2,314	69,989
Total	\$579,062	\$70,888	\$649,950

Annual Long-Term Bonded Debt Maturity Schedule ¹ **Regional School District No. 16** As of February 14, 2014

Fiscal Year Ending 6/30	Principal	Interest	Total	Pro Forma	
				This Issue Bonds	Cumulative Percent Principal Retired
2014 ²	\$ 1,470,000	\$ 215,800	\$ 1,685,800	--	5.00
2015	2,909,000	691,242	3,600,242	--	14.91
2016	2,725,000	579,475	3,304,475	--	24.18
2017	2,290,000	466,175	2,756,175	\$445,000	33.49
2018	2,275,000	377,713	2,652,713	445,000	42.75
2019	2,240,000	298,213	2,538,213	445,000	51.89
2020	2,215,000	211,674	2,426,674	445,000	60.94
2021	430,000	122,300	552,300	445,000	63.92
2022	425,000	109,475	534,475	445,000	66.88
2023	400,000	97,100	497,100	445,000	69.76
2024	400,000	87,100	487,100	445,000	72.63
2025	400,000	79,100	479,100	445,000	75.51
2026	400,000	71,100	471,100	445,000	78.39
2027	400,000	62,900	462,900	445,000	81.26
2028	400,000	54,450	454,450	445,000	84.14
2029	400,000	45,700	445,700	445,000	87.01
2030	400,000	36,500	436,500	445,000	89.89
2031	400,000	26,600	426,600	445,000	92.77
2032	400,000	16,100	416,100	445,000	95.64
2033	400,000	5,400	405,400	445,000	98.52
2034	--	--	--	435,000	100.00
Total	\$21,379,000	\$3,654,117	\$25,033,117	\$8,000,000	

¹ Excludes capital leases

² Excludes \$1,454,000 of principal and \$590,377 of interest due and paid in fiscal year 2013 – 2014

Annual Long-Term Bonded Debt Maturity Schedule ¹
Regional School District No. 16 (continued)
As of February 14, 2014

Town of Beacon Falls ¹

Fiscal Year Ending 6/30	Principal	Interest	Total	Cumulative Percent Principal Retired
2014	\$ 4,980	\$ 34,818	\$ 39,798	0.13
2015	166,401	229,214	395,615	4.52
2016	168,893	220,343	389,235	8.97
2017	171,587	211,268	382,855	13.49
2018	174,498	201,978	376,476	18.08
2019 - 2035	<u>3,108,876</u>	<u>1,767,453</u>	<u>4,876,329</u>	100.00
	\$3,795,235	\$2,665,074	\$6,460,308	

¹ Excludes capital leases

² Excludes \$159,111 of principal and \$203,083 of interest due and payable in fiscal year 2013 - 2014.

Town of Prospect ¹

Fiscal Year Ending 6/30	Principal	Interest	Total	Cumulative Percent Principal Retired
2014	--	--	--	--
2015	\$315,000	\$37,475	\$ 352,475	33.00
2016	315,000	22,500	337,500	67.00
2017	<u>315,000</u>	<u>7,500</u>	<u>322,500</u>	100.00
	\$945,000	\$89,950	\$1,034,950	

¹ Excludes capital leases

² Excludes \$315,000 of principal and \$52,425 of interest due and payable in fiscal year 2013- 2014

Overlapping/Underlying Debt

Regional School District No. 16 has no overlapping debt. Outstanding debt of the Member Towns is underlying debt to the District. Outstanding debt of the District is overlapping debt to the Member Towns. Neither of the Member Towns has any underlying debt.

Debt Statement

As of February 14, 2014
(Pro Forma)

Regional School District No. 16

TOTAL LONG-TERM DEBT (includes \$8,000,000 bonds of this issue)	\$29,379,000
SHORT-TERM	--
TOTAL DIRECT DEBT	29,379,000
Less: State School Construction Grants Receivable ¹	(8,414,581)
TOTAL NET DIRECT DEBT	20,964,419
UNDERLYING DEBT	
Town of Beacon Falls	\$8,450,235
Town of Prospect	945,000
TOTAL OVERALL NET DEBT	<u>\$30,359,654</u>

¹ The State of Connecticut will reimburse the District for eligible principal and interest costs over the life of school bonds issued. Amounts listed are for principal reimbursements only.

Current Debt Ratios
As of February 14, 2014
(Pro Forma)

Regional School District No. 16

Population 2010 ¹	15,454
Net Taxable Grand List (10/1/12) ¹	\$1,279,109,611
Estimated Full Value (70%)	\$1,827,299,444
Equalized Net Taxable Grand List (2010) ²	\$1,806,851,313
Weighted Income per Capita (2010) ¹	\$ 37,766

	Total Direct Debt \$29,379,000	Total Net Direct Debt \$20,964,419	Total Overall Net Debt \$30,359,654
Per Capita	\$1,901.06	\$1,356.57	\$1,964.52
Ratio to Net Taxable Grand List	2.30%	1.64%	2.37%
Ratio to Estimated Full Value	1.61%	1.15%	1.66%
Ratio to Equalized Net Taxable Grand List	1.63%	1.16%	1.68%
Debt per Capita to Income per Capita	5.03%	3.59%	5.20%

¹ US Department of Commerce, Bureau of Census, 2010

² Office of Policy and Management, State of Connecticut

Bond Authorization

Regional School District No. 16 has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut, Revised 1958, as amended, subject to statutory debt limitations. Bond and note 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 Beacon Falls and Prospect. 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 communities. The question is determined by the majority of those persons voting in the District as a whole. Regional school district bonds must mature not more than twenty years after the issue date.

A regional Board of Education may borrow sums of money, issue bonds, notes, or other obligations, and pay interest for necessary expenses in principal amounts that may not exceed \$500,000 at any time when authorized by a majority vote at a regional school district meeting called for such purpose (CGS Sec. 10-60) . Such sums may be borrowed for a term not to exceed ten years.

Debt Statement

As of February 14, 2014
(Pro Forma)

Member Towns

	Town of Beacon Falls	Town of Prospect
TOTAL LONG-TERM DEBT	\$ 3,879,535	\$ 945,000
TOTAL SHORT-TERM DEBT	4,655,000	--
TOTAL DIRECT DEBT	8,534,535	945,000
OVERLAPPING NET DEBT		
Regional School District No. 16		
Beacon Falls (39.364%)	11,564,750	--
Prospect (60.636%)	--	17,814,250
Less: State School Construction Grants Receivable ¹	(3,312,316)	(5,102,265)
OVERLAPPING NET DEBT	8,252,434	12,711,985
TOTAL OVERALL NET DEBT	\$16,786,969	\$13,656,985

¹ The State of Connecticut will reimburse the District for eligible principal and interest costs over the life of school bonds issued. School bond reimbursement amounts listed are for principal reimbursements only.

Current Debt Ratios
As of February 14, 2014
(Pro Forma)

Member Towns

	Town of Beacon Falls	Town of Prospect
Population 2010 ¹	6,049	9,405
Net Taxable Grand List (10/1/12) ¹	\$472,457,962	\$ 806,651,649
Estimated Full Value (70%)	\$674,939,946	\$1,152,359,499
Equalized Net Taxable Grand List (2010) ²	\$636,220,058	\$1,170,631,255
Income per Capita (2010) ¹	\$32,023	\$41,460

Member Towns

	Town of Beacon Falls		Town of Prospect	
	Total Direct Debt \$8,534,535	Total Overall Net Debt \$16,786,969	Total Direct Debt \$945,000	Total Overall Net Debt \$13,656,985
Per Capita	\$1,410.90	\$2,775.16	\$100.48	\$1,452.10
Ratio to Net Taxable Grand List	1.81%	3.55%	0.12%	1.69%
Ratio to Estimated Full Value	1.26%	2.49%	0.08%	1.19%
Ratio to Preliminary Equalized Net Taxable Grand List ...	1.34%	2.64%	0.08%	1.17%
Debt per Capita to Income per Capita	4.41%	8.67%	0.24%	3.50%

¹ US Department of Commerce, Bureau of Census, 2010

² Office of Policy and Management, State of Connecticut

Maturities

General obligation bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal except for refunding bonds that achieve net present value savings. The term of the issue may not exceed twenty years.

Temporary Financing

The Connecticut General Statutes provide for regional school districts to authorize general obligation bonds, notes, or other obligations under resolutions adopted by the regional board of education following a public hearing and a referendum simultaneously approved in each of the district member towns. The question is approved by the affirmative vote of a majority of those persons voting in the district as a whole. 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 project cost or payment of temporary notes when they become due and payable, and the principal reductions are made no later than the fifth year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th, or for certain school project financings, 1/30th, of the estimated project cost (CGS Sections 10-56 and 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds four years.

Limitation of Indebtedness – Regional School Districts

The Connecticut General Statutes provide that the aggregate indebtedness of a regional school district shall not exceed: (1) for a district empowered to provide for the member towns a full K - 12 program, 4.5 times the "annual receipts from taxation" of its Member Towns for the prior fiscal year and (2) for a district providing less than a K - 12 program, 2.25 times the "annual receipts from taxation" of its member towns for the prior fiscal year. A regional school district may issue additional bonds, notes, or other obligations in an amount not to exceed 3.5 its members towns' annual receipts from taxation less the member towns' aggregate indebtedness. 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.

"Annual receipts from taxation" are defined as total tax collections of the Member Towns (including interest, penalties, late payments of taxes, and State payments for revenue loss under the Connecticut General Statutes Section 12-129d and 7-528).

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

Statement of Statutory Debt Limitation

As of February 14, 2014

(Pro Forma)

Regional School District No. 16 (Pro Forma)

	<u>Member Towns</u>		
	<u>Beacon Falls ¹</u>	<u>Prospect</u>	<u>Total</u>
TOTAL TAX COLLECTIONS OF MEMBER TOWNS received by the Treasurer for year ended June 30, 2013			
THE BASE	<u>\$14,225,117</u>	<u>\$21,884,163</u>	<u>\$36,109,280</u>
DEBT LIMIT (4.50 times Base).....			<u>\$162,491,760</u>
INDEBTEDNESS:			
Bonds Payable (includes \$8,000,000 bonds of this issue)			29,379,000
Notes Payable			--
Debt Authorized but Unissued.....			<u>6,155,139</u>
TOTAL INDEBTEDNESS			<u>35,534,139</u>
Less: State School Grants Receivable ²			<u>(8,414,581)</u>
Net Debt For Calculation of Debt Limitation			<u>27,119,558</u>
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS.....			<u>\$135,376,202</u>

¹ *Estimated unaudited*

² *Principal grants receivable under the State of Connecticut School Building Grant program over the life of outstanding school bond issues for eligible project costs.*

**REGIONAL SCHOOL DISTRICT NO. 16 OF THE STATE OF CONNECTICUT HAS NEVER
DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS NOTES OR BONDS.**

Limitation of Indebtedness - Municipalities

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

- General Purposes: 2.25 times annual receipts from taxation
- School Purposes: 4.50 times annual receipts from taxation
- Sewer Purposes: 3.75 times annual receipts from taxation
- Urban Renewal Purposes: 3.25 times annual receipts from taxation
- Pension Benefit Purposes: 3.00 times annual receipts from taxation

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

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

The statutes also provide for exclusion from the debt limit calculation of debt issued in anticipation of taxes; for the supply of water, gas, electricity for electric demand response; for conservation and land management; for distributed generation; for renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants

evidenced by a written commitment as for which an allocation has been approved by the State Bond Commission or from a contract with the State, a State agency, or another municipality providing for the reimbursement of capital costs, but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt that has been advance refunded and is to be paid from amounts in escrow sufficient to pay principal and interest and premium thereon.

Statement of Statutory Debt Limitation ¹

As of February 14, 2014

(Pro Forma)

Town of Beacon Falls

TOTAL TAX COLLECTIONS (including interest, penalties, and late payment of taxes)					
and reimbursement for revenue loss for tax relief for the elderly received by the Treasurer for the year ended June 30, 2013					
					\$14,175,906
Reimbursement for Revenue loss on tax relief for the elderly:					49,211
The BASE ^{2,3}					<u>\$14,225,117</u>
	<u>General Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
DEBT LIMITATION					
2.25 times base.....	\$32,006,513	--	--	--	--
4.50 times base.....	--	\$64,013,026	--	--	--
3.75 times base.....	--	--	\$53,344,189	--	--
3.25 times base.....	--	--	--	\$46,231,630	--
3.00 times base.....	--	--	--	--	\$42,675,351
Total debt limitation	<u>32,006,513</u>	<u>64,013,026</u>	<u>53,344,189</u>	<u>46,231,630</u>	<u>42,675,351</u>
INDEBTEDNESS ²					
Bonds/Loans Payable	--	--	1,344,180	--	1,572,305
BANs Outstanding	2,030,000	--	2,625,000	--	--
Overlapping Net Debt – RSD #16	--	8,252,434	--	--	--
Debt Authorized but Unissued	420,728	--	2,200	--	--
Net Debt For Debt Limit Calculation	<u>2,450,728</u>	<u>8,252,434</u>	<u>3,971,380</u>	--	<u>1,572,305</u>
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS	<u>\$29,555,785</u>	<u>\$55,760,592</u>	<u>\$49,372,809</u>	<u>\$46,231,630</u>	<u>\$41,103,046</u>

¹ Excludes capital leases.

² Water debt of \$878,750 and authorized but unissued water debt of \$750,000 excluded by statute from debt limit calculation

³ Estimated unaudited

Note: While the total tax collection figure for fiscal year ended June 30, 2013 has not yet been audited, the Town does not expect total tax collections for FY 2013 to be less than those for FY 2012.

The total net indebtedness amounts to \$16,246,847 but in no event shall total indebtedness exceed \$99,575,819 or seven times the base.

THE TOWN OF BEACON FALLS, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS NOTES OR BONDS.

Statement of Statutory Debt Limitation ¹

As of February 14, 2014

(Pro Forma)

Town of Prospect

TOTAL TAX COLLECTIONS (including interest, penalties, and late payment of taxes) received by the Treasurer for the year ended June 30, 2013	\$21,807,433
REIMBURSEMENT FOR REVENUE LOSS ON: Tax Relief for Elderly	76,730
BASE.....	<u>\$21,884,163</u>

	<u>General Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Pension Obligation</u>
DEBT LIMITATION:					
2.25 times base.....	\$49,239,367	--	--	--	--
4.50 times base.....	--	\$98,478,734	--	--	--
3.75 times base.....	--	--	\$82,065,611	--	--
3.25 times base.....	--	--	--	\$71,123,530	--
3.00 times base.....	--	--	--	--	\$65,652,489
Total debt limitation	<u>49,239,367</u>	<u>98,478,734</u>	<u>82,065,611</u>	<u>71,123,530</u>	<u>65,652,489</u>
INDEBTEDNESS:					
Bonds Payable	945,000	--	--	--	--
BANs Outstanding	--	--	--	--	--
Debt Authorized but Unissued	--	--	--	--	--
Overlapping Net Debt – RSD #16	--	12,711,985	--	--	--
Net Debt For Debt Limit Calculation	<u>945,000</u>	<u>12,711,985</u>	--	--	--
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS					
	<u>\$48,294,367</u>	<u>\$85,766,749</u>	<u>\$82,065,611</u>	<u>\$71,123,530</u>	<u>\$65,652,489</u>

¹ Excludes capital leases

Total net indebtedness amounts to \$13,656,985 but in no event shall total indebtedness exceed \$153,189,141 or seven times the base.

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

Authorized but Unissued Debt

As of February 14, 2014

(Pro Forma)

Regional School District No. 16

<u>Project</u>	<u>Total Bonds Authorized</u>	<u>Previous Bond/Notes</u>	<u>The Bonds</u>	<u>Estimated Grants</u>	<u>Authorized but Unissued Debt</u>
2011 Elementary Schools and Administrative Facilities Improvements Program	\$47,536,000	\$6,518,000	\$8,000,000	\$27,000,652	\$6,017,348
Long River MS Roof Replacement	1,910,000	517,000 ¹	--	1,255,209	137,791
	<u>\$49,446,000</u>	<u>\$7,035,000</u>	<u>\$8,000,000</u>	<u>\$28,255,861</u>	<u>\$6,155,139</u>

¹ Serial note

Authorized but Unissued Debt (continued)

As of February 14, 2014

(Pro Forma)

Town of Beacon Falls

Project	Authorized	Debt Issued ¹	Grants/Paydowns ²	Debt Authorized but Unissued		
				General Purpose	School	Sewer
2000 Water Line Extension ³	\$2,137,500	\$1,387,500	--	--	--	--
Road Projects	560,000	392,000	(\$ 168,000)	--	--	--
RR Avenue Pump Station	750,000	500,000	(250,000)	--	--	--
Depot Street Bridge	4,110,000	459,250	(3,230,022)	\$420,728	--	--
2011 WWTP Improvements	1,000,000	1,000,000	--	--	--	--
Road/Streetscape Improvements	206,700	206,700	--	--	--	--
Information Systems Projects	61,034	61,000	(34)	--	--	--
Pub. Works Equipment	152,450	152,050	(400)	--	--	--
Pub. Safety Equip./Facilities	294,356	294,000	(356)	--	--	--
Wolfe Avenue Land Acquisition	425,000	340,000	(85,000)	--	--	--
Sanitary and Sewer Imp. 2013	700,000	700,000	--	--	--	--
Sanitary Sewer System Imp.	427,660	425,000	(460)	--	--	\$2,200
2011 Oil Tank Improvements	125,000	125,000	--	--	--	--
	<u>\$10,949,700</u>	<u>\$6,042,500</u>	<u>(\$3,734,272)</u>	<u>\$420,728</u>	<u>--</u>	<u>\$2,200</u>

¹ Includes \$4,655,000 Notes outstanding and due 3/19/14

² State of Connecticut grants received and Town paydowns

³ Not included in Debt Limit calculation by statute or until borrowed against

Town of Prospect

The Town of Prospect has no debt authorized but unissued.

Principal Amount of Outstanding Debt

Last Five Fiscal Years

As of June 30

Regional School District No. 16

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Long-Term Debt</u>					
Bonds	\$22,704,000	\$17,193,000	\$19,757,000	\$22,030,000	\$24,535,000
<u>Short-Term Debt</u>					
Short-Term Notes	--	4,305,000	1,590,000	1,590,000	1,590,000
Totals	\$22,704,000	\$21,498,000	\$21,347,000	\$23,620,000	\$26,125,000

Town of Beacon Falls

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Long-Term Debt</u>					
Loans/Bonds.....	\$3,954,346	\$4,116,310	\$4,247,680	\$4,383,210	\$4,520,403
<u>Short-Term Debt</u>					
Bond Anticipation Notes	2,645,000	1,454,000	3,050,000	3,175,000	3,325,000
Totals	\$6,599,346	\$5,570,310	\$7,297,680	\$7,558,210	\$7,845,403

Town of Prospect

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Long-Term Debt</u>					
Bonds.....	\$1,260,000	\$1,575,000	\$1,890,000	\$2,240,000	\$2,605,000
<u>Short-Term Debt</u>					
Bond Anticipation Notes	--	--	--	--	--
Totals	\$1,260,000	\$1,575,000	\$1,890,000	\$1,890,000	\$2,605,000

Ratios of Outstanding Net Debt to Valuation, Population, and Income
Regional School District No. 16

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value¹	Outstanding Net Debt²	Ratio of Outstanding Net Debt to Assessed Value (%)	Ratio of Outstanding Net Debt to Estimated Full Value (%)	Outstanding Net Debt per Capita³	Ratio of Outstanding Net Debt per Capita to Per Capita Income (%)⁴
2013	\$1,255,405,721	\$1,793,436,744	\$13,426,943	1.07	0.75	\$868.83	2.30
2012	1,369,960,325	1,957,086,179	11,044,973	0.81	0.56	714.70	1.89
2011	1,369,960,325	1,957,086,179	9,009,917	0.66	0.46	583.02	1.54
2010	1,329,672,614	1,899,532,305	8,567,291	0.64	0.45	554.37	1.47
2009	1,328,863,442	1,898,376,346	11,061,425	0.83	0.58	715.76	1.90
2008	1,287,347,753	1,839,068,219	10,565,397	0.82	0.57	683.67	1.81
2007	1,100,178,127	1,571,683,039	11,564,101	1.05	0.74	748.29	1.98
2006	834,004,203	1,191,434,576	12,738,999	1.53	1.07	824.32	2.18
2005	802,858,551	1,146,940,787	13,923,184	1.73	1.21	900.94	2.39
2004	792,815,624	1,132,593,749	14,438,354	1.82	1.27	934.28	2.47

¹ Assessment Ratio, 70%

² Net of State School Construction Grants.

³ US Department of Commerce, Bureau of Census 2010: 15,454

⁴ Money Income per Capita (2010): Beacon Falls, \$32,023; Prospect, \$41,460; RSD No. 16 (weighted average), \$37,766 – US Department of Commerce, Bureau of Census

Note: Excludes capital leases

Town of Beacon Falls

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value 1	Direct Long-Term Debt	Ratio of Direct Long-Term Debt to Assessed Value (%)	Ratio of Direct Long-Term Debt to Estimated Full Value (%)	Direct Long Term Debt per Capita 2	Ratio of Direct Long-Term Debt per Capita to Per Capita Income (%) 3
2013*	\$471,512,634	\$673,589,477	\$3,954,346	0.84	0.59	\$653.72	2.04
2012	540,475,041	772,107,201	4,116,310	0.76	0.61	680.49	2.13
2011	540,475,041	772,107,201	4,276,296	0.79	0.55	706.94	2.21
2010	523,850,708	748,358,154	4,383,210	0.84	0.59	724.62	2.26
2009	512,788,189	732,554,556	4,520,403	0.88	0.62	747.30	2.33
2008 *	503,310,895	719,015,564	4,650,935	0.92	0.65	768.88	2.40
2007	320,861,170	458,373,100	4,869,462	1.52	1.06	805.00	2.51
2006	311,227,940	444,611,343	5,066,334	1.63	1.14	837.55	2.62
2005	298,236,022	426,051,460	5,261,986	1.76	1.24	869.89	2.72
2004	296,465,460	423,522,086	3,708,250	1.25	0.88	613.04	1.91

¹ Assessment Ratio: 70%.

² US Department of Commerce, Bureau of Census 2010: 6,049

³ Money Income per Capita 2010: \$32,023 – US Department of Commerce, Bureau of Census

* Revaluation

Note: Excludes capital leases

Ratios of Outstanding Direct Long-Term Debt to Valuation, Population, and Income (cont'd)

Town of Prospect

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value ¹	Direct Long-Term Debt	Ratio of Direct Long-Term Debt to Assessed Value (%)	Ratio of Direct Long-Term Debt to Estimated Full Value (%)	Direct Long Term Debt per Capita ²	Ratio of Direct Long-Term Debt per Capita to Income (%) ³
2013	\$783,893,087	\$1,119,847,267	\$1,260,000	0.16	0.11	\$133.97	0.32
2012	829,485,284	1,184,978,977	1,575,000	0.19	0.13	167.46	0.40
2011	829,485,284	1,170,782,819	1,890,000	0.23	0.16	200.96	0.48
2010	805,821,906	1,151,174,151	2,240,000	0.28	0.19	238.17	0.57
2009	796,155,240	1,137,364,629	2,605,000	0.33	0.23	276.98	0.67
2008	784,036,858	1,120,052,654	3,150,000	0.40	0.28	334.93	0.81
2007 ⁴	779,316,957	1,113,309,939	3,745,000	0.48	0.34	398.19	0.96
2006	522,776,263	746,823,232	3,065,000	0.59	0.41	325.89	0.79
2005	504,622,529	720,889,327	3,540,000	0.70	0.49	376.40	0.91
2004	496,350,164	709,071,663	4,015,000	0.81	0.57	426.90	1.03

¹ Assessment Ratio, 70%

² US Department of Commerce, Bureau of Census 2010: 9,405

³ Money Income per Capita (2010): \$41,460 – US Department of Commerce, Bureau of Census

⁴ Revaluation

Note: Excludes capital leases.

Ratios of Annual Total Debt Service Expenditures to Total General Fund Expenditures

Regional School District No. 16

Fiscal Year Ended 6/30	Annual Debt Service	General Fund Expenditures	Ratio of Debt Service To Total Expenditures
2013 *	\$3,299,089	\$37,853,163	8.72
2012	3,318,064	39,704,604	8.49
2011	3,544,957	39,091,180	9.07
2010	3,568,115	37,697,684	9.47
2009	4,074,266	38,166,497	10.67
2008	4,300,541	44,509,150 ¹	9.66
2007	4,601,429	34,155,471	13.47
2006	4,754,304	32,616,829	14.58
2005	4,894,391	30,623,626	15.98
2004	4,888,085	28,415,763	17.20

* Estimated, unaudited

¹ Reflects State of Connecticut on-behalf-of payment for Connecticut State Teachers' Retirement Fund in the amount of \$10,365,576

Source: Audit Reports 2004-2013, Regional School District No. 16

VII. LEGAL AND OTHER INFORMATION

Litigation

The District

In the opinion of the District's Corporation Counsel, Shipman & Goodwin LLP, as of the date of this Official Statement, there are no claims or litigation pending, or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the District which would have a material adverse effect on the finances of the District or which would impact the validity of the Bonds or the Notes.

Beacon Falls

Michael J. McVerry, Town Counsel, provides the following information for use in connection with the bond package for Region 16 being prepared for the Town. He has reviewed pending litigation and claims with Attorney with Attorney Steve Byrne who represents the Town in land use matters and has reported the status of pending legal matters to me.

There is a pending wage and hour issue against Beacon Hose, the Town's volunteer fire department. Attorney Kushel is representing the Town in this matter. She has not yet investigated whether insurance coverage is available for this claim. If there is no insurance coverage, then the financial exposure to the Town could be significant. However, at this time, any such exposure, even including attorney's fees, is not expected to be large enough to have a material and adverse impact upon the Town's finances so that it would be unable to honor its financial obligations.

Additionally, the Town is a Party Defendant in a mortgage foreclosure matter Countrywide Homes v. Tammy Ljungquist (No. AAN-CV 08-5006216S) which went to judgment on December 16, 2013, with a Sale date ordered for February 22, 2014. The Town is the holder of a second mortgage on the subject property involving funds from a government rehabilitation grant. There appears to be no equity in the subject property to satisfy any claims by the Town. However, given the nature of the origin of the funds, this judgment will not have a material and adverse impact upon the Town's finances so that it would be unable to honor its financial obligations.

There is one other matter, DeCampos v. Seymour Sand & Stone (No. AAN-CV 13-6012298), which is an action by property owners seeking to enforce a quiet title/adverse possession claim against the Town and other parties for possession of a "paper street" within the Town. The Town was served the complaint in the matter last month, and an appearance is being filed on behalf of the Town. This matter would not have a material and adverse impact upon the Town's finances so that it would be unable to honor its financial obligations.

To the best of my knowledge, the information set forth herein is accurate and true and complete as of January 9, 2014.

Prospect

We have been asked to approve language regarding proposed text of the litigation section of the Preliminary Official Statement dated this date insofar as it applies to the Town of Prospect, and we can only comment on matters that affect the Town of Prospect. Based upon our due inquiry with the Mayor of the Town of Prospect and matters as to which we have been consulted by the Town, the following language is appropriate:

The Town of Prospect, its officers, boards and commissions are defendants in a number of lawsuits. It is the opinion of Carmody & Torrance LLP, legal counsel to the Town and Town officials, that such pending lawsuits will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position, except that at this time as to the following matters that are pending or threatened the Town cannot give any assurance as to the outcome of the cases or financial impact, if any:

1. The following matters are pending or threatened:
 - (a) A taxpayer filed a tax appeal on May 15, 2012 pursuant to Connecticut General Statutes §12-117a appealing from the doings of the Board of Assessment Appeals, claiming to be aggrieved by its actions regarding the valuation of the taxpayer's real property. Should plaintiff be successful, the taxpayer may be entitled to a refund for any tax overpayment. The pleadings have been closed, but no trial date has been assigned. Should the matter not be resolved, the Town intends to vigorously defend this matter. We are unable to determine the likely outcome of this claim or the amount or range of loss if the outcome is unfavorable.
 - (b) Another taxpayer filed a tax appeal on June 13, 2012 pursuant to Connecticut General Statutes §12-117a appealing from the doings of the Board of Assessment Appeals, claiming to be aggrieved by its

actions regarding the valuation of the taxpayer's real property on the Grand List of 2011. Should plaintiff be successful, the taxpayer may be entitled to a refund for any tax overpayment. The pleadings have been closed, but no trial date has been assigned. Should the matter not be resolved, the Town intends to vigorously defend this matter. We are unable to determine the likely outcome of this claim or the amount or range of loss if the outcome is unfavorable.

- (c) Another taxpayer filed a tax appeal on April 4, 2013 pursuant to Connecticut General Statutes § 12-117a appealing from the doings of the Board of Assessment Appeals, claiming to be aggrieved by its actions regarding the valuation of its real property. Should plaintiff be successful, it may be entitled to a refund for any tax overpayment. The pleadings have been closed, but no trial date has been assigned. Should the matter not be resolved, the Town intends to vigorously defend this matter. We are unable to determine the likely outcome of this claim or the amount or range of loss if the outcome is unfavorable.
 - (d) Another taxpayer filed a tax appeal on April 8, 2013 pursuant to Connecticut General Statutes § 12-117a appealing from the doings of the Board of Assessment Appeals, claiming to be aggrieved by its actions regarding the valuation of its real property. Should plaintiff be successful, it may be entitled to a refund for any tax overpayment. The pleadings have been closed, but no trial date has been assigned. Should the matter not be resolved, the Town intends to vigorously defend this matter. We are unable to determine the likely outcome of this claim or the amount or range of loss if the outcome is unfavorable.
 - (e) Another taxpayer filed a tax appeal on April 23, 2013 pursuant to Connecticut General Statutes § 12-117a appealing from the doings of the Board of Assessment Appeals, claiming to be aggrieved by its actions regarding the valuation of its real property. Should plaintiff be successful, it may be entitled to a refund for any tax overpayment. The pleadings have been closed, but no trial date has been assigned. Should the matter not be resolved, the Town intends to vigorously defend this matter. We are unable to determine the likely outcome of this claim or the amount or range of loss if the outcome is unfavorable.
 - (f) Other taxpayers filed a tax appeal on May 2, 2013 pursuant to Connecticut General Statutes § 12-117a appealing from the doings of the Board of Assessment Appeals, claiming to be aggrieved by its actions regarding the valuation of their real property. Should plaintiffs be successful, they may be entitled to a refund for any tax overpayment. The pleadings have been closed, but no trial date has been assigned. Should the matter not be resolved, the Town intends to vigorously defend this matter. We are unable to determine the likely outcome of this claim or the amount or range of loss if the outcome is unfavorable.
2. In January of 2012, an individual filed a lawsuit for injuries he allegedly sustained in an automobile accident at an intersection in the Town of Prospect. The plaintiff claims that the accident was caused by alleged negligent actions of the driver of a snow plow vehicle owned by the Town of Prospect. It is not possible at this time to predict the outcome in any litigation. Town officials believe that should any liability on the part of the Town be finally determined that there would be insurance coverage available; however, there can be no assurance that liability in excess of available insurance coverage may not result.

Documents Furnished at Delivery

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the District signed by the Chairman of the Board of Education and the Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the Bonds were sold and as of the closing date, the description and statements in the Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Bonds.
4. The approving opinion of Day Pitney LLP of Hartford, Connecticut substantially in the form attached hereto as Appendix B.

5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C.
6. Regional School District No. 16 of the State of Connecticut has prepared an Official Statement for the Bond issue which is dated January 30, 2014. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The District will make available to the successful bidder a reasonable number of copies of the final Official Statement, at the District's expense, within seven business days after the date of sale.

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. 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 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 District and member town 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 the District by the following officials.

REGIONAL SCHOOL DISTRICT NO. 16

By: /Donna Cullen/
DONNA CULLEN
Chairman of the Board of Education

By: /Sheryl Feducia/
SHERYL FEDUCIA
Treasurer

January 30, 2014

APPENDIX A
GENERAL PURPOSE FINANCIAL STATEMENTS

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Appendix A – General Purpose Financial Statements is taken from the Annual Financial Report of Regional School District No. 16 of the State of Connecticut for the fiscal year ended June 30, 2013 and does not include all of the schedules or the management letter made in such report. A copy of the complete report is available on request from: Ms. Pamela Mangini, Business Manager, Regional School No. 16, 207 New Haven Road, Prospect, CT 06712. Telephone: (203) 758-6671. Fax: (203) 758-5797.

Zackin

Zimycki

Sullivan

Certified
Public
Accountants
L.L.C.

One
Exchange Place
Sixth Floor
Waterbury
Connecticut
06702-2013
Telephone
203-753-2200
Facsimile
203-756-1608
www.zzscca.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Regional School District No. 16

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Regional School District No. 16 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Education
Regional School District No. 16

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional School District No. 16 as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-17 and 51-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School District No. 16's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Regional School District No. 16

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the Regional School District No. 16's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional School District No. 16's internal control over financial reporting and compliance.



ZACKIN ZIMYESKI SULLIVAN
Certified Public Accountants, LLC
Waterbury, Connecticut

December 30, 2013

Management's Discussion and Analysis Introduction

This Annual Financial Report includes the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as managers of Regional School District No. 16, focus on our most important, or “major” funds, including the general fund.

Fund statements measure and report the “operating results” of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures the school district uses when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Showing budgetary compliance has always been an important part of the school district’s accountability. Our financial statements include the original budget and the final actual results.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Regional School District No. 16’s financial position has improved or deteriorated as a result of the year’s operations. The annual report includes district-wide financial statements prepared on the accrual basis for all of your school district’s activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the school district-wide financial statements will help you:

- Assess the finances of Regional School District No. 16 in its entirety, including the year’s operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees, grants, other program revenues, and member town assessments;
- Understand the extent to which your school district has invested in capital assets, including school buildings, machinery, and equipment;
- Make better comparisons between school districts.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- ✱ **Management’s Discussion and Analysis (MD&A)** – An introduction to the basic financial statements and an analytical overview of the school district’s financial activities. The MD&A provides an objective and easily readable analysis of the District’s financial activities based on currently known facts, decisions, or conditions. The MD&A

- Includes comparisons of the current year to the prior year based on school district-wide information;
- Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
- Analyzes significant changes in fund and major budget variances;
- Describes capital asset and long-term debt activity during the year;
- Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

✱ **Basic Financial Statements**

- ***School District-Wide Financial Statements*** are designed to provide readers with a broad overview of Region 16's finances in a manner similar to private-sector business.
 - They include a *statement of net position* which presents information on all of the school district's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating. The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the school district. Both of the district-wide financial statements distinguish functions of the district that are principally supported by member town assessments and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The district-wide statements of Regional School District No. 16 include all programs connected with the administration of a regional educational facility. The district operates one business-type activity, food services. The district-wide financial statements include only the district itself (known as the *primary government*). There are no legally separate units of government for which the school district is financially accountable;
 - Fiduciary activities whose resources are not available to finance our school district programs are excluded from these statements.

Capital assets are replaced by depreciation expense in the statement of activities. Net position are reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net position are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of “net (expense) revenue” for each of the school district’s functions. Program expenses include all direct expenses. General revenues and special and extraordinary items are reported separately, ultimately arriving at the change in net position for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

Fund Financial Statements are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Regional School District No. 16, 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 district can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ❑ *Governmental fund* financial statements include financial data for the general fund, special revenue funds (Other Governmental Funds), and capital projects funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-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 school district’s near-term financing requirements. Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* in the district-wide financial statements with similar information presented for *governmental activities* in the long-term impact of the district-wide financial statements. By doing so, readers may better understand the long-term impact of the regional school district’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The district maintains several individual governmental funds and a separate capital projects fund. 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 which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Regional School District No. 16 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.
- ❑ *Proprietary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The district maintains only one type of proprietary fund, the Food Services Fund. Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail.
- ❑ *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to

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

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net position, a statement of revenues, expenses, and changes in net fund assets, and a statement of cash flows. A summary reconciliation of the fund and district-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund, for other major governmental and enterprise funds, and the capital projects fund. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Other funds that we believe are particularly important to you are also reported as a major fund. Non-major funds are reported in the aggregate in a separate column.

Governmental fund balances are segregated into reserved and unreserved categories.

Proprietary fund net position is reported in the same categories required for district-wide financial statements. Proprietary fund statements of net position distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net position.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. We must show a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary fund statements also disclose inter-fund loans, inter-fund services provided and used, and inter-fund transfers.

Notes to Basic Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the district-wide and fund financial statements.

Required Supplementary Information (RSI)

- Consists of MD&A and budgetary comparison schedules;
- Includes budgetary comparison schedules for the general fund and each major special revenue fund to demonstrate whether resources were obtained and used in accordance with the legally adopted budget;

As management of Regional School District No. 16, 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, 2013.

Financial Highlights

- The governmental activities net position of the regional school district exceeded its liabilities at the close of the most recent fiscal year by \$33,359,165 (net position). Of this amount, \$744,191 (unrestricted net position) may be used to meet the school district's ongoing obligations to citizens, students, and creditors. Business-type net position amounted to \$196,661 with \$184,260 of that amount unrestricted. Net position increased \$101,300 for the district as a whole.
- As of the close of the current fiscal year, Regional School District No. 16's governmental funds reported combining ending fund balances of \$5,213,650, a 124.5% increase of \$2,891,541 in comparison with the prior year. Approximately 14.3% of total fund balance, \$744,191, is available for spending at the school district's discretion (unreserved fund balance). It should be noted that the majority of this amount has been designated as a credit to the member towns in the following year's budget calculations.
- At the end of the current fiscal year, unreserved governmental fund balance for the general fund, \$744,191, representing the unreserved fund balance for all governmental funds, amounted to 2.0% of total general fund expenditures of \$37,853,163.
- During the current fiscal year, the regional school district made principal reductions of \$2,544,000 on bonded debt and on long-term notes. We retired \$4,305,000 of bond anticipation notes through the issuance of \$8,055,000 of bonds and applied the remainder to our new school construction and renovation project.

School District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a school district's financial position. In the case of Regional School District No. 16, assets exceeded liabilities by \$33,555,826 for all activities at the close of the most recent fiscal year.

A significant portion of the district's net position (59.5%) is invested in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. Region No. 16 uses these capital assets to provide services to students and citizens; consequently, these assets are *not* available for future spending. Although the school district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1.
Net position

	June 30, 2013			June 30, 2012		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Current and Other Assets	\$ 6,428,084	\$202,293	\$ 6,630,377	\$ 3,451,244	\$240,461	\$3,691,705
Noncurrent Assets (net of depreciation).....	52,667,221	12,401	52,679,622	54,598,528	16,695	54,615,223
Total Assets.....	59,095,305	214,694	59,309,999	58,049,772	257,156	58,306,928
Noncurrent Liabilities.....	24,134,306	--	24,134,306	23,449,133	--	23,449,133
Other Liabilities.....	1,601,834	18,033	1,619,867	1,389,441	16,904	1,406,345
Total Liabilities.....	25,736,140	18,033	25,754,173	24,838,574	16,904	24,855,478
Net position:						
Invested in Capital Assets, net of debt.....	19,954,925	12,401	19,967,326	21,281,462	16,695	21,298,157
Restricted – Capital and Debt Service.....	12,660,049	--	12,660,049	11,512,731	--	11,512,731
Unrestricted	744,191	184,260	928,451	417,005	223,557	640,562
Total Net position.....	\$33,359,165	\$196,661	\$33,555,826	\$33,211,198	\$240,252	\$33,451,450

Roughly 37.7% of the district’s governmental net position (\$12,660,049) represents resources that are subject to restrictions on how they may be used. State monies and amounts reserved for capital projects constitute the restricted category. The remaining balance of *unrestricted governmental net position*, \$744,191, may be used to meet the school district’s ongoing obligations to students, citizens, and creditors. In practice, much of this balance is credited back to the member towns against future assessments.

At the end of the current fiscal year, Region No. 16 is able to report positive balances in all three categories of net position, both for the school district as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The district’s food service activities reported a decrease of \$43,591 in net position over the preceding fiscal year. Operating revenues of \$958,066 consisting of \$670,840 in charges for services and intergovernmental contributions of \$287,226 were exceeded by expenses of \$1,001,657 producing the modest decline in net position for the year.

The school district’s governmental activity net position increased by \$144,891 during the current fiscal year to \$33,356,089 as earlier presented. There were a few reasons for the change. The main driver of increased net position was a \$2,891,541 increase in our fund balances from operations. Offsetting this rise in fund balances and lowering net position was a decrease in school bond principal grants receivable from the State of Connecticut of \$1,577,522, an excess of depreciation charges over capital expenditures of \$441,233, and various bond and note transactions that aggregated to a decrease of \$799,026.

Governmental Activities

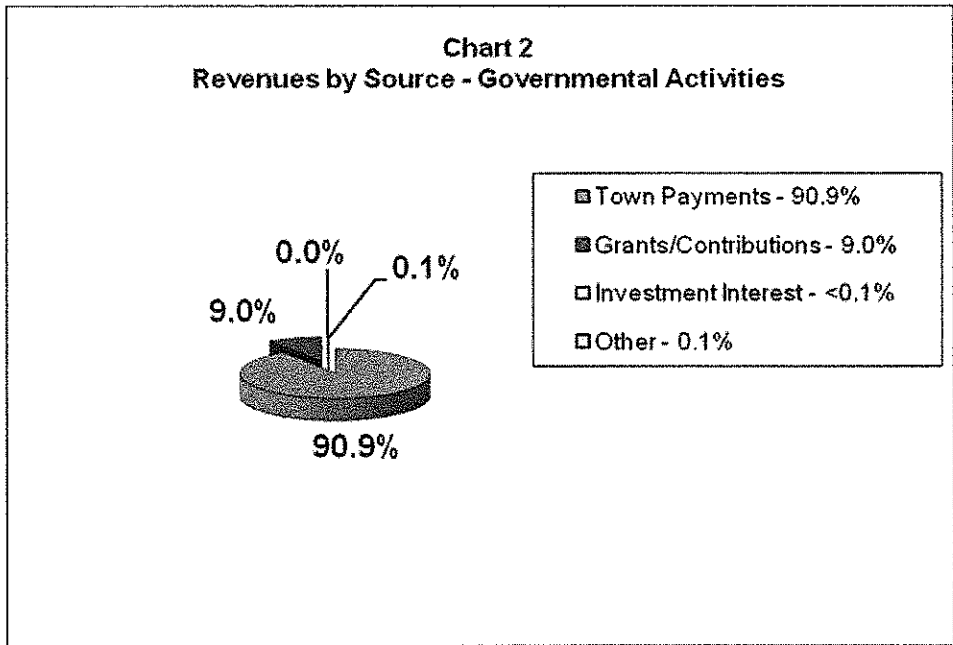
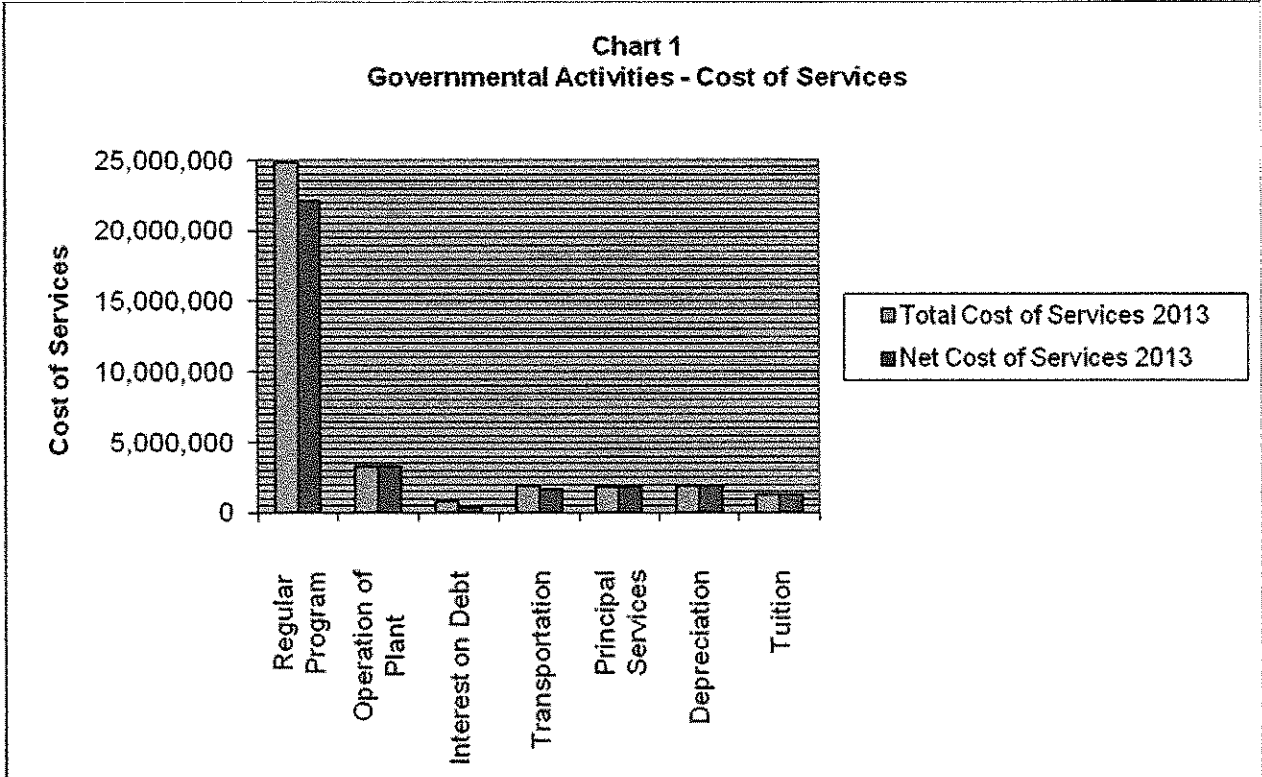
Governmental activities increased the district's net position by \$144,891 as previously discussed. Operations of the food service program decreased total net position by \$43,591, decreasing the overall Total Primary Governmental net increase in net position to \$101,300. Key elements of the growth in net position are as detailed below:

Table 2.
Changes in Net position – Governmental Funds

	June 30, 2013			June 30, 2012		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:						
Program Revenues:						
Charges for Services	\$--	\$670,840	\$670,840	\$--	\$737,596	\$737,596
Operating Grants and Contributions	3,381,707	287,226	3,668,933	5,393,492	288,360	5,681,852
Capital Grants and Contributions	--	--	--	--	--	--
General Revenues:						
Member town assessments.....	34,263,006	--	34,263,006	33,438,120	--	33,438,120
Grants and Contributions not Restricted to Specific Purpose	--	--	--	--	--	--
Unrestricted Investment Earnings	6,643	--	6,643	8,178	--	8,178
Other General revenues ...	48,653	--	48,653	142,087	--	142,087
Total Revenues.....	37,700,009	958,066	38,658,075	38,981,877	1,025,956	40,007,833
Program Expenses:						
Regular program.....	24,846,670	--	24,846,670	25,095,358	--	25,095,358
Special programs	279,323	--	279,323	935,769	--	935,769
Principal services.....	1,845,210	--	1,845,210	1,816,504	--	1,816,504
Operation of plant.....	3,288,036	--	3,288,036	3,312,603	--	3,312,603
Student transportation....	1,898,809	--	1,898,809	1,859,719	--	1,859,719
Interest.....	829,183	--	829,183	716,357	--	716,357
Tuition	1,257,337	--	1,257,337	1,177,171	--	1,177,171
All other	833,125	--	833,125	2,139,911	--	2,139,911
Depreciation	1,943,506	--	1,943,506	1,941,347	--	1,941,347
Food service/enterprise...	533,919	1,001,657	1,535,576	496,563	1,051,342	1,547,905
Total Program Expenses	37,555,118	1,001,657	38,556,775	39,491,302	1,051,342	40,542,644
Increase (Decrease) in Net Assets	144,891	(43,591)	101,300	(509,425)	(25,386)	(534,811)
Ending Net position:	\$33,356,089	\$196,661	\$33,552,750	\$33,211,198	\$240,252	\$33,451,450

Chart 1 depicts the District's major expenditures and the net cost to member towns after various grants and contributions.

Chart 2 presents the various sources of district revenue and the proportion of the total which they represent.



Our governmental activities revenues for the 2013 fiscal year fell \$1.350 million compared to 2012 due primarily to lower state grants. We increased the member town assessments \$825 thousand to partially compensate. We lowered our expenses by \$1.986 million that were accounted for across several budget areas.

Business-type activities

Business-type activities in the food service fund decreased the business-type activities net position by \$43,591. Key elements affecting this increase are as follows:

- Charges for services for business-type activities, the food service program, of \$670,840, coupled with operating grants and contributions of \$287,226, were insufficient to generate revenue to cover the \$1,001,657 operating cost of the enterprise.

Financial Analysis of the School District's Funds

As noted earlier, Regional School District No. 16 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

As of the end of the 2012 - 2013 fiscal year, Regional School District No. 16's governmental funds reported combined ending fund balances of \$5,213,650, an increase of \$2,891,541 in comparison with the prior year's fund balance of \$2,322,109. About 14.3%, or \$744,191, of the total governmental fund balance constitutes *unreserved fund balance* which is available for spending at the school district's discretion. A portion of that amount has been designated for return to the member towns as a credit against future assessments. The remainder of the fund balances, \$4,469,459, is *reserved* to indicate that it is not available for new spending because it has already been committed for capital projects and retirement of long-term debt.

The general fund is the chief operating fund of the district. At the end of the current fiscal year, unreserved fund balance of the general fund was the same as for all governmental funds, \$744,191, while total fund balance amounted to \$950,184. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 2.0% of total general fund expenditures of \$37,853,163, while total fund balance represents 2.5% of that same amount.

The district realized a general fund operating surplus of \$329,363 with revenues exceeding expenditures by that amount. At year end, the Capital Projects Fund ended with a \$1,489,721 operating deficit which was offset by net other financing sources of \$4,051,899, primarily the issuance of \$8.055 million of new bonds for a net increase in fund balance of \$2,562,178. The fiscal year closed with a positive fund balance of \$4,263,466. There was no change in the Other Governmental Funds fund balances with expenditures exactly matching available revenues.

Proprietary funds

Regional School District No. 16's proprietary fund provides the same type of information found in the school district-wide financial statements, but in more detail.

Unrestricted net position of the food service account at the end of the year amounted to \$184,260, and those invested in capital assets (net of related debt) equaled \$12,401. The total decrease in net position was \$43,591 as previously discussed.

Table 3.
Change in Net position – Proprietary Fund

	Proprietary Fund 2013	Proprietary Fund 2012
<u>Operating Revenue</u>		
Food Service.....	\$670,840	\$737,596
<u>Operating Expenses</u>		
Salaries and Wages.....	485,079	479,202
Supplies and Materials	487,234	541,097
Purchased Services.....	14,690	13,998
Other Operating Costs.....	10,360	12,672
Depreciation	4,294	4,373
Total Operating Costs.....	1,001,657	1,051,342
Operating (Loss)	(330,817)	(313,746)
<u>Non-operating Revenues</u>		
Intergovernmental	287,226	288,360
Earnings on Investments	--	--
Total Non-operating Revenues	287,226	288,360
Change in Net position.....	(43,591)	(25,386)
Net position – Beginning of Year.....	240,252	265,638
Net position – End of Year.....	\$196,661	\$240,252

General Fund Budgetary Highlights

The original budget passed by the member Towns of Beacon Falls and Prospect remained the final budget with revenues at \$36,795,943 and expenditures at \$37,295,943, the difference being covered by \$500,000 of other financing sources implying a fund balance for the year \$620,821. There were no changes during the fiscal year. Our revenues came in \$309,828 more than expected and our expenditures were \$519,535 under budget for a net positive budgetary variance of \$829,363, \$500,000 of which was used to offset the original budgeted shortfall. Some brief highlights of actual results versus the budget are detailed below:

Revenues

Our favorable revenue variance of \$309,828 reflects \$276,992 more in state aid and \$122,786 more in ECS grants paid to the member towns. The town assessments were offset by approximately the same amount.

Expenditures

Our expenditures were a **net** \$519,535 under budget with the most significant variances, positive and negative, detailed as follows:

- ❖ \$135,127 under in regular programs;
- ❖ \$191,692 less in special programs expense;
- ❖ \$124,816 less in Board of Education services;
- ❖ \$119,187 less in Office of Superintendent services;
- ❖ \$184,411 more in Operation and Maintenance of buildings;
- ❖ \$237,439 in out of district tuition costs.

Capital Asset and Debt Administration

Capital Assets

Regional School District No. 16's investment in capital assets includes land, buildings and systems, improvements, and machinery and equipment. During the 2013 fiscal year, we made \$1,023,308 of land improvements for the high school, Laurel Ledge, and District office.

Table 4.
Capital Assets at Year-end (before depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 8,991,231	\$ 8,991,231	--	--	\$ 8,991,231	\$ 8,991,231
Buildings and Land Improvements	56,796,562	55,306,841	--	--	56,796,562	55,306,841
Furniture and Equipment	4,079,306	4,079,306	\$87,808	\$87,808	4,167,114	4,167,114
Totals	\$69,867,099	\$68,377,378	\$87,808	\$87,808	\$69,954,907	\$68,465,186

Long-term Debt

At the end of the current fiscal year, Regional School District No. 16 had \$22,704,000 of long-term bonded debt outstanding after paying \$2,415,000 in scheduled amortization of bond principal and issuing \$8,055,000 of bonds to partially fund the new school construction and renovation project. One hundred percent of the district's debt is general obligation indebtedness backed by the full faith and credit of the district and its member towns of Beacon Falls and Prospect. Because Beacon Falls and Prospect are the member towns, their outstanding indebtedness represents underlying debt to the District. As of June 30, 2013, Beacon Falls had outstanding indebtedness of \$6,524,346 and Prospect, \$1,260,000. The member towns' obligation for the district's net debt is based on the average daily membership (ADM) of each town's students attending the regional facility on October 1 of the preceding year. For the fiscal year 2013, Beacon Falls' ADM percentage was calculated to be

39.448% and Prospect, 60.552%. The State reimburses the District for principal and interest on its long-term debt at about 73% for bonds authorized prior to 1996. The District expects to receive about \$8,980,057 in bond principal reimbursement over the remaining life of its outstanding bonds.

**Table 5.
Long-Term Debt**

<u>Bonds & Notes</u>					
<u>Year Issued</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding</u>	<u>Fiscal Year Maturity</u>
2003	School	2.00 – 5.00	\$17,295,000	\$ 4,725,000	2017
2010	School-Refunding	3.25 – 4.75	3,585,000	3,585,000	2020
2010	School-Refunding	2.00-4.00	8,155,000	6,210,000	2020
2010	School	3.05	517,000	129,000	2015
2012	School	2.00 – 3.00	8,055,000	8,055,000	2033
	Total Debt		\$37,607,000	\$22,704,000	

In addition to our long-term debt, we also have a July 1, 2010 capital lease for thirty-two school buses at an initial cost of \$2,256,270 and an interest rate of 2.67% for 50 months with monthly payments of \$48,230 and a remaining balance of \$936,312 to be paid by June 1, 2015.

Regional School District No. 16 maintains an underlying "AA-" rating from Standard & Poor's Corporation for its general obligation debt. Outstanding bonded indebtedness has been insured variously by FGIC, Assured Guaranty Municipal (FSA), and MBIA. The ratings for many bond insurers have recently been lowered from triple-A in light of the sub-prime mortgage crisis, and the current ratings for the relevant insurers are listed below. The District's underlying rating remains unchanged.

<u>Insurer</u>	<u>Moody's</u>	<u>S&P</u>	<u>FitchRatings</u>
FGIC	N/R	N/R	N/R
Assured Guaranty Municipal (FSA)	Aa3	AA-	N/R
National Public Financial Guarantee (MBIA)	Baa2	BBB	N/R

The Connecticut General Statutes provide that the aggregate indebtedness of a regional school district shall not exceed: (1) for a district empowered to provide for the member towns a full K - 12 program, 4.5 times and (2) for a district providing less than a K - 12 program, 2.25 times the "annual receipts from taxation" of its member towns for the prior fiscal year. A regional school district may issue additional bonds, notes, or other obligations in an amount not to exceed 3.5 its members towns' annual receipts from taxation less the member towns' aggregate indebtedness. 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.

Additional information on Region 16's long-term debt can be found in Note 8, Capital Assets and Note 9, General Long-Term Debt, of this document.

Economic Factors and Next Year's Budget

We have the option of either holding a Regional Meeting to vote on the budget or the Board can send it directly to a referendum. The citizens registered to vote can send it to referendum by submitting a petition with two hundred signatures. This year, the Board chose to go to referendum, and the budget was approved on the third referendum June 18, 2013. Our budget is approved based on the principal of one man one vote where the collective votes of both member towns either for or against the budget are compiled and tallied. The result is based on the majority count regardless of town.

- The unemployment rates for the Towns of Beacon Falls and Prospect were 7.3% and 7.0% respectively as of June 30, 2013. At the same time last year, Beacon Falls' unemployment rate was 8.1% and Prospect's, 7.5%. The current unemployment rates for the state was 8.2% and the national average rate of 7.8% for the same period (not seasonally adjusted);
- Inflationary trends in the region compare favorably to the national indices.

Overall, the gross expenditure budget for fiscal year 2013-2014 rose \$1,281,711, or 3.44%, to \$38,577,654. Net of anticipated revenues from state and federal grants paid directly to the District, the budget as allocated to the member towns was \$35,524,461. The net charge to the member towns after deducting the state ECS grant paid directly to the towns amounted to \$26,024,761 with Beacon Falls' ADM set at 39.364% and Prospect at 60.636% for fiscal year 2014. The most significant budget drivers, amounting to \$1,261,518, or 98.4% of the total increase to the final budget, are detailed below:

- ❖ Regular and special education tuitions - \$656,640: three additional out-placed special education students were acquired during the 2012- 2013 school year. There is also an increase in the number of regular education students attending magnet schools in the 2013 – 2014 school year along with adjustments to tuition costs from 2012 - 2013 to 2013 – 2014.
- ❖ Insurance - \$201,437: health insurance for the 2013 – 2014 fiscal year rose 5.9% and workers' compensation increased by 17%.
- ❖ Debt Service - \$266,607: debt service rose as a result of the issuance of the first bonds (\$8,055,000) for the new school project.
- ❖ Electricity - \$136,834: the electricity account was under-budgeted in the prior fiscal year by \$160,000. The offset for the 2014 budget appropriation was the result of a renegotiated price obtained in December of 2012.

All of these factors were considered in preparing Regional School District No. 16's budget for the 2014 fiscal year.

Unreserved fund balance in the general fund closed the 2013 fiscal year at \$744,191. The district has designated \$500,000 from the FY 2013 fund balance for return to the member towns in the 2014 fiscal year with the expectation that any additional fund balance will also be credited to the member towns. Depending on the year's operating results, the District has historically credited a portion of the unreserved general fund balance back to the member towns using a formula based on the average daily membership (ADM) from each town.

Requests for Information

This financial report is designed to provide a general overview of how Regional School District No. 16 managed its resources and obligations for all those with an interest in the school district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Manager, 207 New Haven Road, Prospect, CT 06712.

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,428,084	\$ 157,206	\$ 6,585,290
Due from State of Connecticut	-	37,070	37,070
Inventories	-	8,017	8,017
Noncurrent Assets:			
School Construction Bond Principal			
Subsidy Grant Receivable	8,980,057	-	8,980,057
Capital Assets-net	43,466,237	12,401	43,478,638
Bond Issue Costs-net	220,927	-	220,927
Total Assets	<u>59,095,305</u>	<u>214,694</u>	<u>59,309,999</u>
LIABILITIES			
Accounts Payable	1,164,314	-	1,164,314
Due to State of Connecticut	1,425	-	1,425
Deferred Revenues	48,695	18,033	66,728
Accrued Interest	387,400	-	387,400
Noncurrent Liabilities:			
Due Within One Year	3,385,850	-	3,385,850
Due in More than One Year	20,748,456	-	20,748,456
Total Liabilities	<u>25,736,140</u>	<u>18,033</u>	<u>25,754,173</u>
NET POSITION			
Net Investment in Capital Assets	19,954,925	12,401	19,967,326
Restricted for Capital Projects and Debt Service	12,660,049	-	12,660,049
Unrestricted	<u>744,191</u>	<u>184,260</u>	<u>928,451</u>
TOTAL NET POSITION	<u>\$ 33,359,165</u>	<u>\$ 196,661</u>	<u>\$ 33,555,826</u>

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
			Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities							
Program and Related Services	\$ 23,144,225	\$ -	\$ 2,762,250	\$ -	\$ (20,381,975)	\$ -	\$ (20,381,975)
Board of Education Services	595,584	-	-	-	(595,584)	-	(595,584)
Office of Superintendent Services	402,969	-	-	-	(402,969)	-	(402,969)
Special Services Administration	279,323	-	-	-	(279,323)	-	(279,323)
Office of Principal Services	1,845,210	-	-	-	(1,845,210)	-	(1,845,210)
Fiscal Services	660,217	-	-	-	(660,217)	-	(660,217)
Printing/Publishing/Duplicating	43,675	-	-	-	(43,675)	-	(43,675)
Operation and Maintenance of Buildings and Care and Upkeep of Grounds	3,067,457	-	-	-	(3,067,457)	-	(3,067,457)
Vehicle Operation and Maintenance	17,804	-	-	-	(17,804)	-	(17,804)
Security Services	202,775	-	-	-	(202,775)	-	(202,775)
Student Transportation	1,892,534	-	216,322	-	(1,676,212)	-	(1,676,212)
Supervision Transportation Services	6,275	-	-	-	(6,275)	-	(6,275)
Food Service	48,960	-	-	-	(48,960)	-	(48,960)
Other Enterprise Operations	484,959	-	-	-	(484,959)	-	(484,959)
Building Acquisition, Construction and Improvements	113,545	-	-	-	(113,545)	-	(113,545)
Instruction and Instruction Related	719,580	-	-	-	(719,580)	-	(719,580)
Interest	829,183	-	406,211	-	(422,972)	-	(422,972)
Tuition	1,257,337	-	-	-	(1,257,337)	-	(1,257,337)
Depreciation	1,901,352	-	-	-	(1,901,352)	-	(1,901,352)
Amortization	42,154	-	-	-	(42,154)	-	(42,154)
	<u>37,555,118</u>	-	<u>3,384,783</u>	-	<u>(34,170,335)</u>	-	<u>(34,170,335)</u>
Business-Type Activities							
Food Service	1,001,657	670,840	287,226	-	-	(43,591)	(43,591)
Total Primary Government	<u>\$ 38,556,775</u>	<u>\$ 670,840</u>	<u>\$ 3,672,009</u>	<u>\$ -</u>	<u>(34,170,335)</u>	<u>(43,591)</u>	<u>(34,213,926)</u>

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Expenses						
General Revenues:						
Participating Towns						
Town of Beacon Falls				\$ 13,516,095	\$ -	\$ 13,516,095
Town of Prospect				20,746,911	-	20,746,911
Unrestricted Earnings on Investments:				6,643	-	6,643
Other				48,653	-	48,653
Total General Revenues				34,318,302	-	34,318,302
Change in Net Position				147,967	(43,591)	104,376
Net Position - Beginning of Year				33,211,198	240,252	33,451,450
Net Position - End of Year				\$ 33,359,165	\$ 196,661	\$ 33,555,826

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major Funds			Total Governmental Funds
	General	Other Governmental Funds	Capital Projects	
ASSETS				
Cash and Cash Equivalents	\$ 1,929,804	\$ 157,782	\$ 4,340,498	\$ 6,428,084
Due from State of Connecticut	8,980,057	-	-	8,980,057
Due from Other Fund	164,016	-	-	164,016
	<u>\$ 11,073,877</u>	<u>\$ 157,782</u>	<u>\$ 4,340,498</u>	<u>\$ 15,572,157</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,143,636	\$ -	\$ 20,678	\$ 1,164,314
Deferred Revenue	8,980,057	48,695	-	9,028,752
Due to State of Connecticut	-	1,425	-	1,425
Due to Other Fund	-	107,662	56,354	164,016
Total Liabilities	<u>10,123,693</u>	<u>157,782</u>	<u>77,032</u>	<u>10,358,507</u>
Fund Balances:				
Reserved for:				
Capital Projects and Retirement of Long-Term Debt, Net	205,993	-	4,263,466	4,469,459
Unassigned:				
Designated	744,191	-	-	744,191
Undesignated	-	-	-	-
Total Fund Balances	<u>950,184</u>	<u>-</u>	<u>4,263,466</u>	<u>5,213,650</u>
Total Liabilities and Fund Balances	<u>\$ 11,073,877</u>	<u>\$ 157,782</u>	<u>\$ 4,340,498</u>	<u>\$ 15,572,157</u>

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2013

Total fund balances-governmental funds	\$	5,213,650
Total net assets reported for governmental activities in the statement of net assets are different because:		
Other long-term assets, (School Construction Bond Principal Subsidy Grant Recievable) are not available to pay current-period expenditures and, therefore, are deferred in the funds.		8,980,057
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Capital assets of \$69,867,099, net of \$26,400,862 accumulated depreciation.		43,466,237
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(387,400)
Bond issuance costs are reported as expenditures in the governmental funds. The cost of \$377,172, net of \$156,245 accumulated amortization.		220,927
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net assets. Balances at year-end are:		
Bonds payable	\$	22,575,000
Notes Payable		129,000
Obligations under Capital Leases		936,312
Early retirement payable and other compensated absences		493,994
		(24,134,306)
Total net position-governmental activities	\$	33,359,165

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	General	Other Governmental Funds	Capital Projects	Total Governmental Funds
REVENUES				
Participating Towns	\$ 34,263,006	\$ -	\$ -	\$ 34,263,006
Federal and State Grants	3,864,224	719,580	-	4,583,804
Earnings on Investments	6,643	-	-	6,643
Other Miscellaneous Income	48,653	-	-	48,653
	<u>38,182,526</u>	<u>719,580</u>	<u>-</u>	<u>38,902,106</u>
EXPENDITURES				
Regular Programs	14,651,275	-	-	14,651,275
Special Programs	3,374,766	-	-	3,374,766
Teachers Retirement Contribution	1,076,755	-	-	1,076,755
Social Work Services	274,955	-	-	274,955
Guidance Services	910,836	-	-	910,836
Health Services	415,974	-	-	415,974
Psychological Services	311,777	-	-	311,777
Speech/Audio Services	308,692	-	-	308,692
Improvement of Instructions	594,808	-	-	594,808
Education Media Services	1,295,518	-	-	1,295,518
Board of Education Services	595,584	-	-	595,584
Office of Superintendent Services	373,367	-	-	373,367
Special Services Administration	279,323	-	-	279,323
Office of Principal Services	1,845,210	-	-	1,845,210
Fiscal Services	660,217	-	-	660,217
Printing/Publishing/Duplicating	43,675	-	-	43,675
Operation and Maintenance of Buildings	2,881,083	-	-	2,881,083
Care and Upkeep of Grounds	186,374	-	-	186,374
Vehicle Operation and Maintenance	17,804	-	-	17,804
Security Services	202,775	-	-	202,775
Student Transportation	2,342,230	-	-	2,342,230
Supervision Transportation Services	6,275	-	-	6,275
Food Service	48,960	-	-	48,960
Other Enterprise Operations	484,959	-	-	484,959
Building Acquisition and Construction	55,401	-	-	55,401
Building Improvements	58,144	-	-	58,144
Debt Service	3,299,089	-	-	3,299,089
Tuition	1,257,337	-	-	1,257,337
Instruction and Instruction Related	-	719,580	-	719,580
Capital Outlay	-	-	1,489,721	1,489,721
	<u>37,853,163</u>	<u>719,580</u>	<u>1,489,721</u>	<u>40,062,464</u>
Total Expenditures	<u>37,853,163</u>	<u>719,580</u>	<u>1,489,721</u>	<u>40,062,464</u>

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Deficit of Revenues over Expenditures-	329,363	-	(1,489,721)	(1,160,358)
OTHER FINANCING SOURCES (USES)				
Debt Payment	-	-	(4,252,000)	(4,252,000)
Debt Issuance	-	-	8,055,000	8,055,000
Debt Premium	-	-	273,949	273,949
Debt Issuance Costs	-	-	(25,050)	(25,050)
Net Other Financing Sources	-	-	<u>4,051,899</u>	<u>4,051,899</u>
Net Changes in Fund Balances	329,363	-	2,562,178	2,891,541
Fund Balance at Beginning of Year	<u>620,821</u>	<u>-</u>	<u>1,701,288</u>	<u>2,322,109</u>
Fund Balance at End of Year	<u>\$ 950,184</u>	<u>\$ -</u>	<u>\$ 4,263,466</u>	<u>\$ 5,213,650</u>

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Total change in fund balances-total governmental funds \$ 2,891,541

Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities do not include revenue from the School Construction Bond Subsidy Grant since this revenue was recognized when the related receivable was recorded and not deferred as it was in the fund statements. (1,574,446)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,930,954) exceeds capital outlays (\$1,489,721) in the period. (441,233)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities; however, interest expense is recognized as it accrues, regardless when it is due. The net effect of these differences in the treatment of general obligation bonds and related items are as follows:

Repayment of bond principal	\$	6,720,000	
Repayment of note principal		129,000	
Bond proceeds		(8,055,000)	
Payments on bus capital lease		449,696	
Interest expense capitalized		101,476	
Interest expense-general obligation bonds		(127,094)	
Bond issuance costs		25,050	
Amortization of bond issuance costs		(42,154)	
			(799,026)

In the statement of activities, certain operating expenses - compensated absences (vested vacation and sick days) and special termination benefits (early retirement)- are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year the net difference is as follows:

Compensated absences and termination benefits 71,131

Change in net position of governmental activities \$ 147,967

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2013

	Food Service
ASSETS	
Current Assets	
Cash	\$ 157,206
Receivable-State of Connecticut	37,070
Inventories, at Cost Plus Value of U.S.D.A. Donated Food	8,017
Noncurrent Assets	
Capital Assets, Net	12,401
Total Assets	214,694
LIABILITY	
Deferred Revenue	18,033
NET POSITION	
Net Investment in Capital Assets	12,401
Unrestricted	184,260
TOTAL NET POSITION	\$ 196,661

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Food Service
OPERATING REVENUES	
Food Service	\$ 670,840
OPERATING EXPENSES	
Salaries, Wages and Benefits	485,079
Supplies and Materials	487,234
Purchased Services	14,690
Other Operating Costs	10,360
Depreciation	4,294
Total Operating Expenses	1,001,657
Operating (Loss)	(330,817)
NON-OPERATING REVENUES	
Intergovernmental	287,226
Change in Net Position	(43,591)
Net Position - Beginning of Year	240,252
Net Position - End of Year	\$ 196,661

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 671,969
Cash Payments to Employees for Services	(485,079)
Cash Payments to Suppliers	<u>(512,737)</u>
NET CASH AND CASH EQUIVALENTS (USED IN) OPERATING ACTIVITIES	(325,847)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Non-Operating Grants Received	<u>283,562</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,285)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>199,491</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 157,206</u></u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH AND CASH EQUIVALENTS (USED IN) OPERATING ACTIVITIES	
Operating (Loss)	\$ (330,817)
Adjustments	
Depreciation	4,294
Decrease in Assets and Increase in Liabilities	
Inventories	(453)
Deferred Revenue	<u>1,129</u>
Total Adjustments	<u>4,970</u>
NET CASH AND CASH EQUIVALENTS (USED IN) OPERATING ACTIVITIES	<u><u>\$ (325,847)</u></u>

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF NET POSITION -
FIDUCIARY FUND
JUNE 30, 2013

ASSETS

Cash and Cash Equivalents

\$ 125,446

LIABILITY

Due to Students

\$ 125,446

See accompanying notes to the financial statements

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Regional School District No. 16 (the District) was organized on November 20, 1969 under provisions of the Connecticut General Statutes. The District operates five schools located in the member towns of Beacon Falls and Prospect, which serve prekindergarten through high school students. Total enrollment for prekindergarten through eighth grade was approximately 1,700 students with the average class size at under twenty-five students, and approximately 700 students were enrolled in high school for the year ended June 30, 2013.

The School District is administered by an eight person Board of Education elected by the voters of each town. The Board is comprised of four individuals from each of the two member towns. The Board is charged with determining curriculum, setting school policy, and determining personnel matters within its jurisdiction. The Board meets twice a month, alternating the location of the meeting between the two member towns. The Superintendent of Schools is appointed by the Board of Education.

The District's operating expenses are paid by the member towns in proportion to the number of pupils attending school from each town.

Based on input from teachers, administrators, Board members, and residents, the budget is formulated in the spring for the upcoming school year. The budget is voted on by the residents of both towns on the first Monday in May.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Regional School District No. 16 is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

a. Basis of Presentation

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

GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments established a reporting model for governments which includes the following segments:

Management's Discussion & Analysis (MD&A) – provides introductory information on basic financial statements and an analytical overview of the district's financial activities.

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Presentation (continued)

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

Fund Financial Statements – provide information about the district’s governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize a different basis of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have budgetary orientation, and therefore use a modified accrual basis of accounting utilizing encumbrance accounting. Proprietary funds focus on determination of operating income, changes in net position, financial position, and cash flows, and therefore, use the accrual basis of accounting. Fiduciary funds focus on net position and changes in net position, and include assets held in agency funds (Student Activity Funds) and utilize the accrual basis of accounting.

Required Supplementary Information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund, which is the only fund with a legally adopted budget. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures (including encumbrances).

b. Reporting Entity

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

For financial reporting purposes, the District’s financial statements include all funds over which the District exercises oversight responsibility in accordance with the criteria set forth in GASB Statement No. 14. Oversight responsibility is determined on the basis of financial independence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public services. Based on the aforementioned criteria Regional School District No. 16 has no component units.

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Government-Wide Financial Statements

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

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

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

Governmental Funds:

General Fund:

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

Special Revenue Funds:

These funds account for revenue that is restricted as to its use under specific provisions of law. State and Federal Grant Fund, a special revenue fund, accounts for state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Capital Projects Funds:

These funds account for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by proprietary and trust funds.

Fiduciary Funds:

Trust and Agency Funds:

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

Proprietary Funds:

Food Service Fund

This fund accounts for financial resources to be used for the production and distribution of school lunches to students.

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Measurement Focus and Basis of Accounting

Measurement Focus:

Government-Wide Financial Statements

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

Fund Financial Statements

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary funds operating statements present increases (revenues) and decreases (expenses) in net total assets. Operating activities in the operating statements include all items related to food service. All non-food service related revenues or expenses are reported as non-operating.

Basis of Accounting:

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

Revenues, Exchange and Non-Exchange Transactions

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

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting: (continued)

Revenues, Exchange and Non-Exchange Transactions (continued)

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

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

Expenditures/Expenses

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

e. Deposits and Investments

The District's cash and cash equivalents are comprised of cash on hand, demand deposits, and all other highly liquid, short-term investments with original maturities of three months or less.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and other investments or described in these notes. The District reports its investments at fair value.

f. Inventories

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

g. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Capital Assets and Depreciation (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The District follows the policy of capitalizing assets with a cost of \$15,000 or more and a useful life of more than 1 year for furniture and equipment. For buildings, building improvements and land improvements the District has not set a capitalization floor and therefore all expenditures are capitalized.

Certain improvements to and replacements of property and equipment have not been capitalized in accordance with the above accounting policies but have been charged to expense in the accompanying financial statements. Also, only certain expenditures, as authorized by management, have been capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Amortization of assets purchased through capital leases is included in depreciation. Depreciation and amortization expense is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land Improvements	20
Buildings & Improvements	17 - 50
Furniture and Equipment	5 - 15

h. Interfund Activity

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

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

i. Compensated Absences

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

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Compensated Absences (continued)

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

j. Accrued Liabilities and Long-Term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

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

k. Governmental Fund Balance Reserves

The District records reservations for portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriation. Unassigned fund balance indicates the portion of the fund balance which is available for appropriation in future periods. Assignments of fund balances are established for encumbrances, supplies inventory, and member towns.

l. Restricted Resources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

m. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

n. Fair Value of Financial Instruments

The carrying value of cash, receivables, inventories, accounts payable and accrued liabilities approximated their fair values due to the short maturity of these instruments. The District's bond obligations carrying value approximates fair value.

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through December 30, 2013, which is the date the financial statements were available for issuance.

3. BUDGETARY COMPLIANCE – THE GENERAL FUND

On or before the end of December of each year all cost centers submit requests for appropriations to the Regional School Board Central Office administration so that the general fund budget may be prepared. Before the end of February the proposed budget is presented to the board of education for review. By the end of April the proposed budget will be reviewed and adopted by the Regional Board of Education to be presented at the annual public budget meeting.

Not less than two weeks before the annual meeting held pursuant to Connecticut General Statutes (CGS) Section 10-47, the board shall hold a public district meeting to present a proposed budget for the next fiscal year. Any person may recommend the inclusion or deletion of expenditures at such time. After the public hearing, the board prepares an annual budget for the next fiscal year. At the annual meeting on the first Monday in May, the board presents a budget which includes a statement of (1) estimated receipts and expenditures for the next fiscal year, (2) estimated receipts and expenditures for the current fiscal year, (3) estimated surplus or deficit in operating funds at the end of the current year, (4) bonded or other debt, (5) estimated per pupil expenditure for the current and for the next fiscal year and (6) such other information as is necessary in the opinion of the board.

Persons present and eligible to vote under Section 7-6 may accept or reject the proposed budget. The regional board of education may, in the call to the meeting, designate that the vote on the motion to adopt a budget shall be by paper ballots at the district meeting held on the budget or by a "yes" or "no" vote on the voting machines in each of the member towns on the day following the district meetings. After budget approval, the board shall estimate the net expenses to be paid by each member town.

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

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

3. BUDGETARY COMPLIANCE – THE GENERAL FUND (continued)

	GENERAL FUND		
	Revenues	Expenditures and Other Financing Uses	Fund Balances
Beginning Fund Balances, June 30, 2012			\$ 620,821
Budgetary/GAAP Reporting Reconciliation:			
Budgetary Statement - June 30, 2013	\$ 37,105,771	\$ 36,776,408	329,363
Encumbrances - June 30, 2012	-	-	-
Encumbrances - June 30, 2013	-	-	-
Other Financing Sources	-	-	-
Payments made on the Districts' behalf described in Note "10"	1,076,755	1,076,755	-
Balance (GAAP) Balance Sheet and Statement of Revenue and Expenditures - June 30, 2013	\$ 38,182,526	\$ 37,853,163	\$ 950,184

4. BUDGETARY COMPLIANCE – SPECIAL REVENUE FUND/CAPITAL PROJECT FUND

No formal budget is adopted.

5. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer's Short-Term Investment Fund (STIF). The provisions of the statutes regarding the investments of municipal pension funds do not specify permitted investments. Therefore, investments of such funds are generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

A. Cash and Cash Equivalents

Total deposits of \$6,710,736 represent cash and cash equivalents of \$6,585,290 as reported on the statement of net assets and \$125,446 as reported on the statement of fiduciary net assets.

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

5. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

B. Deposits

At June 30, 2013 the carrying amount of the District's deposits was \$6,710,736 and the bank balance was \$7,768,268. Of the bank balance \$259,596 was covered by Federal Depository Insurance. Section 36-386 of the Connecticut General Statutes 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. A minimum of \$776,827, based on June 30, 2013 deposits were collateralized at risk Category 3. Risk Category 3 is defined as collateral held by the pledging financial institution, or by its trust department or agent, but not in the districts name. The balance of \$6,731,846 is uncollateralized and uninsured.

6. RECEIVABLES AND DUE FROM STATE OF CONNECTICUT

Receivables and amounts due from State of Connecticut at June 30, 2013 consisted of intergovernmental grants and entitlements. All receivables are considered collectible in full based on prior years experience and the stable condition of State programs, therefore no allowance for doubtful accounts has been established.

7. INTERFUND ACCOUNTS

At June 30, 2013 the amounts due to and from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 107,662
General Fund	Capital Projects Fund	56,354
		<u>\$ 164,016</u>

The interfund balance between the general fund and special revenues fund is the result of excess disbursements for grants. This is expected to be paid within one year of the date of the financial statements.

The interfund balance between the general fund and the capital projects fund is the result of interest payments. This is expected to be paid within one year of the date of the financial statements.

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 8,991,231	\$ -	\$ -	\$ 8,991,231
Capital Assets, being depreciated:				
Buildings and Improvements and Land Improvements	55,306,841	1,489,721	-	56,796,562
Furniture and Equipment	<u>4,079,306</u>	<u>-</u>	<u>-</u>	<u>4,079,306</u>
Total Capital Assets, being depreciated	59,386,147	1,489,721	-	60,875,868
Accumulated Depreciation for:				
Buildings and Improvements and Land Improvements	(21,743,976)	(1,480,088)	-	(23,224,064)
Furniture and Equipment	<u>(2,725,932)</u>	<u>(450,866)</u>	<u>-</u>	<u>(3,176,798)</u>
Total Accumulated Depreciation	<u>(24,469,908)</u>	<u>(1,930,954)</u>	<u>-</u>	<u>(26,400,862)</u>
Total Capital Assets, being depreciated, net	<u>34,916,239</u>	<u>(441,233)</u>	<u>-</u>	<u>34,475,006</u>
Governmental Activities Capital Assets, net	<u>\$ 43,907,470</u>	<u>\$ (441,233)</u>	<u>\$ -</u>	<u>\$ 43,466,237</u>
Business-Type Activities				
Other Capital Assets Equipment	\$ 87,808	\$ -	\$ -	\$ 87,808
Less: Accumulated Depreciation	<u>(71,113)</u>	<u>(4,294)</u>	<u>-</u>	<u>(75,407)</u>
Capital Assets, net	<u>\$ 16,695</u>	<u>\$ (4,294)</u>	<u>\$ -</u>	<u>\$ 12,401</u>

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

8. CAPITAL ASSETS (continued)

Depreciation and amortization expense for the year ended June 30, 2013 was charged to functions of the District as follows:

Governmental Activities

Supporting Services:

District Administration	\$ 29,602
Unallocated	<u>1,901,352</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,930,954</u>

Business-Type Activities

Food Service	<u>\$ 4,294</u>
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Included in equipment is a lease purchase for 32 school buses with a cost of \$2,256,270 and accumulated amortization of \$1,353,762 as of June 30, 2013. The buses are leased for five years beginning July 1, 2010. The District leases the buses to the busing contractor for \$1 per vehicle per year. Future minimum lease payments required under the capital lease and the present value of the net minimum lease payments at June 30, 2013 are as follows:

Future minimum lease payments	\$ 964,729
Less: Approximate amount of representing interest	<u>(28,417)</u>
Present value of minimum lease payments	936,312
Less: Current portion	<u>(461,850)</u>
Noncurrent portion	<u>\$ 474,462</u>

Present value of future net minimum lease payments as of June 30, 2013 are as follows:

2014	\$ 461,850
2015	<u>474,462</u>
	<u>\$ 936,312</u>

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

9. GENERAL LONG-TERM DEBT

At June 30, 2013, general long-term debt totaled \$24,134,306 and the following is a summary of activity for the year ended June 30, 2013.

Notes and Bonds	Range of Maturity Dates	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due In One Year
2003 General Obligation						
Refunding Bonds, Original						
Issue \$17,295,000,						
Interest Rates as						
Follows:						
5.000%	3/15/2012-3/15/2016	\$ 5,840,000	-	\$ (1,475,000)	\$ 4,365,000	\$ 1,470,000
3.500%	3/15/2017	360,000	-	-	360,000	-
 2012 General Obligation						
Bond Anticipation Note,						
Original Issue \$1,590,000,						
Interest Rate as						
Follows:						
1.250%	12/8/2012	1,590,000	-	(1,590,000)	-	-
 2010 General Obligation						
Refunding Bonds, Original						
Issue \$3,585,000,						
Interest Rates as						
Follows:						
3.250%	2/1/2017	145,000	-	-	145,000	-
4.750%	2/1/2017	500,000	-	-	500,000	-
3.250%	2/1/2018	1,000,000	-	-	1,000,000	-
4.250%	2/1/2019	975,000	-	-	975,000	-
4.500%	2/1/2020	965,000	-	-	965,000	-
 2012 General Obligation						
Bond Anticipation Note						
Original Issue \$2,715,000						
Interest Rates as						
Follows:						
0.750%	9/6/2012	2,715,000	-	(2,715,000)	-	-

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

9. GENERAL LONG-TERM DEBT (continued)

Notes and Bonds	Range of Maturity Dates	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due In One Year
2012 General Obligation						
Bond, Original Issue						
\$8,055,000, Interest						
Rates as Follows:						
2.000%	9/1/2013	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ 400,000
3.000%	9/1/2014	-	400,000	-	400,000	-
3.000%	9/1/2015	-	400,000	-	400,000	-
3.000%	9/1/2016	-	400,000	-	400,000	-
3.000%	9/1/2017	-	400,000	-	400,000	-
3.000%	9/1/2018	-	400,000	-	400,000	-
3.000%	9/1/2019	-	400,000	-	400,000	-
3.000%	9/1/2020	-	430,000	-	430,000	-
3.000%	9/1/2021	-	425,000	-	425,000	-
3.000%	9/1/2022	-	400,000	-	400,000	-
2.000%	9/1/2023	-	400,000	-	400,000	-
2.000%	9/1/2024	-	400,000	-	400,000	-
2.000%	9/1/2025	-	400,000	-	400,000	-
2.100%	9/1/2026	-	400,000	-	400,000	-
2.125%	9/1/2027	-	400,000	-	400,000	-
2.250%	9/1/2028	-	400,000	-	400,000	-
2.350%	9/1/2029	-	400,000	-	400,000	-
2.600%	9/1/2030	-	400,000	-	400,000	-
2.650%	9/1/2031	-	400,000	-	400,000	-
2.700%	9/1/2032	-	400,000	-	400,000	-
 2010 General Obligation						
Refunding Bonds, Original						
Issue \$8,155,000,						
Interest Rates as						
Follows:						
2.000%	2/1/2013	140,000	-	(140,000)	-	-
3.000%	2/1/2013	800,000	-	(800,000)	-	-
2.000%	2/1/2014	325,000	-	-	325,000	325,000
3.500%	2/1/2014	600,000	-	-	600,000	600,000
2.000%	2/1/2015	290,000	-	-	290,000	-
3.000%	2/1/2015	625,000	-	-	625,000	-
3.000%	2/1/2016	600,000	-	-	600,000	-
4.000%	2/1/2016	295,000	-	-	295,000	-
4.000%	2/1/2017	885,000	-	-	885,000	-
4.000%	2/1/2018	875,000	-	-	875,000	-
3.000%	2/1/2019	150,000	-	-	150,000	-
4.000%	2/1/2019	715,000	-	-	715,000	-
3.000%	2/1/2020	50,000	-	-	50,000	-
4.000%	2/1/2020	800,000	-	-	800,000	-

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

9. GENERAL LONG-TERM DEBT (continued)

Notes and Bonds	Range of Maturity Dates	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due In One Year
Chase Equipment Leasing Inc.:						
Capitalized lease agreement dated July 1, 2010 for 32 school buses, payable in 50 monthly payments of \$48,230 including interest at 2.67% over 60 months.	6/1/2015	\$ 1,386,008	\$ -	\$ (449,696)	\$ 936,312	\$ 461,850
Simsbury Bank & Trust Company:						
2010 General Obligation Serial Note Original Issue \$517,000, Payable in 1 annual payment of \$130,000 and 3 annual payments of \$129,000 and 3.05% interest over 42 months.	7/1/2014	258,000	-	(129,000)	129,000	129,000
Compensated Absences & Other Leave Benefits Vested and Accumulated Severance and Sick Leave that is expected to be liquidated, with expendable available financial resources is reported as an expenditure of the General Fund. Amounts of Vested or Accumulated Severance and Sick Leave that are not expected to be liquidated with expendable available financial resources are reported as Noncurrent Liabilities in the government-wide financial statements.	n/a	565,125	321,013	(392,144)	493,994	-
TOTAL NOTES		\$ 23,449,133	\$ 8,376,013	\$ (7,690,840)	\$ 24,134,306	\$ 3,385,850

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

9. GENERAL LONG-TERM DEBT (continued)

The following is a summary of the District's future debt service requirements to maturity for general obligation bonds:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 2,795,000	\$ 804,275	\$ 3,599,275
2015	2,780,000	695,275	3,475,275
2016	2,725,000	585,475	3,310,475
2017	2,290,000	472,175	2,762,175
2018	2,275,000	383,713	2,658,713
2019-2020	9,710,000	1,428,988	11,138,988
	<u>\$ 22,575,000</u>	<u>\$ 4,369,901</u>	<u>\$ 26,944,901</u>

Maturities on the notes payable for June 30, 2013 are as follows:

2014	<u>\$ 129,000</u>
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Defeasance of Debt

During the year ended June 30, 2013, Regional School District No. 16 defeased no general obligation bonds. The trust account assets and the liability for bonds defeased in prior years are not included in the District's financial statements. At June 30, 2013, \$14,875,000 of bonds outstanding are considered defeased.

10. STATE OF CONNECTICUT TEACHERS' RETIREMENT SYSTEM, CERTIFIED EMPLOYEE PLAN

All of Regional School District No. 16 teachers and administrators participate in the State of Connecticut Teacher's Retirement System, a single employer defined benefit PERS with the state acting as a nonemployer contributor, administered under the provisions of Chapter 167a of the CGS. A member is eligible to receive a normal retirement benefit if the person has attained age sixty and has accumulated ten years of credited service in the public schools of Connecticut.

Members are required to contribute 7.25% of their annual salary while the contributions by the State are determined on an actuarial reserve basis described in CGS Sections 10-1831 and 10-183z. For the year ended June 30, 2013, covered members contributed \$3,117,067 to the plan and covered payroll for the year was \$14,682,487.

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

10. STATE OF CONNECTICUT TEACHERS' RETIREMENT SYSTEM, CERTIFIED EMPLOYEE PLAN (continued)

The retirement system for teachers and administrators is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the District has reported payments made on their behalf of \$1,076,755 made by the State of Connecticut into the teachers' retirement system, as governmental income and expenditures of the general fund in the accompanying combined statement of revenues, expenditures and changes in fund balance. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual basis. The District does not contribute to the Connecticut Teachers' Retirement System nor do they have any legal obligation to pay benefits. A copy of the financial report of the plan may be obtained by contacting the State of Connecticut Teachers Retirement Board.

11. EMPLOYEES RETIREMENT PLAN – OTHER EMPLOYEES

The District entered into a contract, which was effective for the fiscal year ended June 30, 1995, with the union for school secretaries, paraprofessionals, nurses, and custodians. The contract required that the District provide the equivalent of 3.5% of the aforementioned employees' wages toward the initial implementation of the Service Employee's National Industry Pension Plan (the Fund). A modification was made to the contract to include food service employees effective July 1, 1995. With the supplementation requirement, the District contributes \$1.05 an hour per union employee. The District completely withdrew from the Fund in December 2011. The Fund calculated the final gross withdrawal liability at \$2,071,949, which calculates to an amortization period of 290 months. By law, the amortization period can only be 240 months, therefore, the district will repay \$3,491,256 total over the 240 months with monthly payments of \$14,547. This will result in a total principal repayment of \$1,851,062 and interest repayment of \$1,640,194.

In January 2012 the District implemented a 403(b) Retirement Plan, with the union for school secretaries, paraprofessionals, nurses, custodians and food service employees. Union employees are subject to mandatory participation. 107 employees were covered at June 30, 2013. Contributions to the plan totaled \$89,869 for the year ended June 30, 2013. Payroll of employees covered under the plan for the year ended June 30, 2013 was \$2,891,697.

12. OTHER POST-EMPLOYMENT BENEFITS PLAN

a. Plan Description

The District administers one single-employer, post retirement healthcare plan for the District's Other Post Employment Benefits (OPEB). The plan provides medical, prescription drug and dental benefits for eligible retirees and their spouses. The plan does not issue stand alone financial reports.

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

12. OTHER POST-EMPLOYMENT BENEFITS PLAN (continued)

b. *Benefit Provisions*

i. *Benefit Provisions*

The plan provides for medical, prescription drug and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established and may be amended by the Board of Education.

ii. *Employer Contributions*

The District's contributions are actuarially determined on an annual basis using the projected unit credit method. The District's total plan contribution was \$-0- for the year ended June 30, 2013. The plan is funded on a pay-as-you-go basis.

iii. *Employee Contributions*

Retiree contributions to the plan are based on employment level and benefits provided. Contributions are subsidized by the Teachers' Retirement Board by \$110 per year if single and \$220 per year if married.

c. *Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2008 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B)	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C]
		ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT				OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
JULY 1, 2008	\$ -	\$ 1,115,596	\$ (1,115,596)	- %	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REGIONAL SCHOOL DISTRICT NO. 16
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

12. OTHER POST-EMPLOYMENT BENEFITS PLAN (continued)

d. Actuarial Methods and Assumptions

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

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

VALUATION DATE	December 31, 2008
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Payments increasing at 4% per year
REMAINING AMORTIZATION PERIOD:	30 years as of July 1, 2009
ASSET VALUATION METHOD	Market Value
 <u>ACTUARIAL ASSUMPTIONS:</u>	
Investment rate of return – Prefunding	8.5%
Investment rate of return – Pay-as-you-go	4.5%
Healthcare inflation rate:	
Initial	9%
Ultimate	5%

e. Annual OPEB Cost and Net OPEB Obligation (NOO)

There were no changes in the NOO from the year ended June 30, 2013.

f. One Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
2013	\$ -	\$ 100%	\$ -

REGIONAL SCHOOL DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

13. OPERATING LEASES

The District is leasing technology equipment and the District Office under operating leases. The technology lease is through September 8, 2015 with quarterly payments of \$70,579. The District office is leased through June 2013 at \$55,401 annually. Rental expense for the year ended June 30, 2013 totaled \$324,720.

Future minimum lease payments are as follows:

6/30/2014	\$ 273,772
6/30/2015	278,298
6/30/2016	70,579
	<u>\$ 622,649</u>

14. RISK MANAGEMENT AND UNPAID CLAIMS LIABILITIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for all risks of loss, including workers' compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

15. COMMITMENTS AND CONTINGENCIES

Grant and Bond Programs

The District participates in numerous state and federal grant and bond programs, which are governed by various rules and regulations of the grantor and bonding agencies. Costs charged to the respective grant or bond programs are subject to audit and adjustment by the grantor or bonding agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013 may be impaired. Similarly, to the extent that the District has not complied with the rules and regulations governing the bonds, rebate payments may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants or bonds; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL DISTRICT NO. 16
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (NON-GAAP BASIS) -
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Assessment from Participating Towns	\$ 24,898,961	\$ 24,776,215	\$ (122,746)
Participating Towns ECS Grant	9,364,005	9,486,791	122,786
State Aid	2,510,477	2,787,469	276,992
Earnings on Investments	5,000	6,643	1,643
Other Miscellaneous Income	17,500	48,653	31,153
Total Revenues	36,795,943	37,105,771	309,828
EXPENDITURES			
Regular Programs	14,786,402	14,651,275	135,127
Special Programs	3,566,458	3,374,766	191,692
Social Work Services	274,105	274,955	(850)
Guidance Services	984,071	910,836	73,235
Health Services	434,993	415,974	19,019
Psychological Services	348,993	311,777	37,216
Speech/Audio Services	399,881	308,692	91,189
Improvement of Instructions	637,567	594,808	42,759
Educational Media Services	1,363,600	1,295,518	68,082
Board of Education Services	720,400	595,584	124,816
Office of Superintendent Services	492,554	373,367	119,187
Special Services Administration	310,011	279,323	30,688
Office of Principal Services	1,779,251	1,845,210	(65,959)
Fiscal Services	643,793	660,217	(16,424)
Printing/Publishing/Duplicating	62,316	43,675	18,641
Operation and Maintenance of Buildings	2,696,672	2,881,083	(184,411)
Care and Upkeep of Grounds	178,420	186,374	(7,954)
Vehicle Operation and Maintenance	25,340	17,804	7,536
Security Services	169,489	202,775	(33,286)

REGIONAL SCHOOL DISTRICT NO. 16
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BASIS) -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Student Transportation	\$ 2,407,683	\$ 2,342,230	\$ 65,453
Supervision Transportation Services	6,308	6,275	33
Food Service	42,027	48,960	(6,933)
Other Enterprise Operations	488,589	484,959	3,630
Building Acquisition and Construction	60,624	55,401	5,223
Building Improvements	65,862	58,144	7,718
Debt Service	3,330,636	3,299,089	31,547
Tuition	1,019,898	1,257,337	(237,439)
	<u>37,295,943</u>	<u>36,776,408</u>	<u>519,535</u>
Total Expenditures			
Deficiency of Revenues over Expenditures	(500,000)	329,363	829,363
Other Financing Sources	500,000	-	(500,000)
Fund Balance, Beginning of Year	620,821	620,821	-
	<u>620,821</u>	<u>950,184</u>	<u>329,363</u>
Fund Balance, End of Year			

REGIONAL SCHOOL DISTRICT NO. 16
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
STUDENT ACTIVITIES AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash	\$ <u>143,790</u>	\$ <u>476,190</u>	\$ <u>(494,534)</u>	\$ <u>125,446</u>
 LIABILITIES				
Algonquin Elementary School Activities	\$ 6,150	\$ 14,839	\$ (12,773)	\$ 8,216
Community Elementary School Activities	7,569	20,392	(20,532)	7,429
Laurel Ledge Elementary School Activities	8,390	22,769	(22,415)	8,744
Long River Middle School Activities	60,498	243,226	(261,095)	42,629
Woodland Region High School Activities	58,688	161,682	(164,187)	56,183
Athletic Fund	<u>2,495</u>	<u>13,282</u>	<u>(13,532)</u>	<u>2,245</u>
Total Liabilities	<u>\$ 143,790</u>	<u>\$ 476,190</u>	<u>\$ (494,534)</u>	<u>\$ 125,446</u>

REGIONAL SCHOOL DISTRICT NO. 16
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/11	\$ -	\$ 1,116,302	\$ 1,116,302	-	%	N/A
12/31/12	-	1,122,610	1,122,610	-	N/A	N/A
12/31/13	-	-	-	-	N/A	N/A

APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

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

BOND COUNSEL OPINION

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

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

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Regional School District Number 16
Prospect, Connecticut

We have represented Regional School District Number 16 of the State of Connecticut as Bond Counsel in connection with the issuance by the District of \$8,000,000 General Obligation Bonds, Issue of 2014, dated as of February 14, 2014.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that Regional School District Number 16 is authorized to issue the Bonds; the District is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the District and its member towns of Beacon Falls and Prospect and when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and each member town of the District has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the District within such town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

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

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

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

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

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

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

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

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

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

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

obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

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

price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

ORIGINAL ISSUE PREMIUM

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

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. For example, on September 13, 2011, S.B. 1549, the "American Jobs Act of 2011" (the "Jobs Act"), was introduced into the United States Senate, which legislation, if enacted as introduced, would have subjected to federal income taxation a portion of the interest on all tax-exempt bonds (including the Bonds) received for taxable years beginning on or after January 1, 2013 by certain individuals with incomes above specified limits. The Jobs Act was not enacted; however, on February 13, 2012, President Obama released his fiscal 2013 Federal budget request, which includes a proposal to cap at 28% the value of tax preferences, including tax-exempt interest for municipal bonds. No assurance can be given that Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds are advised to consult their tax advisors regarding the potential tax consequences of proposed Federal or State of Connecticut tax legislation affecting municipal bonds.

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

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

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

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of February 14, 2014 by Regional School District Number 16 of the State of Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$8,000,000 General Obligation Bonds, Issue of 2014, dated as of February 14, 2014 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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

"Final Official Statement" means the official statement of the Issuer dated January 30, 2014 prepared in connection with the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2013) as follows:

(i) Financial statements of the Issuer's general fund and, any special revenue, capital projects and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

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

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

- (2) listing of the ten largest taxpayers on the applicable grand list of each of the Issuer's member towns, together with each such taxpayer's taxable valuation thereon,
- (3) percentage of the annual property tax levy of each of the Issuer's member towns uncollected as of the close of the fiscal year,
- (4) schedule of annual debt service on outstanding long-term bonded indebtedness of the Issuer and of each of the Issuer's member towns as of the close of the fiscal year,
- (5) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), of the Issuer and each of the Issuer's member towns, as of the close of the fiscal year,
- (6) total direct debt, total net direct debt and total overall net debt of the Issuer and of each of its member towns per capita,
- (7) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer and of each of its member towns to the Issuer's net taxable grand list,
- (8) statement of statutory debt limitation of the Issuer and of each of its member towns as of the close of the fiscal year, funding status of the Issuer's pension benefit obligation of the Issuer and of each of its member towns, and
- (9) annual assessments by the Issuer on each of its member towns for the applicable fiscal year.

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

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

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

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

Section 3. Notice of Certain Events.

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

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

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

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Business Manager, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Business Manager is 207 New Haven Road, Prospect, Connecticut 06712.

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

Section 8. Miscellaneous.

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

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

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

(r) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into

account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

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

REGIONAL SCHOOL DISTRICT NUMBER 16

By _____
Donna Cullen
Chairman of the Board of Education

By _____
Sheryl Feducia
Treasurer