



## PRELIMINARY OFFICIAL STATEMENT DATED JULY 24, 2024

### NEW ISSUE – BOOK-ENTRY-ONLY

S&P GLOBAL RATINGS: AA+

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

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

### \$17,335,000\* GENERAL OBLIGATION BONDS, ISSUE OF 2024 (the “Bonds”)

Dated: Date of Delivery

Due: November 15, as shown herein

**Electronic bids via PARITY® for the Bonds will be received until 12:00 Noon (Eastern Time) on Thursday, August 1, 2024 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale for the Bonds (see Appendix F herein).**

Interest on the Bonds will be payable on May 15, 2025 and semiannually thereafter on November 15 and May 15 in each year until maturity or earlier redemption, at the rates set forth on the inside cover page.

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

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### \$15,140,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the “Notes”)

S&P GLOBAL RATINGS: SP-1+

Dated: August 15, 2024

Due: August 14, 2025

**Electronic bids via PARITY® for the Notes will be received until 11:30 A.M. (Eastern Time) on Thursday, August 1, 2024 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale for the Notes (See Appendix G herein).**

The Notes are not subject to redemption prior to maturity.

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

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

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC in New York, New York on or about August 15, 2024.

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

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

**\$17,335,000\* GENERAL OBLIGATION BONDS, ISSUE OF 2024**

**Delivery: Date of Delivery**

**Due: Serially, November 15, 2025-2044 (as detailed below)**

MATURITY SCHEDULE									
Maturity	Amount*	Coupon	Yield	CUSIP <sup>1</sup>	Maturity	Amount*	Coupon	Yield	CUSIP <sup>1</sup>
2025	\$ 870,000	%	%	759133---	2035	\$ 865,000	%	%	759133---
2026	870,000			759133---	2036	865,000			759133---
2027	870,000			759133---	2037	865,000			759133---
2028	870,000			759133---	2038	865,000			759133---
2029	870,000			759133---	2039	865,000			759133---
2030	870,000			759133---	2040	865,000			759133---
2031	870,000			759133---	2041	865,000			759133---
2032	865,000			759133---	2042	865,000			759133---
2033	865,000			759133---	2043	865,000			759133---
2034	865,000			759133---	2044	865,000			759133---

**The Bonds are subject to optional redemption as described more fully herein. See “Optional Redemption” herein.**

**\$15,140,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

**Dated: August 15, 2024**

**Due: August 14, 2025**

Amount	Coupon	Yield	CUSIP <sup>1</sup>
\$15,140,000	%	%	759133---

**The Notes are not subject to optional redemption.**

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

\*Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by Regional School District Number 18 of the State of Connecticut (the “District”), to give any information or to make any representations not contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

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

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

Other than matters expressly set forth in Appendices B and C, “Form of Opinion of Bond Counsel – The Bonds” and “Form of Opinion of Bond Counsel – The Notes”, respectively herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

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

The District's Municipal Advisor, has assisted the District in the preparation of this Official Statement from information supplied by District Officials and other sources. Munistat Services Inc. does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

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

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

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## BOND ISSUE SUMMARY

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

<b>Date of Sale:</b>	<b><u>Thursday, August 1, 2024, 12:00 Noon (Eastern Time).</u></b>
<b>Location of Sale:</b>	Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.
<b>Issuer:</b>	Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme), (the "District").
<b>Issue:</b>	\$17,335,000* General Obligation Bonds, Issue of 2024 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery.
<b>Interest Due:</b>	May 15, 2025 and semiannually thereafter on November 15 and May 15 in each year until maturity or earlier redemption.
<b>Principal Due:</b>	Serially, November 15, 2025 through 2044, as detailed in this Official Statement.
<b>Purpose and Authority:</b>	The Bonds are being issued to permanently finance the \$7,300,000 General Obligation Bond Anticipation Notes of the District maturing August 15, 2024 and the additional new money borrowing will be used for the design, demolition, construction, renovation, equipping and furnishing of various schools in the District, as authorized by the legal voters of the Towns of Lyme and Old Lyme. See "Authorization and Purpose" and "Use of Bond and Note Proceeds" herein.
<b>Redemption:</b>	The Bonds <b>are</b> subject to redemption prior to maturity as more fully described herein. See "Optional Redemption", herein.
<b>Security:</b>	The Bonds will be general obligations of the District and its member towns of Lyme and Old Lyme (the "Member Towns") and the District and the Member Towns will pledge their full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The District received a credit rating of "AA+", with a stable outlook from S&P Global Ratings ("S&P") on the Bonds. See "Ratings" herein.
<b>Bond Insurance:</b>	The District does not expect to direct purchase a credit enhancement facility.
<b>Basis of Award:</b>	Lowest True Interest Cost ("TIC"), as of dated date.
<b>Tax Status:</b>	See "Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds <b>shall not</b> be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of the occurrence of certain events within 10 business days of the occurrence of such events and (iii) timely notice of a failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix D to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 15, 2024 against payment in <b>federal funds</b> .
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Holly McCalla, Business Manager, Regional School District Number 18, 49 Lyme Street, Old Lyme, Connecticut, 06371. Telephone: 860-434-7238.
<b>Municipal Advisor:</b>	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) and [www.munistat.com](http://www.munistat.com). For additional information please contact the Municipal Advisor at [susan.caron@munistat.com](mailto:susan.caron@munistat.com) or [mark.chapman@munistat.com](mailto:mark.chapman@munistat.com)

\*Preliminary, subject to change.

## NOTE ISSUE SUMMARY

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

<b>Date of Sale:</b>	<b><u>Thursday, August 1, 2024, 11:30 A.M. (Eastern Time).</u></b>
<b>Location of Sale:</b>	Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.
<b>Issuer:</b>	Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme), (the “District”).
<b>Issue:</b>	\$15,140,000 General Obligation Bond Anticipation Notes (the “Notes”).
<b>Dated Date:</b>	August 15, 2024.
<b>Interest Due:</b>	At maturity, August 14, 2025.
<b>Principal Due:</b>	At maturity, August 14, 2025.
<b>Purpose and Authority:</b>	The Notes proceeds are being used for the design, demolition, construction, renovation, equipping and furnishing of various schools in the District, as authorized by the legal voters of the Towns of Lyme and Old Lyme. See “Authorization and Purpose” and “Use of Bond and Note Proceeds” herein.
<b>Redemption:</b>	The Notes <b>are not</b> subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the District and its member towns of Lyme and Old Lyme (the “Member Towns”) and the District and the Member Towns will pledge their full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Ratings:</b>	The District received a credit rating of “SP-1+” from S&P Global Ratings (“S&P”) on the Notes. See “Ratings” herein.
<b>Basis of Award:</b>	Lowest Net Interest Cost (“NIC”), as of dated date.
<b>Tax Status:</b>	See “Tax Matters” herein.
<b>Bank Qualification:</b>	The Notes <b>shall not</b> be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided, timely notices of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form of Appendix E to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.
<b>Legal Opinion:</b>	Robinson & Cole LLP of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about August 15, 2024 against payment in <b>federal funds</b> .
<b>Issuer Official:</b>	Questions concerning the Official Statement should be addressed to Holly McCalla, Business Manager, Regional School District Number 18, 49 Lyme Street, Old Lyme, Connecticut, 06371. Telephone: 860-434-7238.
<b>Municipal Advisor:</b>	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) and [www.munistat.com](http://www.munistat.com). For additional information please contact the Municipal Advisor at [susan.caron@munistat.com](mailto:susan.caron@munistat.com) or [mark.chapman@munistat.com](mailto:mark.chapman@munistat.com)

## I. SECURITIES OFFERED

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### INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to Regional School District Number 18 (the “District”) of the State of Connecticut (the “State”) in connection with the original issuance of \$17,335,000\* General Obligation Bonds, Issue of 2024 (the “Bonds”) and \$15,140,000 General Obligation Bond Anticipation Notes (the “Notes”), of the District.

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale each dated July 24, 2024 have been furnished to prospective bidders. Reference is made to the Notices of Sale (see Appendices F and G, herein) for the terms and conditions of the bidding on the Bonds and the Notes.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds and the Notes. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to such statutes, charters or laws, and all references to the Bonds and the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

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

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

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

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

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

### DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on November 15 in each of the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable May 15, 2025 and semiannually thereafter on November 15 and May 15 in each year until maturity or earlier redemption, and will be payable to the registered owners of the Bonds as of the close of business on the last business day of October and April in each year. Interest will be calculated on the basis of 360-day year, consisting of twelve 30-day months. A book-entry transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of the Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The certifying bank, registrar, transfer agent and paying agent for the Bonds will be U.S. Bank Trust Company, National Association,

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\*Preliminary, subject to change.

CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut. The legal opinion for the Bonds will be rendered by Robinson & Cole LLP, in substantially the form set forth in Appendix B to this Official Statement.

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

### **OPTIONAL REDEMPTION**

The Bonds maturing on or before November 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on November 15, 2033 and thereafter are subject to redemption prior to maturity, at the option of the District, on and after November 15, 2032, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine, at the redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to interest, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
November 15, 2032 and thereafter	100.00%

### **NOTICE OF REDEMPTION**

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of such Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for Depository Trust Company (“DTC”) is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or its successor securities depository) or its successor nominee.

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

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

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

### **ADJUSTMENT OF MATURITY SCHEDULE**

The District reserves the right to change the maturity schedule of the Bonds after the determination of the winning bidder by decreasing the principal amount of each maturity by such amount as may be necessary and in \$5,000 increments. In such event, the final aggregate principal amount of the Bonds will be decreased by the net amount of such change or changes in the principal amount of one or more maturities, which net change in aggregate principal amount of the Bonds will not exceed 20 percent of the original aggregate par amount. The District anticipates that the

final maturity schedule will be communicated to the successful bidder by 1:45 p.m. local time on the day of the sale provided the District has received the reoffering prices and yield for the Bonds from the successful bidder by 12:45 p.m. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the District as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

## **DESCRIPTION OF THE NOTES**

The Notes will be dated August 15, 2024 and will be due and payable as to both principal and interest at maturity, on August 14, 2025. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The Notes will be issued as fully-registered notes in denominations of \$5,000 or any integral multiples thereof. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry-Only Transfer System" herein. Principal of and interest on the Notes will be payable by the District or its agent to the successful purchaser, as registered owner of the Notes. The Certifying Agent, Paying Agent, Registrar, and Transfer Agent on the Notes will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Robinson & Cole LLP, in substantially the form set forth in Appendix C to this Official Statement.

**The Notes are not subject to redemption prior to maturity.**

## **BOOK-ENTRY-ONLY SYSTEM**

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

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

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of

ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

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

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

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

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

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

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

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

## **REPLACEMENT BONDS AND NOTES**

The determination of the District officials authorizing the issuance of the Bonds and the Notes provides for issuance of fully-registered Bond and Note certificates directly to beneficial Owners of the Bonds and the Notes, and or their

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

## **DTC PRACTICES**

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

## **SECURITY AND REMEDIES**

The Bonds and the Notes will be general obligations of Regional School District Number 18 of the State of Connecticut and its Member Towns and the District and its Member Towns will pledge their full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Member Towns are required to pay their share of the District's costs and, for this purpose each Member Town has power to levy taxes on its property.

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

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

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

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

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

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

Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of Federal bankruptcy laws and to other bankruptcy, insolvency, reorganization, moratorium and similar laws hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the District and its Member Towns may seek relief only, among other requirements, if they are specifically authorized, in their capacity as a municipality or by name, to be a debtor under Chapter 9 Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations. The District does not have the direct power to levy taxes.

## **COVID-19 AND FUTURE PANDEMICS**

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated. In response to the COVID-19 pandemic, on March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”) that provided various forms of financial assistance and other relief to state and local governments. The District received a total of \$707 thousand in funding from the Rescue Plan. The District developed a plan for the use of such funds that focuses on program improvements and other initiatives that comply with the program eligibility criteria.

For up-to-date information concerning the State’s actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the District, nor the parties involved with the issuance of the Bonds and the Notes, have reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the District and the Member Towns.

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

Prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the State or federal government.

## **CYBERSECURITY**

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

## ENVIRONMENTAL FACTORS

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

## QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

## AVAILABILITY OF CONTINUING DISCLOSURE

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

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

The District has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide annual financial information and event notices pursuant to Rule 15c2-12. In the last five years, the District has not failed to comply, in any material respect, with any of its undertakings under such agreements.

## AUTHORIZATION AND PURPOSE

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

## USE OF BOND AND NOTE PROCEEDS

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

<u>Project</u>	<u>Amount Authorization</u>	<u>Previously Bonded</u>	<u>Grants Received</u>	<u>Additions / (Reductions)</u>	<u>The Bonds (This Issue)</u>	<u>The Notes (This Issue)</u>
District-wide Facilities Improvements.....	\$57,555,000	\$ -	\$ - <sup>1</sup>	\$(1,737,000) <sup>2</sup>	\$17,335,000 *	\$15,140,000

<sup>1</sup> It is anticipated the District will receive in total approximately \$21,084,805 in grants from the State of Connecticut for this project.

<sup>2</sup> The District will be using \$884,000 of designated funds in fiscal year 2024 for the project and plans on using \$853,000 in designated funds for fiscal year 2025.

\*Preliminary, subject to change.

## **RATINGS**

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

The ratings reflect only the view of the rating agencies and an explanation of the significance of the ratings may be obtained at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041-0003. There is no assurance that the ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, circumstances so warrant. A revision or withdrawal of the ratings may have an effect on the market price of the District’s bonds and notes, including the Notes.

Certain outstanding bonds are rated “Aa2” from Moody’s Investors Service, Inc. (“Moody’s”).

## **TAX MATTERS**

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

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

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

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is 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.

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

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

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

## **Original Issue Discount**

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

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such Bond or Note. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

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

## **Original Issue Premium**

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

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

## II. THE ISSUER



### DESCRIPTION OF THE DISTRICT

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

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

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

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

For the current fiscal year 2024-25, Lyme contributes 18.4% and Old Lyme contributes 81.6% based on the enrollments as of October 1, 2023 and April 1, 2024. Payments are made by the Town of Lyme to the District on the first day of each month; payments are made by the Town of Old Lyme to the District on the first and the fifteenth days of each month. The amount of payments due are based on the approved budget of the District and are adjusted for any known revenues and surpluses.

Section 10-51a of the Connecticut General Statutes provides that if a member town of a regional school district fails to include in its annual town budget appropriations for any year necessary to pay for its proportionate share of the annual district budget, ten or more taxable inhabitants of a member town within such regional school district, a

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

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

#### **GENERAL DESCRIPTION – TOWN OF LYME**

The Town of Lyme is located on the Connecticut River in southeastern Connecticut and is part of New London County. Lyme was founded in 1665 and named in May 1667. It covers an area of 33.0 square miles with a 2022 population of 2,390 as published by the U.S. Census Bureau, American Community Survey 2018-2022. Lyme is thirty-eight miles southeast of Hartford, forty miles east of New Haven, and twenty miles west of New London. Lyme is bounded on the north by East Haddam and Salem, on the east by East Lyme, on the west by the Connecticut River, and on the south by Old Lyme.

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

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

#### **GENERAL DESCRIPTION – TOWN OF OLD LYME**

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

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

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

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

Old Lyme is a popular summer resort area with many fine beaches on Long Island Sound and fresh water Rogers Lake off Route 1. Full time residents, numbering 7,648 according to the U.S. Census Bureau, American Community Survey 2018-2022, are joined by almost 10,000 summer residents who come to enjoy Old Lyme’s shoreline facilities.

**PRINCIPAL DISTRICT OFFICIALS**

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Years of Service</u>	<u>Current Term</u>
Board of Education				
Chairperson.....	Jason Kemp	Elected	3 Years	2021-2025
Vice Chairperson.....	Anna B. James	Elected	3 Years	2021-2025
Treasurer.....	Christopher Staab	Elected	3 Years	2021-2025
Secretary.....	Martha Shoemaker	Elected	7 Years	2021-2025
Member.....	Laura Dean-Frazier	Elected	3 Years	2021-2025
Member.....	Susan Fogliano	Elected	1 Year	2023-2027
Member.....	Alexander Lowry	Elected	1 Year	2023-2027
Member.....	Scott Brown	Elected	1 Year	2023-2027
Member.....	Gavin Lodge	Elected	1 Year	2023-2027
Superintendent of Schools.....	Ian Neviasser	Appointed	12 Years	Indefinite
Business Manager.....	Holly McCalla	Appointed	10 Years	Indefinite

Source: District Officials.

**DISTRICT EMPLOYEES**

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

<u>Fiscal Year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Certified.....	150.0	150.7	153.4	156.8	152.9
Non-certified.....	133.1	135.1	138.0	137.7	135.5
Totals .....	<u>283.1</u>	<u>285.8</u>	<u>291.4</u>	<u>294.5</u>	<u>288.4</u>

Source: District Officials.

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

<u>Department</u>	<u>Paid Positions</u>
Administration.....	11.0
Teachers.....	133.9
Guidance, Library & Other Professionals...	8.0
Other Support.....	135.5
<b>Total Personnel .....</b>	<b><u>288.4</u></b>

Source: District Officials.

## DISTRICT EMPLOYEES BARGAINING UNITS

<u>Organization</u>	<u>Number of Members</u>	<u>Number of Non-Members</u>	<u>Current Expiration Date</u>
Regional School District #18 Teachers Association.....	141	5	6/30/2025
Regional School District #18 Administration Association..	9	0	6/30/2027
Regional School District #18 Federation of Non-Certified Employees AFT-CT AFL-CIO CLC.....	59	75	6/30/2027
<b>Total Employees.....</b>	<b>209</b>	<b>80</b>	
		Members.....	209
		Non-members...	80
		<b>Total.....</b>	<b>289</b>

Source: District Officials.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration, in assessing the financial capability of a municipality, there is an irrebuttable presumption that 15% of the municipality's budget reserve (a budget reserve of 5% or less for teacher's contracts) is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living (over the preceding three years for teacher's contracts), existing employment conditions of the employee group and similar groups, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## SCHOOL FACILITIES

<u>Schools</u>	<u>Grades</u>	<u>Date of Construction (Last Renovated)</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/2023</u>	<u>Operating Capacity</u>
Mile Creek School.....	K-5	1963, 1970, 1990, 2002	18	313	318
Lyme School.....	K-5	1934, 1950, 1956, 1961, 1967, 1990, 2002	12	215	218
Center School.....	Pre-K	1934, 1939, 1950, 1990, 2004	16	99	330
Lyme/Old Lyme Middle School.	6-8	1957, 1968, 1990, 2003	19	271	360
Lyme/Old Lyme High School.....	9-12	1980, 2011	27	395	613
<b>Total</b>			<b>92</b>	<b>1,293</b>	<b>1,839</b>

Source: District Officials.

## SCHOOL ENROLLMENT

<b>Actual</b>				
<b>School Year</b>	<b>Grades Pre-K-5</b>	<b>Grades 6-8</b>	<b>Grades 9 - 12</b>	<b>Total Enrollment</b>
<b>Historical</b>				
2019-2020	530	278	480	1,288
2020-2021	561	270	452	1,283
2021-2022	580	271	449	1,300
2022-2023	609	270	409	1,288
2023-2024	627	271	395	1,293
<b>Projected</b>				
2024-2025	658	271	363	1,292
2025-2026	654	291	366	1,311
2026-2027	695	285	383	1,363
2027-2028	693	323	375	1,391

Source: District Officials.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

<u>Year</u>	<u>Town of Lyme</u>	<u>Town of Old Lyme</u>	<u>The District</u>	<u>Lower CT River Valley Planning Region<sup>1</sup></u>	<u>State of Connecticut</u>
2000	2,016	7,406	9,422	259,088	3,405,565
2010	2,323	7,589	9,912	272,360	3,545,837
2020	2,425	7,371	9,796	266,868	3,570,549
2022	2,390	7,648	10,038	175,244	3,611,317

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Department of Commerce, Bureau of Census, 2000, 2010 and 2020; U.S. Census Bureau, 2018-2022 American Community Survey.

#### AGE DISTRIBUTION OF THE POPULATION

<u>Age</u>	<u>Town of Lyme</u>		<u>Town of Old Lyme</u>		<u>Lower CT River Valley Planning Region<sup>1</sup></u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	84	3.5	449	5.9	7,238	4.1	182,768	5.1
5 - 9.....	92	3.8	354	4.6	7,733	4.4	196,600	5.4
10 - 14.....	117	4.9	477	6.2	9,095	5.2	222,267	6.2
15 - 19.....	125	5.2	435	5.7	10,894	6.2	247,501	6.9
20 - 24.....	148	6.2	359	4.7	11,324	6.5	241,391	6.7
25 - 34.....	188	7.9	431	5.6	19,933	11.4	449,466	12.4
35 - 44.....	293	12.3	787	10.3	20,351	11.6	445,052	12.3
45 - 54.....	244	10.2	1,286	16.8	23,514	13.4	475,109	13.2
55 - 59.....	276	11.5	524	6.9	14,392	8.2	266,117	7.4
60 - 64.....	206	8.6	650	8.5	14,226	8.1	255,938	7.1
65 - 74.....	371	15.5	1,276	16.7	21,254	12.1	362,365	10.0
75 - 84.....	210	8.8	441	5.8	10,508	6.0	178,746	4.9
85 and over..	36	1.5	179	2.3	4,782	2.7	87,997	2.4
<b>Total</b>	<b>2,390</b>	<b>100.0</b>	<b>7,648</b>	<b>100.0</b>	<b>175,244</b>	<b>100.0</b>	<b>3,611,317</b>	<b>100.0</b>

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

#### INCOME LEVELS

	<u>Median Family Income</u>			<u>Per Capita Income</u>		
	<u>(2000)</u>	<u>(2020)</u>	<u>(2022)</u>	<u>(2000)</u>	<u>(2020)</u>	<u>(2022)</u>
Town of Lyme.....	\$82,853	\$138,625	\$150,938	\$43,347	\$79,113	\$86,209
Town of Old Lyme.....	78,779	141,643	144,188	41,386	72,875	75,411
Lower CT River Valley Region <sup>1</sup> ...	59,857	94,894	128,455	24,678	40,995	54,712
Connecticut.....	65,521	102,061	115,539	28,766	45,668	52,034
United States.....	50,046	80,069	92,646	21,587	35,384	41,261

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Department of Commerce, Bureau of Census, 2000 and 2020; U.S. Census Bureau, 2018-2022 American Community Survey.

## INCOME DISTRIBUTION

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region <sup>1</sup>		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent	Families	Percent
Less than to \$10,000..	0	0.0	8	0.4	755	1.6	21,866	2.4
10,000 to 14,999.....	14	1.9	0	0.0	343	0.7	13,844	1.5
15,000 to 24,999.....	0	0.0	35	1.6	960	2.1	32,363	3.5
25,000 to 34,999.....	14	1.9	52	2.4	1,245	2.7	38,177	4.2
35,000 to 49,999.....	26	3.6	61	2.8	2,209	4.8	65,393	7.2
50,000 to 74,999.....	33	4.6	151	7.0	5,171	11.2	112,628	12.4
75,000 to 99,999.....	83	11.5	217	10.0	5,722	12.4	109,739	12.0
100,000 to 149,999...	188	26.0	595	27.4	10,721	23.3	184,504	20.2
150,000 to 199,999...	100	13.9	365	16.8	8,191	17.8	125,406	13.8
200,000 or more.....	264	36.6	688	31.7	10,748	23.3	207,948	22.8
Total.....	722	100.0	2,172	100.0	46,065	100.0	911,868	100.0

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

## EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region <sup>1</sup>		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	6	0.3	63	1.1	2,319	1.8	101,820	4.0
9th to 12th grade.....	30	1.6	129	2.3	3,775	2.9	118,256	4.7
High School Graduate.....	255	14.0	993	17.8	30,676	23.8	650,788	25.8
Some College.....	354	19.4	799	14.3	22,256	17.3	414,533	16.4
Associate Degree.....	141	7.7	549	9.8	11,558	9.0	192,167	7.6
Bachelor Degree.....	573	31.4	1,386	24.9	32,151	24.9	573,917	22.8
Graduate or Professional Degree.	465	25.5	1,655	29.7	26,225	20.3	469,309	18.6
Total.....	1,824	100.0	5,574	100.0	128,960	100.0	2,520,790	100.0
Total high school graduate or higher (%)		98.0%		96.6%		95.3%		91.3%
Total bachelor degree or higher (%)		56.9%		54.6%		45.3%		41.4%

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

## MAJOR EMPLOYERS

As of July 2024

### Town of Lyme

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

### Town of Old Lyme

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated number of Employees</u>
LEARN.....	Non-Profit Educational Services.....	658
Regional School District #18.....	Education.....	288
Sennheiser Electronic Corporation...	Manufacturer.....	150
Big Y.....	Grocery Store.....	100
Coldwell Banker.....	Real Estate Sales.....	50
Black Hall Club.....	Country Club.....	50
Lyme Academy of Fine Arts.....	Post Educational Institution .....	10
Town of Old Lyme.....	Municipality.....	39
Old Lyme Inn.....	Bed & Breakfast.....	25
The Hideaway.....	Restaurant.....	23
Old Lyme Post Office.....	Post Office.....	18
Kellogg Marine Supply.....	Marine Equipment & Supplies.....	100-249
Reynolds Subaru.....	Automotive Dealer.....	20-49
Walgreens.....	Pharmacy.....	20-49
Florence Griswold Museum.....	Historic Site/Museum.....	20-49

Source: Telephone Survey of Employers, LEARN 2023 Annual Report and [www1.ctdol.state.ct.us](http://www1.ctdol.state.ct.us) labor market website.

## EMPLOYMENT BY INDUSTRY

	<u>Town of Lyme</u>		<u>Town of Old Lyme</u>		<u>Lower CT River Valley Planning Region <sup>1</sup></u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fisheries.....	0	0.0	26	0.7	550	0.6	7,460	0.4
Construction.....	189	15.5	219	5.8	6,336	6.7	112,421	6.1
Manufacturing.....	120	9.8	547	14.4	10,597	11.2	194,805	10.6
Wholesale trade.....	28	2.3	120	3.2	1,903	2.0	40,518	2.2
Retail trade.....	94	7.7	383	10.1	9,552	10.1	196,267	10.7
Transportation & warehousing & utilities...	47	3.9	125	3.3	3,810	4.0	82,215	4.5
Information.....	7	0.6	54	1.4	1,448	1.5	36,440	2.0
Finance, insurance, real estate.....	88	7.2	249	6.6	7,889	8.3	164,811	9.0
Professional, scientific & management.....	178	14.6	524	13.8	11,370	12.0	217,442	11.9
Educational, health & social services.....	297	24.3	901	23.8	26,010	27.4	485,013	26.5
Arts, entertainment & recreation.....	111	9.1	458	12.1	7,864	8.3	148,594	8.1
Other professional services.....	33	2.7	95	2.5	3,648	3.8	80,864	4.4
Public administration.....	28	2.3	85	2.2	3,819	4.0	65,675	3.6
Total.....	<u>1,220</u>	<u>100.0</u>	<u>3,786</u>	<u>100.0</u>	<u>94,796</u>	<u>100.0</u>	<u>1,832,525</u>	<u>100.0</u>

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

## EMPLOYMENT DATA <sup>1</sup>

Yearly Average	Percentage Unemployed				
	Norwich-				
	Town of Lyme %	Town of Old Lyme %	New London Labor Market %	State of Connecticut %	United States %
2014.....	5.2	5.6	7.2	6.6	6.2
2015.....	4.1	4.6	6.1	5.6	5.3
2016.....	3.4	3.7	5.0	4.8	4.9
2017.....	3.3	3.7	4.3	4.4	4.4
2018.....	3.0	3.4	3.8	3.9	3.9
2019.....	2.5	3.1	3.5	3.6	3.7
2020.....	5.3	6.9	10.0	8.0	8.1
2021.....	4.8	5.8	6.9	6.4	5.4
2022.....	3.6	3.9	4.1	4.1	3.7
2023.....	3.1	4.0	3.6	3.8	3.6
<b>2024 Monthly</b>					
January.....	4.1	3.9	4.8	5.0	4.1
February.....	5.0	4.6	5.2	5.4	4.2
March.....	3.9	3.6	4.0	4.2	3.9
April .....	3.3	3.1	3.5	3.5	3.5
May.....	3.6	3.8	3.9	4.1	3.7

<sup>1</sup> Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

## AGE DISTRIBUTION OF HOUSING

Year Built	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region <sup>1</sup>		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	306	27.0	1,124	24.8	16,729	20.2	316,471	20.7
1940 - 1949.....	85	7.5	509	11.2	3,818	4.6	99,909	6.5
1950 - 1959.....	144	12.7	411	9.1	9,230	11.2	223,821	14.6
1960 - 1969.....	80	7.1	490	10.8	9,511	11.5	200,651	13.1
1970 - 1979.....	65	5.7	671	14.8	12,624	15.3	209,518	13.7
1980 - 1989.....	169	14.9	513	11.3	12,041	14.6	193,340	12.6
1990 - 1999.....	162	14.3	400	8.8	7,961	9.6	118,948	7.8
2000 - 2009.....	100	8.8	289	6.4	7,339	8.9	104,310	6.8
2010 - 2019.....	21	1.9	124	2.7	3,306	4.0	61,429	4.0
2020 or later.....	0	0.0	8	0.2	59	0.1	2,935	0.2
Total.....	1,132	100.0	4,539	100.0	82,618	100.0	1,531,332	100.0
Percent Owner Occupied.....	88.9%		85.1%		75.1%		66.2%	

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

## HOUSING INVENTORY

Type	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region <sup>1</sup>		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-unit, detached.....	1,085	95.8	3,950	87.0	59,160	71.6	898,891	58.7
1-unit, attached.....	12	1.1	41	0.9	3,404	4.1	91,794	6.0
2 units.....	21	1.9	277	6.1	4,269	5.2	120,419	7.9
3 or 4 units.....	0	0.0	114	2.5	3,762	4.6	128,942	8.4
5 to 9 units.....	0	0.0	23	0.5	3,476	4.2	78,127	5.1
10 to 19 units.....	0	0.0	7	0.2	2,695	3.3	56,353	3.7
20 or more units.....	0	0.0	8	0.2	4,929	6.0	145,025	9.5
Mobile home, boat, other.....	14	1.2	119	2.6	923	1.1	11,781	0.8
Total .....	<u>1,132</u>	<u>100.0</u>	<u>4,539</u>	<u>100.0</u>	<u>82,618</u>	<u>100.0</u>	<u>1,531,332</u>	<u>100.0</u>

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

## OWNER-OCCUPIED HOUSING VALUES

Sales Price Category	Town of Lyme		Town of Old Lyme		Lower CT River Valley Planning Region <sup>1</sup>		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000 .....	7	0.8	25	1.0	1,082	2.0	20,646	2.2
\$ 50,000 to \$ 99,999 ...	0	0.0	55	2.1	959	1.7	19,506	2.1
\$ 100,000 to \$149,999 ...	5	0.6	6	0.2	1,855	3.4	46,916	5.0
\$ 150,000 to \$199,999 ...	4	0.5	47	1.8	4,044	7.4	96,168	10.3
\$ 200,000 to \$299,999 ...	30	3.5	248	9.5	13,635	24.8	238,687	25.6
\$ 300,000 to \$499,999 ...	306	36.0	1,272	48.9	23,356	42.5	307,876	33.0
\$ 500,000 to \$999,999 ...	355	41.8	812	31.2	8,479	15.4	149,216	16.0
\$1,000,000 and over .....	143	16.8	137	5.3	1,512	2.8	53,573	5.7
Total .....	<u>850</u>	<u>100.0</u>	<u>2,602</u>	<u>100.0</u>	<u>54,922</u>	<u>100.0</u>	<u>932,588</u>	<u>100.0</u>
2000 Median Value <sup>2</sup> .....	\$289,300		\$245,100		\$142,200		\$166,900	
2020 Median Value <sup>3</sup> .....	\$538,700		\$395,800		\$246,800		\$279,700	
2022 Median Value <sup>4</sup> .....	\$580,400		\$442,000		\$341,300		\$323,700	

<sup>1</sup> Starting with the 2018-2022 American Community Survey ("ACS") data, the area was adjusted to reflect the Lower Connecticut River Valley Planning Region; prior to 2022, ACS used New London County Data.

<sup>2</sup> U.S. Department of Commerce, Bureau of Census, 2000.

<sup>3</sup> U.S. Census Bureau, 2016-2020 American Community Survey.

<sup>4</sup> U.S. Census Bureau, 2018-2022 American Community Survey.

Source: U.S. Census Bureau, 2018-2022 American Community Survey.

## IV. TAX BASE DATA

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### ASSESSMENTS

The Town of Lyme had a general property revaluation effective October 1, 2023, and the Town of Old Lyme had its revaluation effective October 1, 2019. The Town of Lyme's next revaluation is October 1, 2028 and the Town of Old Lyme's next revaluation is October 1, 2024. Under Section 12-62 of the Connecticut General Statutes the Towns must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within each Member Town for inclusion onto the Grand List is the responsibility of the Assessor of each Member Town. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within each Member Town as of October 1. In each Member Town a Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation. Assessments for personal property and motor vehicles are computed at 70 percent of current fair market value.

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

All personal property (furniture, fixtures, equipment and machinery) is valued annually. An assessor's check and audit is completed periodically.

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.46 mills for the assessment year commencing October 1, 2017 to October 1, 2020, inclusive, and 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle tax rate above the 32.46 mill rate cap. Section 4-661 of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town of Lyme's motor vehicle tax rates for the current 2023 assessment year (the fiscal year ending June 30, 2025) is 14.50 mills. The Town of Old Lyme's motor vehicle tax rates for the current 2023 assessment year (the fiscal year ending June 30, 2025) is 24.40 mills.

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

### PROPERTY TAX COLLECTION PROCEDURE

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year in the Member Towns. Real estate and personal property tax bills in Old Lyme are payable in two installments, July 1 and January 1. The Town of Lyme collects its real estate and personal property levy in one installment due July 1. Motor vehicle taxes in each Member Town are payable in July and motor vehicle supplemental bills are payable in January. Personal property taxes of \$100 or less are payable in July. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward

when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in each Member Town's budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically 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 – TOWN OF LYME

<b>Grand List Dated</b>	<b>FY Ending 30-Jun</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle Property (%)</b>	<b>Gross Taxable</b>		<b>Net Taxable Grand List</b>	<b>% Growth</b>
					<b>Grand List</b>	<b>Less Exemptions</b>		
2023 <sup>1</sup>	2025	92.9	2.4	4.7	\$714,257,866	\$1,796,962	\$712,460,904	37.2%
2022	2024	89.9	3.2	6.9	521,085,912	1,653,966	519,431,946	0.7%
2021	2023	90.1	3.2	6.8	517,039,874	1,330,985	515,708,889	2.2%
2020	2022	91.5	3.2	5.1	505,961,637	1,357,970	504,603,667	0.7%
2019	2021	91.9	3.2	4.9	502,427,371	1,323,880	501,103,491	1.5%
2018 <sup>1</sup>	2020	93.1	2.1	4.8	494,890,348	1,151,990	493,738,358	-6.9%
2017	2019	93.7	1.9	4.4	531,399,569	1,293,652	530,105,917	1.4%
2016	2018	94.5	1.4	4.1	523,790,941	1,227,799	522,563,142	0.4%
2015	2017	94.7	1.3	4.0	521,668,001	1,180,851	520,487,150	0.6%
2014	2016	94.3	1.3	4.4	518,379,047	1,116,484	517,262,563	0.7%

<sup>1</sup> Revaluation Year.

Source: Assessor's Office, Town of Lyme.

#### COMPARATIVE ASSESSED VALUATIONS – TOWN OF OLD LYME

<b>Grand List Dated</b>	<b>FY Ending 30-Jun</b>	<b>Real Property (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicle Property (%)</b>	<b>Gross Taxable</b>		<b>Net Taxable Grand List</b>	<b>% Growth</b>
					<b>Grand List</b>	<b>Less Exemptions</b>		
2023	2025	90.5	3.0	6.5	\$1,609,361,570	\$6,987,630	\$1,602,373,940	0.4%
2022	2024	90.3	2.8	6.9	1,601,786,671	6,583,680	1,595,202,991	0.7%
2021	2023	90.6	2.8	6.6	1,590,925,488	6,473,480	1,584,452,008	1.8%
2020	2022	92.3	2.4	5.3	1,561,164,645	4,784,670	1,556,379,975	0.5%
2019 <sup>1</sup>	2021	92.8	2.2	5.0	1,552,913,744	4,713,280	1,548,200,464	-2.4%
2018	2020	93.0	2.1	4.9	1,590,393,328	4,733,590	1,585,659,738	0.2%
2017	2019	93.2	2.1	4.7	1,586,789,974	4,721,130	1,582,068,844	0.5%
2016	2018	93.4	2.1	4.5	1,579,189,805	4,495,820	1,574,693,985	0.0%
2015	2017	93.1	2.4	4.5	1,580,110,095	4,650,040	1,575,460,055	0.6%
2014 <sup>1</sup>	2016	93.4	2.1	4.5	1,571,129,387	4,822,462	1,566,306,925	-3.0%

<sup>1</sup> Revaluation Year.

Source: Assessor's Office, Town of Old Lyme.

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF LYME**

<b>Grand List 1-Oct</b>	<b>FY Ending 30-Jun</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Collected End of Each Fiscal Year</b>	<b>Percent Uncollected End of Each Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2023</b>	<b>Amount Uncollected as of 6/30/2023</b>
2023	2025	\$712,460,904	14.50	\$10,237,376				- Collection 7/1/2024 -
2022	2024	519,431,946	19.50	10,027,634				- Unaudited -
2021	2023	515,708,889	19.95	10,320,390	99.4%	0.6%	0.6%	\$63,212
2020	2022	504,603,667	19.95	10,142,916	99.9%	0.1%	0.1%	5,693
2019	2021	501,103,491	19.95	10,007,981	99.7%	0.3%	0.0%	898
2018	2020	493,738,358	19.95	9,851,602	99.9%	0.1%	0.0%	818
2017	2019	530,105,917	18.60	9,847,500	99.5%	0.5%	0.0%	(17)
2016	2018	522,563,142	18.25	9,560,562	99.2%	0.8%	0.0%	(173)
2015	2017	520,487,150	18.25	9,472,210	99.1%	0.9%	0.0%	(600)
2014	2016	517,262,563	17.75	9,154,210	99.1%	0.9%	0.0%	814
2013	2015	513,668,184	17.00	8,694,963	99.1%	0.9%	0.0%	(19)
2012	2014	608,635,084	14.00	8,449,911	99.1%	0.9%	0.0%	(84)

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

**PROPERTY TAX LEVIES AND COLLECTIONS – TOWN OF OLD LYME**

<b>Grand List 1-Oct</b>	<b>FY Ending 30-Jun</b>	<b>Net Taxable Grand List</b>	<b>Mill Rate</b>	<b>Tax Levy</b>	<b>Percent Collected End of Each Fiscal Year</b>	<b>Percent Uncollected End of Each Fiscal Year</b>	<b>Percent Annual Levy Uncollected 6/30/2023</b>	<b>Amount Uncollected as of 6/30/2023</b>
2023	2025	\$1,602,373,940	24.40	\$38,397,110				- Collections 7/1/24 & 1/1/2025 -
2022	2024	1,595,202,991	23.50	36,790,494				- Unaudited -
2021	2023	1,584,452,008	23.50	37,379,482	99.1%	0.9%	0.9%	\$344,584
2020	2022	1,556,379,975	23.30	36,342,407	99.2%	0.8%	0.4%	128,563
2019	2021	1,548,200,464	23.20	35,918,812	98.9%	1.1%	0.2%	76,050
2018	2020	1,585,659,738	22.41	35,585,288	98.9%	1.1%	0.1%	53,221
2017	2019	1,582,068,844	21.91	34,751,872	98.9%	1.1%	0.1%	23,354
2016	2018	1,574,693,985	21.75	34,244,763	98.9%	1.1%	0.0%	66
2015	2017	1,575,460,055	21.20	33,318,255	98.9%	1.1%	0.0%	(18)
2014	2016	1,566,306,925	20.62	32,235,851	98.7%	1.3%	0.0%	(20)
2013	2015	1,614,163,861	19.66	31,720,793	98.7%	1.3%	0.0%	325
2012	2014	1,608,398,695	19.30	30,979,275	98.8%	1.2%	0.0%	0

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

**TEN LARGEST TAXPAYERS – TOWN OF LYME<sup>1</sup>**

<b>Business-Name</b>	<b>Nature Of Business</b>	<b>Estimated Assessment 10/1/2023</b>	<b>Rank</b>	<b>Percent of Total</b>
Eversource.....	Utility.....	\$ 14,128,830	1	1.98%
Platner, Beverly.....	Residential.....	5,942,400	2	0.83%
Whelen, George W IV.....	Residential.....	4,459,158	3	0.63%
Daitch, Peter C.....	Residential.....	3,802,500	4	0.53%
1859 Associates LLC.....	Residential.....	3,552,645	5	0.50%
Johnson, Maureen J & Gilead G.....	Residential.....	3,484,100	6	0.49%
Wardlaw, Stephen C. & Lynne.....	Residential.....	3,187,139	7	0.45%
Mellon, Timothy.....	Residential.....	2,962,028	8	0.42%
Enders, Elizabeth McGuire.....	Residential.....	2,942,266	9	0.41%
Lorac LLC.....	Residential.....	2,652,600	10	0.37%
<b>Total</b>		<b>\$ 47,113,666</b>		<b>6.61%</b>

<sup>1</sup>Based on a 10/1/23 Net Taxable Grand List of \$712,460,904.  
Source: Assessor's Office, Town of Lyme.

**TEN LARGEST TAXPAYERS – TOWN OF OLD LYME<sup>1</sup>**

<b>Business-Name</b>	<b>Nature Of Business</b>	<b>Estimated Assessment 10/1/2023</b>	<b>Rank</b>	<b>Percent of Total</b>
Eversource.....	Utility.....	\$ 16,778,540	1	1.05%
Old Lyme Stores Limited Partnership.....	Shopping Center.....	8,225,000	2	0.51%
Connecticut Water Company.....	Utility.....	6,632,410	3	0.41%
EPW II LLC.....	Commercial.....	6,611,900	4	0.41%
16 Riverview Property Corp.....	Real Estate.....	3,854,300	5	0.24%
Chambers, Herbert G.....	Residential.....	3,542,700	6	0.22%
Graybill Properties LLC.....	Real Estate.....	3,485,520	7	0.22%
Eastport LLC.....	Commercial.....	3,446,600	8	0.22%
Big Y Foods.....	Grocery Store.....	3,137,900	9	0.20%
The Nest at HNB Inc.....	Family Resort.....	3,082,600	10	0.19%
<b>Total</b>		<b>\$ 58,797,470</b>		<b>3.67%</b>

<sup>1</sup>Based on a 10/1/23 Net Taxable Grand List of \$1,602,373,940.  
Source: Assessor's Office, Town of Old Lyme.

**EQUALIZED NET GRAND LIST – TOWN OF LYME**

<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2022	\$1,086,689,372	3.3%
2021	1,052,251,899	8.1%
2020	973,841,416	28.3%
2019	759,019,899	7.6%
2018	705,404,163	-6.5%
2017	754,053,083	5.8%
2016	712,450,053	2.5%
2015	695,103,048	-1.7%
2014	707,481,511	-3.6%
2013	733,857,549	2.8%

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

**EQUALIZED NET GRAND LIST – TOWN OF OLD LYME**

<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2022	\$3,500,895,548	11.2%
2021	3,146,898,685	10.6%
2020	2,845,562,244	28.8%
2019	2,209,456,433	-4.9%
2018	2,322,423,659	0.5%
2017	2,311,940,149	1.3%
2016	2,282,498,687	1.1%
2015	2,257,046,618	1.0%
2014	2,235,564,264	-1.0%
2013	2,257,111,193	0.3%

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

## V. FINANCIAL INFORMATION

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### FISCAL YEAR

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

### ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Please refer to Appendix A "Notes to the Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

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

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

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

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

### BUDGETARY PROCEDURES

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

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

The budget must be presented for vote of the electors of the Member Towns at the Annual Meeting of the District, which meeting must be held on the first Monday of May.

Not less than two weeks prior to such Annual Meeting, the Board must hold a District meeting to present the proposed budget, at which time any person may recommend inclusion or deletion of expenditures.

At least five days before the Annual Meeting of the District, the Board must deliver copies of its completed budget to the Town Clerks of the Member Towns and make available additional copies on request.

Should the budget be rejected by a majority vote at the Annual Meeting of the District, the Board must, within four weeks, and upon notice of not less than one week, call another District meeting to consider the same or an amended budget. Such meetings must be convened at such intervals until a budget is approved.

If a District budget is not approved before the beginning of a fiscal year, the disbursing officer for each Member Town, or the designee of such officer, shall make necessary expenditures to the District in amounts equal to a total of each Member Town's appropriation to the District for the previous year and the Member Town's proportionate share in any increment in debt service over the previous fiscal year, until a budget is approved. Each Member Town shall receive credit for such expenditures once the District budget is approved for the fiscal year.

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

- The citizens of the Member Towns of the District vote on the recommended budget.
- All budget transfers must be approved by the Board of Education
- Formal budgetary integration is employed as a management control device during the year for the general fund.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the fund level.
- Additional appropriations may be made during the year by the Board. An additional appropriation requires approval at a District Meeting if it exceeds \$20,000 or is a second request.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary report as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end.

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

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

## **ANNUAL AUDIT**

Pursuant to Connecticut Law, the District is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2023 the examination was conducted by the firm of King, King & Associates, PC., certified public accountants, of Winsted, Connecticut.

## **PENSION PLANS – THE DISTRICT**

### **District Pension Plan**

The District participates in a multiple employer defined contribution plan administered by the Town of Old Lyme, to provide pension benefits for all of the Town of Old Lyme’s full time employees and the District’s nonprofessional administrative employees. The plan is considered to be part of the Town of Old Lyme’s reporting entity and is included in the Town of Old Lyme’s basic financial statements as a pension trust fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at twenty-one (21) years of age and after one year of service. Participants are not required to contribute to the plan. The District’s contributions for each employee and interest allocated to the employee’s account are fully vested after five years of continuous service.

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

For Fiscal Year ended June 30, 2023, the District's payroll of eligible individuals covered by the plan was \$4,800,498. The District contributed \$384,039 or 8% of covered payroll, while the employees contributed \$53,727.

### **State Teachers' Retirement System**

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

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

The pension contributions by the State to the plan are determined on an actuarial reserve basis as described in Connecticut General Statutes Sections 10-1831 and 10-183z. For the fiscal year ended June 30, 2023, the District recognized benefits expense and contribution revenue of \$4,414,694 in the governmental funds for on-behalf amounts for the benefits provided by the State.

Participants are required to contribute 7.00% of their annual salary rate to the system as required by Connecticut General Statutes Section 10-183b (7). For year ended June 30, 2023 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$995,122. The covered payroll for District personnel is \$14,216,032.

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

### **PENSION PLANS – TOWN OF LYME**

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

#### **Town Employee Retirement Plan**

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

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

The Town's total payroll for fiscal year ended June 30, 2023 was approximately \$1,048,000, while the Town's payroll of individuals covered by the plan was approximately \$728,767. The Town contributed \$58,301 or 8% of covered payroll.

### **Emergency Services Incentive Plan**

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

At June 30, 2023, there were 56 plan members. Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town contributed \$67,560 in fiscal year 2023.

### **PENSION PLANS – TOWN OF OLD LYME**

#### **Town of Old Lyme Pension Plan**

The Town of Old Lyme has established and administers a multiple employer defined contribution plan to provide pension benefits for all of the Town’s full-time employees and Regional School District Number 18’s nonprofessional administrative employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at twenty-one (21) years of age and after one year of service. Participants are not required to contribute to the plan; however they are allowed to contribute on an after-tax basis up to 10%, which is fully vested. The Town’s contributions for each employee and interest allocated to the employee’s account are fully vested after five years of continuous service.

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

The Town and District’s payroll of eligible individuals covered by the plan was \$6,700,043. In fiscal year 2023 Employee contributions totaled \$101,724 or 1.5% of covered payroll, and the Town and District recognized pension expense of \$536,003, or 8% of covered payroll.

The Town has no liability to the plan at year ended June 30, 2023.

#### **Volunteer Firefighters’ Retirement Plan**

The volunteer firefighters of the Town of Old Lyme participate in a defined contribution plan; however, the assets are not held in the Town’s name. Although not required, it has been the Town’s policy in the past years to fund all pension costs accrued in the current year. The Town’s contribution during fiscal year 2023 was \$85,828.

### **OTHER POST EMPLOYMENT BENEFITS – THE DISTRICT**

#### **District Other Post-Employments Benefits**

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

The following reflects the results of an actuarial valuation of the Post-Employment Benefits as of July 1, 2021, with a reporting date of June 30, 2023. It represents the total OPEB liability of the District, calculated using the discount rate of 3.65% as well as what the District’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

**Fiscal year ending June 30, 2023**

	<b>Current</b>		
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>	
<b>2.65%</b>	<b>3.65%</b>	<b>4.65%</b>	
Net OPEB Liability.....	\$ 2,317,421	\$ 2,114,448	\$ 1,938,448

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

<b>Fiscal year ending June 30, 2023</b>						
	<b>Healthcare Cost</b>					
<b>1% Decrease</b>	<b>Trend Rate</b>		<b>1% Increase</b>			
<b>1,850,288</b>	<b>2,114,448</b>		<b>2,437,742</b>			
Net OPEB Liability.....	\$	1,850,288	\$	2,114,448	\$	2,437,742

**Connecticut State Teachers’ Other Post Employment Benefits (OPEB)**

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

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

The District recognized the OPEB expense associated with the District as well as revenue in an amount equal to the non-member contributing entities’ total proportionate share of the collective OPEB expense associated with the District. For fiscal year ended June 30, 2023, the District recognized \$62,441 as the amount expended by the State on behalf of the District to meet the State’s funding requirements.

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

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

**INVESTMENT POLICIES AND PRACTICES**

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

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

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

	Fiscal Year 2022-23			2023-24 Adopted Budget	2024-25 Adopted Budget
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)		
<b>REVENUES</b>					
Member Town Assessments.....	\$ 33,440,179	\$ 33,440,179	\$ -	\$ 34,671,680	\$ 36,192,915
Intergovernmental.....	-	26,950	26,950	-	-
Charges for Services.....	174,000	227,750	53,750	292,000	270,500
Interest Income.....	5,287	45,944	40,657	3,000	30,000
Other Revenues.....	3,000	777	(2,223)	5,306	4,706
<b>TOTAL REVENUES.....</b>	<b>33,622,466</b>	<b>33,741,600</b>	<b>119,134</b>	<b>34,971,986</b>	<b>36,498,121</b>
<b>EXPENDITURES</b>					
Program.....	4,115,739	4,070,553	45,186	4,379,914	4,509,524
Instruction.....	13,636,128	13,400,403	235,725	14,509,447	14,985,946
Support Services - Pupil.....	1,992,027	2,051,606	(59,579)	2,039,693	2,344,262
Educational Media.....	1,476,634	1,289,748	186,886	1,425,716	1,274,709
General Administration.....	810,329	878,878	(68,549)	864,538	873,365
School Administration.....	2,655,200	2,410,791	244,409	2,162,788	2,250,762
Business.....	6,387,305	5,983,564	403,741	6,178,971	7,119,853
Operation of Noninstructional Service....	793,439	778,223	15,216	1,053,965	1,151,458
Debt Service.....	2,963,663	2,963,163	500	3,229,313	2,411,002
Other Expenditures.....	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>34,830,464</b>	<b>33,826,929</b>	<b>1,003,535</b>	<b>35,844,345</b>	<b>36,920,881</b>
Excess (deficiency) of revenues over expenditures.....	(1,207,998)	(85,329)	1,122,669	(872,359)	(422,760)
Other financing sources (uses):					
Cancellation of prior year's encumbrances.....	-	16,978	16,978	-	-
Appropriated fund balance.....	1,207,998	-	(1,207,998)	872,359	422,760
Transfers in.....	-	-	-	-	-
Transfers out.....	-	(716,887)	(716,887)	-	-
Total other financing sources (uses).....	1,207,998	(699,909)	(1,907,907)	872,359	422,760
Net change in fund balances.....	\$ -	\$ (785,238)	\$ (785,238)	\$ -	\$ -

Source: Audit Report 2023; Budgets 2024 and 2025.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 2,108,365	\$ 3,350,320	\$ 4,401,274	\$ 3,478,097	\$ 3,298,761
Investments.....	947,433	1,046,149	1,090,222	-	-
Receivables.....	3,807	3,807	17,475	813	770
Inventory.....	-	-	-	-	-
Due from other funds.....	1,316,860	1,324,974	1,326,993	1,320,220	1,299,120
<b>TOTAL ASSETS.....</b>	<u>4,376,465.00</u>	<u>5,725,250.00</u>	<u>6,835,964.00</u>	<u>4,799,130.00</u>	<u>4,598,651.00</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payables and Accrued Items.....	508,289	558,763	589,162	574,165	336,512
Due to Other Funds.....	2,136,173	2,475,439	3,049,893	1,987,559	2,725,462
Due to Fiduciary Funds.....	17,933	22,180	-	-	-
Unearned Revenues	211	211	211	211	211
<b>TOTAL LIABILITIES.....</b>	<u>2,662,606</u>	<u>3,056,593</u>	<u>3,639,266</u>	<u>2,561,935</u>	<u>3,062,185</u>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	1,451,367	2,373,041	2,933,884	2,080,357	1,295,119
Committed.....	-	-	-	-	-
Assigned.....	262,492	295,616	262,814	156,838	241,347
Unassigned.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<u>1,713,859</u>	<u>2,668,657</u>	<u>3,196,698</u>	<u>2,237,195</u>	<u>1,536,466</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES FUND BALANCES.....</b>					
	<u>\$ 4,376,465</u>	<u>\$ 5,725,250</u>	<u>\$ 6,835,964</u>	<u>\$ 4,799,130</u>	<u>\$ 4,598,651</u>

Source: Audit Report 2019-2023.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES</b>					
Member Towns.....	\$33,091,779	\$34,136,100	\$33,932,812	\$33,002,440	\$33,440,179
Charges for Services.....	165,458	171,550	109,500	140,815	227,750
Intergovernmental.....	2,046,452	5,838,286	8,436,530	3,823,440	4,505,740
Investment Income.....	15,735	14,472	2,596	1,142	777
Other Revenues.....	158,696	68,427	167,275	24,704	45,944
Transfers In.....	-	7,813,673 <sup>1</sup>	-	-	306,141 <sup>3</sup>
<b>TOTAL REVENUES</b>	<u>35,478,120</u>	<u>48,042,508</u>	<u>42,648,713</u>	<u>36,992,541</u>	<u>38,526,531</u>
<b>EXPENDITURES</b>					
Current:					
Program.....	4,584,588	4,576,842	4,780,487	4,324,064	4,070,553
Instruction.....	14,946,294	18,572,826	21,025,324	17,020,415	17,869,881
Support Services - Pupil.....	1,841,760	1,834,550	1,899,390	2,039,937	2,045,830
Educational Media.....	1,015,666	1,183,820	1,327,893	1,289,693	1,376,427
General Administration.....	724,480	723,155	849,998	882,937	879,603
School Administration.....	1,843,271	1,752,178	2,124,880	2,279,990	2,371,657
Business.....	5,821,274	5,951,611	5,637,255	5,554,056	5,899,820
Non-Instructional Service.....	710,882	574,764	625,734	689,387	765,058
Debt service.....	3,959,063	3,884,469	3,152,220	3,174,956	3,170,574
Capital Outlay.....	-	-	-	-	60,970
Transfers Out.....	350,848	8,033,495 <sup>2</sup>	697,491	696,609	716,887
<b>TOTAL EXPENDITURES</b>	<u>35,798,126</u>	<u>47,087,710</u>	<u>42,120,672</u>	<u>37,952,044</u>	<u>39,227,260</u>
Results from Operations.....	(320,006)	954,798	528,041	(959,503)	(700,729)
Fund Balance - Beginning of year.....	<u>2,033,865</u>	<u>1,713,859</u>	<u>2,668,657</u>	<u>3,196,698</u>	<u>2,237,195</u>
Fund Balance - End of year.....	<u>\$ 1,713,859</u>	<u>\$ 2,668,657</u>	<u>\$ 3,196,698</u>	<u>\$ 2,237,195</u>	<u>\$ 1,536,466</u>

<sup>1</sup> Includes \$7,215,000 of bond proceeds and \$598,673 in bond premium.

<sup>2</sup> Includes \$7,605,000 in refunding bonds and \$81,379 in cost of issuance of debt.

<sup>3</sup> Includes \$306,141 in issuance of equipment financing notes.

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

**ANALYSIS OF GENERAL FUND EQUITY**  
**The District**  
(GAAP Basis)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Restricted.....	\$ 1,451,367	\$ 2,373,041	\$ 2,933,884	\$ 2,080,357	\$ 1,295,119
Committed.....	-	-	-	-	-
Assigned.....	262,492	295,616	262,814	156,838	241,347
Unassigned.....	-	-	-	-	-
<b>TOTAL FUND BALANCES</b> .....	<u>\$ 1,713,859</u>	<u>\$ 2,668,657</u>	<u>\$ 3,196,698</u>	<u>\$ 2,237,195</u>	<u>\$ 1,536,466</u>

Source: Audit Reports 2019-2023.

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

	<b>Fiscal Year 2022-23</b>			<b>2023-24 Adopted Budget</b>	<b>2024-25 Adopted Budget</b>
	<b>Final Budget</b>	<b>Actual Operations</b>	<b>Variance Favorable (Unfavorable)</b>		
<b>REVENUES</b>					
Taxes, Interest and Lien Fess.....	\$ 10,210,508	\$ 10,342,392	\$ 131,884	\$ 10,037,634	\$ 10,237,376
Licenses and Permits.....	157,000	180,203	23,203	162,000	167,000
Charges for Services.....	40,700	76,116	35,416	43,200	42,500
Intergovernmental.....	465,314	456,759	(8,555)	2,142,301	2,434,768
Investment Income.....	20,000	327,633	307,633	200,000	258,000
Other Revenues.....	-	6,868	6,868	137,221	136,200
Contributions.....	54,500	55,849	1,349	-	-
<b>TOTAL REVENUES.....</b>	<b>10,948,022</b>	<b>11,445,820</b>	<b>497,798</b>	<b>12,722,356</b>	<b>13,275,844</b>
<b>EXPENDITURES</b>					
General Government.....	1,308,254	1,191,469	116,785	1,039,880	1,104,410
Public Safety.....	376,652	329,742	46,910	297,700	313,743
Highways.....	887,190	648,799	238,391	895,962	917,173
Sanitation.....	251,987	233,300	18,687	297,308	327,865
Health and Welfare.....	87,684	73,438	14,246	88,286	97,833
Library.....	199,088	197,291	1,797	216,561	223,403
Recreation.....	154,546	137,474	17,072	164,774	168,330
Miscellaneous.....	68,416	42,761	25,655	490,926	508,686
Education.....	5,918,777	5,918,777	-	6,503,034	6,662,033
Redemption of Debt.....	45,254	45,254	-	-	-
Capital Outlay.....	2,690,608	1,738,764	951,844	3,435,430	2,062,900
<b>TOTAL EXPENDITURES</b>	<b>11,988,456</b>	<b>10,557,069</b>	<b>1,431,387</b>	<b>13,429,861</b>	<b>12,386,376</b>
Revenues over (under) expenditures.....	(1,040,434)	888,751	(933,589)	(707,505)	889,468
Other financing sources (uses):					
Use of Fund Balance.....	-	-	-	707,505	-
Transfers In.....	735,738	50,316	(685,422)	-	-
Transfers Out.....	(408,000)	(403,000)	(5,000)	-	(889,468)
Total other financing sources (uses).....	<b>327,738</b>	<b>(352,684)</b>	<b>(690,422)</b>	<b>707,505</b>	<b>(889,468)</b>
Net change in fund balances.....	<b>\$ (712,696)</b>	<b>\$ 536,067</b>	<b>\$ (1,624,011)</b>	<b>\$ -</b>	<b>\$ -</b>

Source: Audit Report 2023; Budgets 2024 and 2025.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>ASSETS</b>					
Cash and Equivalents.....	\$ 839,393	\$ 567,634	\$ 816,927	\$ 960,219	\$ 497,950
Investments.....	2,000,000	2,500,000	3,000,000	3,500,000	5,927,708
Receivables, net:					
Property Taxes, Interest and Liens....	205,791	110,688	81,286	45,083	105,423
Intergovernmental.....	-	-	-	6,000	5,000
<b>TOTAL ASSETS</b>	<u>\$ 3,045,184</u>	<u>\$ 3,178,322</u>	<u>\$ 3,898,213</u>	<u>\$ 4,511,302</u>	<u>\$ 6,536,081</u>
<b>LIABILITIES</b>					
Accounts Payable.....	\$ 141,769	\$ 170,001	\$ 105,461	\$ 173,411	\$ 718,435
Unearned Revenue - Grants.....	-	-	-	-	144,835
Performance Bond Deposits.....	16,000	17,000	18,000	17,000	16,000
<b>TOTAL LIABILITIES.....</b>	<u>157,769</u>	<u>187,001</u>	<u>123,461</u>	<u>190,411</u>	<u>879,270</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - Property Taxes..	171,648	101,253	73,295	34,857	55,184
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>171,648</u>	<u>101,253</u>	<u>73,295</u>	<u>34,857</u>	<u>55,184</u>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Assigned.....	717,994	453,761	637,115	1,357,338	2,106,273
Unassigned.....	1,997,773	2,436,307	3,064,342	2,928,696	3,495,354
<b>TOTAL FUND BALANCES.....</b>	<u>2,715,767</u>	<u>2,890,068</u>	<u>3,701,457</u>	<u>4,286,034</u>	<u>5,601,627</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<u>\$ 3,045,184</u>	<u>\$ 3,178,322</u>	<u>\$ 3,898,213</u>	<u>\$ 4,511,302</u>	<u>\$ 6,536,081</u>

Source: Audit Reports 2019-2023.

**GENERAL FUND REVENUES AND EXPENDITURES**

**Town of Lyme**

Summary of Audited Revenues and Expenditures  
(GAAP Basis)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES</b>					
Taxes.....	\$ 9,987,645	\$ 9,952,873	\$ 10,056,356	\$ 10,195,135	\$ 10,342,392
Licenses and Permits.....	170,599	131,236	227,771	239,875	180,203
Charges for Services.....	61,867	33,242	49,637	48,682	76,116
Intergovernmental.....	1,230,908	343,187	400,117	422,588	456,759
Investment Income.....	127,510	105,205	6,764	11,770	327,633
Other.....	6,652	6,469	6,834	5,773	6,868
Contributions.....	44,673	43,211	45,897	48,662	55,849
Transfers In.....	608,356 <sup>1</sup>	25,456	32,056	34,223	50,316
<b>TOTAL REVENUES.....</b>	<u>12,238,210</u>	<u>10,640,879</u>	<u>10,825,432</u>	<u>11,006,708</u>	<u>11,496,136</u>
<b>EXPENDITURES</b>					
General Government.....	1,027,985	940,914	1,079,710	1,117,718	1,183,706
Public Safety.....	260,496	306,828	264,258	318,975	329,742
Highways.....	516,454	647,740	645,289	777,666	591,220
Sanitation.....	203,429	191,502	208,336	227,577	233,300
Health and Welfare.....	77,856	93,612	91,927	97,365	73,438
Library.....	170,463	173,555	170,820	178,667	197,291
Recreation.....	134,803	113,654	105,687	125,793	117,658
Miscellaneous.....	28,421	38,948	28,643	69,867	42,761
Education.....	6,748,520	6,579,421	6,376,133	5,996,088	5,918,777
Debt Principal and Interest.....	601,393	592,612	430,837	1,110,980	45,254
Capital Outlays.....	1,653,883	537,792	352,403	293,435	1,044,396
Transfers Out.....	230,000	250,000	260,000	108,000	403,000
<b>TOTAL EXPENDITURES</b>	<u>11,653,703</u>	<u>10,466,578</u>	<u>10,014,043</u>	<u>10,422,131</u>	<u>10,180,543</u>
Results from Operations.....	584,507	174,301	811,389	584,577	1,315,593
Fund Balance - July 1.....	2,131,260	2,715,767	2,890,068	3,701,457	4,286,034
Fund Balance - June 30.....	\$ <u>2,715,767</u>	\$ <u>2,890,068</u>	\$ <u>3,701,457</u>	\$ <u>4,286,034</u>	\$ <u>5,601,627</u>

<sup>1</sup> Includes \$300,000 issuance of note payable and \$14,500 of general capital assets  
Source: Audit Reports 2019-2023.

**ANALYSIS OF GENERAL FUND EQUITY**

**Town of Lyme**

(GAAP Basis)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assigned.....	\$ 717,994	\$ 453,761	\$ 637,115	\$ 1,357,338	\$ 2,106,273
Unassigned.....	1,997,773	2,436,307	3,064,342	2,928,696	3,495,354
<b>TOTAL FUND BALANCES.....</b>	<u>\$ 2,715,767</u>	<u>\$ 2,890,068</u>	<u>\$ 3,701,457</u>	<u>\$ 4,286,034</u>	<u>\$ 5,601,627</u>
<b>UNDESIGNATED FUND BALANCE</b>					
<b>AS % OF TOTAL EXPENDITURES</b>	<u>17.14%</u>	<u>23.28%</u>	<u>30.60%</u>	<u>28.10%</u>	<u>34.33%</u>

Source: Audit Reports 2019-2023.

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

	<b>Fiscal Year 2022-23</b>			<b>2023-24 Adopted Budget</b>	<b>2024-25 Adopted Budget</b>
	<b>Final Budget</b>	<b>Actual Operations</b>	<b>Variance Favorable (Unfavorable)</b>		
<b>REVENUES</b>					
Property Taxation.....	\$ 37,145,714	\$ 37,721,957	\$ 576,243	\$ 37,240,494	\$ 39,027,110
Charges for Services.....	1,030,784	1,339,464	308,680	1,415,400	1,191,622
Intergovernmental.....	1,056,313	1,005,771	(50,542)	1,536,258	1,473,200
Investment Income.....	30,000	233,445	203,445	180,000	425,000
<b>TOTAL REVENUES</b>	<b>39,262,811</b>	<b>40,300,637</b>	<b>1,037,826</b>	<b>40,372,152</b>	<b>42,116,932</b>
<b>EXPENDITURES</b>					
General Government.....	3,030,004	2,919,454	110,550	3,464,668	3,589,507
Boards and Commissions.....	542,454	384,279	158,175	511,993	608,420
Public Works.....	905,077	898,563	6,514	928,892	971,442
Parks and Recreation.....	517,625	516,972	653	530,997	570,087
Other Public Safety.....	489,075	425,422	63,653	563,921	602,004
Social Services.....	120,829	120,204	625	126,557	128,761
Fire Services.....	478,092	420,011	58,081	377,531	398,183
Police Services.....	1,054,279	879,497	174,782	1,018,501	1,003,740
Health Services.....	79,210	79,210	-	65,000	65,000
Senior Citizen's Activities.....	181,172	179,094	2,078	196,891	204,064
Capital Projects.....	-	-	-	1,433,925	480,500
Other Associations.....	433,000	433,000	-	456,500	1,279,700
Sanitation.....	1,247,784	1,235,160	12,624	1,346,096	1,419,427
Chartered Associations.....	71,700	71,700	-	71,700	85,000
Regional School District 18.....	27,521,402	27,521,402	-	28,249,222	29,530,882
Debt Service - Redemption of Debt.....	425,000	425,000	-	420,000	415,000
Debt Service - Interest.....	29,803	29,729	74	23,000	16,182
Capital Outlay.....	1,206,425	1,016,413	190,012	1,186,758	749,033
<b>TOTAL EXPENDITURES</b>	<b>38,332,931</b>	<b>37,555,110</b>	<b>777,821</b>	<b>40,972,152</b>	<b>42,116,932</b>
Revenues over (under) expenditures.....	929,880	2,745,527	1,815,647	(600,000)	-
Other financing sources (uses):					
Appropriation of fund balance.....	639,000	-	(639,000)	600,000	-
Proceeds from Sale of Capital Assets.....	1,000	1,500	500	-	-
Cancellation of Prio Year Encumbrances	10,000	267,765	257,765	-	-
Transfers In.....	-	-	-	-	-
Transfers Out.....	(1,579,880)	(1,579,880)	-	-	-
Total other financing sources (uses).....	(929,880)	(1,310,615)	(380,735)	600,000	-
Net change in fund balances.....	<b>\$ -</b>	<b>\$ 1,434,912</b>	<b>\$ 1,434,912</b>	<b>\$ -</b>	<b>\$ -</b>

Source: Audit Report 2023; Budgets 2024 and 2025.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>ASSETS</b>					
Cash.....	\$ 424,680	\$ 624,213	\$ 5,178,029	\$ 4,643,973	\$ 3,588,287
Investments.....	11,419,162	11,268,552	11,833,884	11,119,952	11,032,942
Receivables:					
Property Taxes.....	683,150	779,990	834,776	585,970	522,471
Intergovernmental.....	34,046	8,137	7,535	168,825	29,590
Other .....	48,513	31,727	33,006	39,546	82,189
Leases.....	-	-	-	149,528	101,662
Due from Other Funds.....	30,785	189,523	151,467	397,888	6,275
Prepaid Amounts.....	1,048,112	1,016,794	982,617	30,494	50,340
<b>TOTAL ASSETS.....</b>	<b><u>\$ 13,688,448</u></b>	<b><u>\$ 13,918,936</u></b>	<b><u>\$ 19,021,314</u></b>	<b><u>\$ 17,136,176</u></b>	<b><u>\$ 15,413,756</u></b>
<b>LIABILITIES</b>					
Accounts Payable.....	535,058	496,707	530,076	511,235	428,354
Accrued Liabilities.....	25,004	116,284	31,512	44,798	358,978
Due to Other Funds.....	916,457	417,558	188,388	118,258	-
Performance Bonds.....	-	-	299,238	299,495	304,915
Unearned Revenues.....	29,130	304,098	1,329,330	219,730	230,396
<b>TOTAL LIABILITIES.....</b>	<b><u>1,505,649</u></b>	<b><u>1,334,647</u></b>	<b><u>2,378,544</u></b>	<b><u>1,193,516</u></b>	<b><u>1,322,643</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes.....	683,150	779,990	834,776	585,970	321,830
Advance Property Tax Collections.....	189,705	103,202	4,082,503	2,263,293	195,530
Leases.....	-	-	-	190,507	97,760
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>872,855</u></b>	<b><u>883,192</u></b>	<b><u>4,917,279</u></b>	<b><u>3,039,770</u></b>	<b><u>615,120</u></b>
<b>FUND BALANCES</b>					
Nonspendable.....	1,048,112	1,016,794	982,617	30,494	50,340
Assigned.....	1,253,143	2,109,550	1,310,049	1,367,673	500,547
Unassigned.....	9,008,689	8,574,753	9,432,825	11,504,723	12,925,106
<b>TOTAL FUND BALANCES.....</b>	<b><u>11,309,944</u></b>	<b><u>11,701,097</u></b>	<b><u>11,725,491</u></b>	<b><u>12,902,890</u></b>	<b><u>13,475,993</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b><u>\$ 13,688,448</u></b>	<b><u>\$ 13,918,936</u></b>	<b><u>\$ 19,021,314</u></b>	<b><u>\$ 17,136,176</u></b>	<b><u>\$ 15,413,756</u></b>

Source: Audit Reports 2019-2023.

**GENERAL FUND REVENUES AND EXPENDITURES**

**Town of Old Lyme**

Summary of Audited Revenues and Expenditures  
(GAAP Basis)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES</b>					
Property Taxes.....	\$ 34,913,298	\$ 35,653,724	\$ 36,091,574	\$ 36,604,570	\$ 37,678,561
Charges for Services.....	929,124	1,044,529	1,348,307	1,288,311	1,343,706
Intergovernmental.....	566,406	905,615	1,249,213	1,089,387	985,818
Investment Income.....	280,490	258,623	33,977	23,798	233,445
Contributors.....	-	-	-	-	64,041
Other Local Revenues.....	-	-	-	-	-
Transfers In.....	38,779 <sup>1</sup>	125,752 <sup>2</sup>	41,748 <sup>3</sup>	45,849 <sup>4</sup>	1,500 <sup>5</sup>
<b>TOTAL REVENUES.....</b>	<u>36,728,097</u>	<u>37,988,243</u>	<u>38,764,819</u>	<u>39,051,915</u>	<u>40,307,071</u>
<b>EXPENDITURES</b>					
General Government.....	2,544,356	2,512,511	2,537,606	2,737,700	2,902,454
Boards and Commissions.....	413,475	426,034	442,983	391,514	397,913
Public Works.....	816,841	753,379	830,482	900,813	898,563
Parks and Recreation.....	392,884	409,339	383,168	411,370	516,972
Other Public Safety.....	362,214	441,631	460,709	428,862	422,954
Social Services.....	107,983	111,802	113,306	113,875	378,508
Fire Services.....	395,384	353,151	381,055	323,964	512,601
Police Services.....	820,522	905,341	934,524	921,576	-
Health Services.....	80,262	80,092	77,758	78,150	873,797
Capital Projects.....	-	-	-	-	-
Senior Citizens.....	156,198	162,803	161,346	160,786	-
Other Associations.....	366,750	387,000	382,000	413,000	-
Sanitation.....	1,067,239	1,075,780	1,117,425	1,200,440	1,235,160
Other Non-Profits.....	-	-	-	-	423,000
Chartered Associations.....	71,700	71,700	71,700	71,700	71,700
Education.....	26,343,259	27,556,679	27,556,679	27,006,352	27,521,402
Capital Outlay.....	570,492	857,812	1,770,486	553,719	567,335
Debt Service.....	348,376	352,036	478,698	466,695	454,729
Transfers Out.....	1,131,000	1,140,000	1,040,500	1,694,000	2,556,880
<b>TOTAL EXPENDITURES.....</b>	<u>35,988,935</u>	<u>37,597,090</u>	<u>38,740,425</u>	<u>37,874,516</u>	<u>39,733,968</u>
Net change in fund balances.....	739,162	391,153	24,394	1,177,399	573,103
Fund Balance - July 1.....	<u>10,570,782</u>	<u>11,309,944</u>	<u>11,701,097</u>	<u>11,725,491</u>	<u>12,902,890</u>
Fund Balance - June 30.....	<u>\$ 11,309,944</u>	<u>\$ 11,701,097</u>	<u>\$ 11,725,491</u>	<u>\$ 12,902,890</u>	<u>\$ 13,475,993</u>

<sup>1</sup>Includes \$6,100 proceeds from sale of capital assets.

<sup>2</sup>Includes \$293 proceeds from sale of capital assets.

<sup>3</sup>Includes \$200 proceeds from sale of capital assets.

<sup>4</sup>Includes \$15,200 proceeds from sale of capital assets.

<sup>5</sup>Includes \$1,500 proceeds from sale of capital assets.

Source: Audit Reports 2019-2023.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Nonspendable.....	\$ 1,048,112	\$ 1,016,794	\$ 982,617	\$ 30,494	\$ 50,340
Assigned.....	1,253,143	2,109,550	1,310,049	1,367,673	500,547
Unassigned.....	9,008,689	8,574,753	9,432,825	11,504,723	12,925,106
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 11,309,944</b>	<b>\$ 11,701,097</b>	<b>\$ 11,725,491</b>	<b>\$ 12,902,890</b>	<b>\$ 13,475,993</b>
<b>UNDESIGNATED FUND BALANCE</b>					
<b>AS % OF TOTAL EXPENDITURES.</b>	<u>25.03%</u>	<u>22.81%</u>	<u>24.35%</u>	<u>30.38%</u>	<u>32.53%</u>

Source: Audit Reports 2019-2023.

**PROPERTY TAX REVENUES**

**Regional School District 18**

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

**Town of Lyme**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Property Taxes</b>	<b>Taxes a % of General Fund Revenue</b>
2025 <sup>1</sup>	\$ 13,275,844	\$10,237,376	77.1%
2024 <sup>1</sup>	12,722,356	10,037,634	78.9%
2023	11,496,136	10,342,392	90.0%
2022	11,006,708	10,195,135	92.6%
2021	10,825,432	10,056,356	92.9%
2020	10,640,879	9,952,873	93.5%
2019	12,238,210	9,987,645	81.6%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

**Town of Old Lyme**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Property Taxes</b>	<b>Taxes a % of General Fund Revenue</b>
2025 <sup>1</sup>	\$ 42,116,932	\$39,027,110	92.7%
2024 <sup>1</sup>	40,372,152	37,240,494	92.2%
2023	40,307,071	37,678,561	93.5%
2022	39,051,915	36,604,570	93.7%
2021	38,764,819	36,091,574	93.1%
2020	37,988,243	35,653,724	93.9%
2019	36,728,097	34,913,298	95.1%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

**INTERGOVERNMENTAL REVENUES**

**Regional School District 18**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Intergovernmental Aid <sup>2</sup></b>	<b>Aid As a % of General Fund Revenue</b>
2025 <sup>1</sup>	\$ 36,920,881	\$ -	0.0%
2024 <sup>1</sup>	35,844,345	-	0.0%
2023	38,526,531	4,505,740	11.7%
2022	36,992,541	3,823,440	10.3%
2021	42,648,713	8,436,530	19.8%
2020	48,042,508	5,838,286	12.2%
2019	35,478,120	2,046,452	5.8%

<sup>1</sup> *Adopted budget.*

<sup>2</sup> *Fiscal years 2019-2023 include on-behalf payments for state funding of the teachers' retirement system pension liability and for the Connecticut State Teachers' OPEB liability.*  
Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

**Town of Lyme**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Intergovernmental Aid</b>	<b>Aid As a % of General Fund Revenue</b>
2025 <sup>1</sup>	\$ 13,275,844	\$ 2,434,768	18.3%
2024 <sup>1</sup>	12,722,356	2,142,301	16.8%
2023	11,496,136	456,759	4.0%
2022	11,006,708	422,588	3.8%
2021	10,825,432	400,117	3.7%
2020	10,640,879	343,187	3.2%
2019	12,238,210	1,230,908	10.1%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

**Town of Old Lyme**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Intergovernmental Aid</b>	<b>Aid As a % of General Fund Revenue</b>
2025 <sup>1</sup>	\$ 42,116,932	\$ 1,473,200	3.5%
2024 <sup>1</sup>	40,372,152	1,536,258	3.8%
2023	40,307,071	985,818	2.4%
2022	39,051,915	1,089,387	2.8%
2021	38,764,819	1,249,213	3.2%
2020	37,988,243	905,615	2.4%
2019	36,728,097	566,406	1.5%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

## EXPENDITURES

### Regional School District 18

Fiscal Year	Education	Administrative	Debt Service
2025 <sup>1</sup>	81.9%	8.5%	6.5%
2024 <sup>1</sup>	79.6%	8.4%	9.0%
2023	79.7%	8.3%	8.1%
2022	79.6%	8.3%	8.4%
2021	82.3%	7.1%	7.5%
2020	68.2%	5.3%	8.2%
2019	78.8%	7.2%	11.1%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

### Town of Lyme

Fiscal Year	Education	General Government	Public Safety	Debt Service	Public Works
2025 <sup>1</sup>	57.9%	9.6%	2.7%	0.0%	10.8%
2024 <sup>1</sup>	48.4%	7.7%	2.2%	0.0%	8.9%
2023	58.1%	11.6%	3.2%	0.4%	8.1%
2022	57.5%	10.7%	3.1%	10.7%	9.6%
2021	63.7%	10.8%	2.6%	4.3%	8.5%
2020	62.9%	9.0%	2.9%	5.7%	8.0%
2019	57.9%	8.8%	2.2%	5.2%	6.2%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

### Town of Old Lyme

Fiscal Year	Education	General Government	Public Safety	Debt Service	Public Works
2025 <sup>1</sup>	70.1%	8.5%	4.8%	1.0%	5.7%
2024 <sup>1</sup>	68.9%	8.5%	4.8%	1.1%	5.6%
2023	69.3%	7.3%	2.4%	1.1%	5.4%
2022	71.3%	7.2%	4.4%	1.2%	5.5%
2021	71.1%	6.6%	4.6%	1.2%	5.0%
2020	73.3%	6.7%	4.5%	0.9%	4.9%
2019	73.2%	7.1%	4.4%	1.0%	5.2%

<sup>1</sup> *Adopted budget.*

Source: Audit Reports 2019-2023; Budgets 2024 and 2025.

**VI. DEBT SUMMARY**

**PRINCIPAL AMOUNT OF INDEBTEDNESS – THE DISTRICT<sup>1</sup>**

As of August 15, 2024  
(Pro Forma)

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding As of 8/15/2024</u>	<u>Date of Fiscal Year Maturity</u>
<i>Schools</i>					
10/10/2012	Refunding School Bonds.....	1.49%	\$2,440,000	\$0	2023
1/7/2015	School Bonds.....	2.59%	5,000,000	2,615,000	2034
9/6/2017	Refunding School Bonds.....	2.00%	9,325,000	5,690,000	2029
2/10/2020	Refunding School Bonds.....	3.00-5.00%	7,215,000	2,170,000	2030
8/15/2024	School Bonds.....	<i>This Issue</i>	<u>17,335,000</u> *	<u>17,335,000</u> *	2045
	<b>Total Long-Term Debt.....</b>		<b>\$41,315,000</b>	<b>\$27,810,000</b>	

**Short-Term Debt:**

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Grants Received</u>	<u>Additions/ (Reductions)</u>	<u>Notes</u>		<u>Renewable Limit</u>
					<u>Maturing 8/15/2024</u>	<u>Notes (This Issue)</u>	
District-wide Facilities Improvements.	<u>\$57,555,000</u>	<u>\$0</u>	<u>\$0</u> <sup>1</sup>	<u>(\$1,737,000)</u> <sup>2</sup>	<u>\$7,300,000</u>	<u>\$15,140,000</u>	10/17/2033
	\$57,555,000	\$0	\$0	(\$1,737,000)	\$7,300,000	\$15,140,000	

<sup>1</sup> It is anticipated the District will receive approximately \$21,084,805 in grants from the State of Connecticut for this project.

<sup>2</sup> The District used \$884,000 of designated funds in fiscal year 2024 and plans on using \$853,000 in designated funds for the fiscal year 2025 for the project.

\*Preliminary, subject to change

**Other Long-Term Debt:**

Equipment Note:	Principal Only
	2025    77,922
	2026 <u>71,365</u>
	\$149,287

Capital Leases Payable:	Principal Only
	2025 <u>7,214</u>
	\$7,214

Source: District Officials.

**PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF LYME**

As of August 15, 2024  
(Pro Forma)

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

**Short-Term Debt:** \_\_\_\_\_

*None*

**Other Long-Term Debt:** \_\_\_\_\_

*None*

**PRINCIPAL AMOUNT OF INDEBTEDNESS – TOWN OF OLD LYME**

As of August 15, 2024  
(Pro Forma)

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding As of 8/15/2024</u>	<u>Date of Fiscal Year Maturity</u>
<i>General Purpose</i>					
6/30/2016	General Purpose Refunding.....	1.44%	\$2,765,000	\$290,000	2025
8/26/2019	Library Project.....	2.05%	\$1,250,000	750,000	2030
			<b>\$4,015,000</b>	<b>\$1,040,000</b>	

**Short-Term Debt:** \_\_\_\_\_

*None*

**Other Long-Term Debt:** \_\_\_\_\_

*None*

**SCHOOL BUILDING GRANT REIMBURSEMENTS**

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

**ANNUAL BONDED DEBT MATURITY SCHEDULE - THE DISTRICT <sup>1</sup>**

As of August 15, 2024

(Pro Forma)

Fiscal Year Ending 30-Jun	General Obligation Bonds			The Bonds (This Issue)		Percent Retired
	Principal <sup>2</sup>	Interest <sup>2</sup>	Total	Principal	Interest	
2025	\$ 265,000	\$ 186,531	\$ 451,531	-	-	0.95%
2026	1,685,000	338,700	2,023,700	870,000 *	-	10.14%
2027	1,685,000	273,950	1,958,950	870,000 *	-	19.33%
2028	1,685,000	209,100	1,894,100	870,000 *	-	28.51%
2029	1,700,000	147,625	1,847,625	870,000 *	-	37.76%
2030	1,695,000	89,575	1,784,575	870,000 *	-	46.98%
2031	980,000	45,900	1,025,900	870,000 *	-	53.63%
2032	260,000	26,650	286,650	870,000 *	-	57.70%
2033	260,000	18,200	278,200	865,000 *	-	61.74%
2034	260,000	9,100	269,100	865,000 *	-	65.79%
2035	-	-	-	865,000 *	-	68.90%
2036	-	-	-	865,000 *	-	72.01%
2037	-	-	-	865,000 *	-	75.12%
2038	-	-	-	865,000 *	-	78.23%
2039	-	-	-	865,000 *	-	81.34%
2040	-	-	-	865,000 *	-	84.45%
2041	-	-	-	865,000 *	-	87.56%
2042	-	-	-	865,000 *	-	90.67%
2043	-	-	-	865,000 *	-	93.78%
2044	-	-	-	865,000 *	-	96.89%
2045	-	-	-	865,000 *	-	100.00%
<b>Total</b>	<b>\$10,475,000</b>	<b>\$1,345,331</b>	<b>\$11,820,331</b>	<b>\$17,335,000</b> *	<b>\$ -</b>	

<sup>1</sup>Does not include underlying debt.

<sup>2</sup>Excludes \$1,445,000 in principle and \$211,831 in interest payments made in the current fiscal year 2024-25.

\*Preliminary, subject to change.

Source: District Officials.

**ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF LYME**

As of August 15, 2024  
(Pro Forma)

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

**ANNUAL BONDED DEBT MATURITY SCHEDULE – TOWN OF OLD LYME <sup>1</sup>**

As of August 15, 2024  
(Pro Forma)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>			<b>Percent Retired</b>	
	<b>Ending 30-Jun</b>	<b>Principal</b>	<b>Interest</b>		<b>Total</b>
2025	\$	415,000	\$ 16,182	\$ 431,182	39.90%
2026		125,000	11,531	136,531	51.92%
2027		125,000	8,969	133,969	63.94%
2028		125,000	6,406	131,406	75.96%
2029		125,000	3,844	128,844	87.98%
2030		125,000	1,281	126,281	100.00%
	<b>\$</b>	<b>1,040,000</b>	<b>\$ 48,213</b>	<b>\$ 1,088,213</b>	

<sup>1</sup> Does not include overlapping debt or loans.  
Source: Town Officials.

**OVERLAPPING/UNDERLYING DEBT - THE DISTRICT**

The District has no overlapping debt.

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

<b>Member Town</b>	<b>Net Direct Indebtedness</b>	<b>Applicable to District's Net Debt</b>
Town of Lyme	\$0	\$0
Town of Old Lyme	1,040,000	1,040,000
<b>Total</b>	<b>\$1,040,000</b>	<b>\$1,040,000</b>

Source: Towns of Lyme and Old Lyme.

**OVERLAPPING/UNDERLYING DEBT - TOWNS OF LYME AND OLD LYME**

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

<b>District's Net Direct Indebtedness</b>	<b>Applicable to Town of Lyme (18.4%)</b>	<b>Applicable to Town of Old Lyme (81.6%)</b>
43,099,287	\$7,930,269	\$35,169,018

Source: District Officials.

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

<u>Name of District</u>	<u>Debt Outstanding as of 6/30/2024 <sup>1</sup></u>
Miami Beach Association.....	None
Old Lyme Shore Beach Association.....	None
Old Colony Beach Club Association.....	\$725,000
Point O'Woods Association, Inc.....	\$2,796,591
Rogers Lake West Shores, Inc.....	None
White Sand Beach Association.....	None
<b>Total.....</b>	<b>\$3,521,591</b>

<sup>1</sup> Estimate.

Source: Town Officials.

Note: The estimated debt shown above is from sources believed to be reliable however, the District has not assumed responsibility to verify this information.

### DEBT STATEMENT - THE DISTRICT <sup>1</sup>

As of August 15, 2024

(Pro Forma)

#### Long-Term Indebtedness

Schools (includes the Bonds) .....	27,810,000 *
<b>Total Long-Term Indebtedness.....</b>	<b>27,810,000</b>

#### Short-Term Indebtedness

Notes (includes the Notes) .....	15,140,000
Equipment Note payable.....	149,287
<b>Total Short-Term Indebtedness.....</b>	<b>15,289,287</b>

**Total Direct Indebtedness.....** 43,099,287

#### Exclusions:

-

**Net Direct Indebtedness.....** 43,099,287

**Overlapping/Underlying Indebtedness.....** 1,040,000

**Total Overall Net Direct Indebtedness.....** \$ 44,139,287

<sup>1</sup> Does not include authorized but unissued debt.

\*Preliminary, subject to change.

**CURRENT DEBT RATIOS**

As of August 15, 2024

(Pro Forma)

Total Direct Indebtedness	\$43,099,287
Total Net Direct Indebtedness	\$43,099,287
Total Overall Net Direct Indebtedness	\$44,139,287

Population	10,038
Net Taxable Grand List (10/1/23)	\$2,314,834,844
Estimated Full Value	\$3,306,906,920
Equalized Net Taxable Grand List (10/1/22)	\$4,587,584,920

**Total Direct Indebtedness:**

Per Capita	\$4,293.61
To Net Taxable Grand List	1.86%
To Estimated Full Value	1.30%
To Equalized Net Taxable Grand List	0.94%

**Total Net Direct Indebtedness:**

Per Capita	\$4,293.61
To Net Taxable Grand List	1.86%
To Estimated Full Value	1.30%
To Equalized Net Taxable Grand List	0.94%

**Total Overall Net Direct Indebtedness:**

Per Capita	\$4,397.22
To Net Taxable Grand List	1.91%
To Estimated Full Value	1.33%
To Equalized Net Taxable Grand List	0.96%

**DEBT STATEMENT - TOWN OF LYME**

As of August 15, 2024

(Pro Forma)

**Long-Term Indebtedness**

General Purpose.....	\$ -
<b>Total Long-Term Indebtedness.....</b>	<b>-</b>

**Short-Term Indebtedness**

Bond Anticipation Notes payable.....	-
<b>Total Short-Term Indebtedness.....</b>	<b>-</b>

<b>Total Direct Indebtedness.....</b>	<b>-</b>
---------------------------------------	----------

**Exclusions:**

	-
<b>Net Direct Indebtedness.....</b>	<b>-</b>
<b>Overlapping/Underlying Indebtedness.....</b>	<b>7,930,269</b>
<b>Total Overall Net Direct Indebtedness.....</b>	<b>\$ 7,930,269</b>

**CURRENT DEBT RATIOS**

As of August 15, 2024

(Pro Forma)

Total Direct Indebtedness	\$0
Total Net Direct Indebtedness	\$0
Total Overall Net Direct Indebtedness	\$7,930,269

Population	2,390
Net Taxable Grand List (10/1/23)	\$712,460,904
Estimated Full Value	\$1,017,801,291
Equalized Net Taxable Grand List (10/1/22)	\$1,086,689,372

**Total Direct Indebtedness:**

Per Capita	\$0.00
To Net Taxable Grand List	0.00%
To Estimated Full Value	0.00%
To Equalized Net Taxable Grand List	0.00%

**Total Net Direct Indebtedness:**

Per Capita	\$0.00
To Net Taxable Grand List	0.00%
To Estimated Full Value	0.00%
To Equalized Net Taxable Grand List	0.00%

**Total Overall Net Direct Indebtedness:**

Per Capita	\$3,318.10
To Net Taxable Grand List	1.11%
To Estimated Full Value	0.78%
To Equalized Net Taxable Grand List	0.73%

**DEBT STATEMENT - TOWN OF OLD LYME**

As of August 15, 2024

(Pro Forma)

**Long-Term Indebtedness**

General Purpose.....	\$ 1,040,000
<b>Total Long-Term Indebtedness.....</b>	<u>1,040,000</u>

**Short-Term Indebtedness**

Bond Anticipation Notes payable.....	<u>-</u>
<b>Total Short-Term Indebtedness.....</b>	<u>-</u>

<b>Total Direct Indebtedness.....</b>	<u>1,040,000</u>
---------------------------------------	------------------

**Exclusions:**

	<u>-</u>
<b>Net Direct Indebtedness.....</b>	<u>1,040,000</u>
<b>Overlapping Indebtedness.....</b>	35,169,018
<b>Underlying Indebtedness.....</b>	<u>3,521,591</u>
<b>Total Overall Net Direct Indebtedness.....</b>	<u>\$ 39,730,609</u>

## CURRENT DEBT RATIOS

As of August 15, 2024

(Pro Forma)

Total Direct Indebtedness	\$1,040,000
Total Net Direct Indebtedness	\$1,040,000
Total Overall Net Direct Indebtedness	\$39,730,609

Population	7,648
Net Taxable Grand List (10/1/23)	\$1,602,373,940
Estimated Full Value	\$2,289,105,629
Equalized Net Taxable Grand List (10/1/22)	\$3,500,895,548

### **Total Direct Indebtedness:**

Per Capita	\$135.98
To Net Taxable Grand List	0.06%
To Estimated Full Value	0.05%
To Equalized Net Taxable Grand List	0.03%

### **Total Net Direct Indebtedness:**

Per Capita	\$135.98
To Net Taxable Grand List	0.06%
To Estimated Full Value	0.05%
To Equalized Net Taxable Grand List	0.03%

### **Total Overall Net Direct Indebtedness:**

Per Capita	\$5,194.90
To Net Taxable Grand List	2.48%
To Estimated Full Value	1.74%
To Equalized Net Taxable Grand List	1.13%

## **BOND AUTHORIZATION**

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

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

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

## TEMPORARY FINANCING

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

## LIMITATION OF INDEBTEDNESS

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

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

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

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

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

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

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

**STATEMENT OF STATUTORY DEBT LIMITATION**  
**THE DISTRICT**  
As of August 15, 2024  
(Pro Forma)

	<b>Lyme</b>	<b>Old Lyme</b>	<b>District Total</b>
Total Receipts (including interest and lien fees).....	\$ 10,192,010	\$ 36,840,395	\$ 47,032,405
State Reimbursement for Revenue Loss on:			
Tax Relief for Elderly.....	-	-	-
Base for Establishing Debt Limit .....	\$ 10,192,010	\$ 36,840,395	\$ 47,032,405

**DEBT LIMITATION:**

**Schools**

(4.50 times base) <sup>1</sup> ..... \$211,645,823

**INDEBTEDNESS:**

Bonds Payable <i>(includes the Bonds)</i> .....	\$ 27,810,000 *
Bond Anticipation Notes <i>(includes the Notes)</i> .....	15,140,000
Equipment Note Payable.....	149,287
Overlapping Debt.....	1,040,000
Authorized but Unissued Debt.....	6,466,782
Total Bonded Indebtedness.....	\$ 50,606,069
	-
Net Bonded Indebtedness	50,606,069
Excess of Limit Over Outstanding and Authorized Debt.....	\$161,039,754

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

\*Preliminary, subject to change.

Source: District Officials.

**STATEMENT OF STATUTORY DEBT LIMITATION <sup>1</sup>**

**TOWN OF LYME**  
As of August 15, 2024  
(Pro Forma)

Total Receipts (including interest and lien fees).....	\$ 10,192,010
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly.....	-
Base for Establishing Debt Limit .....	<u>\$ 10,192,010</u>

	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Past Pension</b>	<b>Total Debt</b>
(2.25 times base).....	\$ 22,932,023					
(4.50 times base).....		\$ 45,864,045				
(3.75 times base).....			\$ 38,220,038			
(3.25 times base).....				\$ 33,124,033		
(3.00 times base).....					\$ 30,576,030	
(7.00 times base).....						\$ 71,344,070
<b>Indebtedness</b>						
Bonds Payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Anticipation Notes.....	-	-	-	-	-	-
Overlapping Debt - RSD 18 <sup>2</sup> ...	-	7,930,269	-	-	-	7,930,269
Authorized but						
Unissued Debt.....	200,000	-	-	-	-	200,000
Total Bonded Indebtedness	200,000	7,930,269	-	-	-	8,130,269
Sewer Assessments.....	-	-	-	-	-	-
Net Bonded Indebtedness	200,000	7,930,269	-	-	-	8,130,269
Excess of Limit Over						
Outstanding and						
Authorized Debt.....	\$ 22,732,023	\$ 37,933,776	\$ 38,220,038	\$ 33,124,033	\$ 30,576,030	\$ 63,213,801

<sup>1</sup> The total net indebtedness of the Town shall not exceed seven times the annual receipts from taxation or \$71,344,070.

<sup>2</sup> Represents Lyme's share of Regional School District Number 18 Net Direct Indebtedness. The percentage of participation for the 2024-2025 Fiscal Year is 18.4%.

Source: Town of Lyme Officials.

**STATEMENT OF STATUTORY DEBT LIMITATION <sup>1</sup>**  
**TOWN OF OLD LYME**  
As of August 15, 2024  
(Pro Forma)

Total Receipts (including interest and lien fees).....	\$ 36,840,395
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly.....	-
Base for Establishing Debt Limit .....	<u>\$ 36,840,395</u>

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base).....	\$ 82,890,889					
(4.50 times base).....		\$165,781,778				
(3.75 times base).....			\$138,151,481			
(3.25 times base).....				\$119,731,284		
(3.00 times base).....					\$110,521,185	
(7.00 times base).....						\$257,882,765
<b>Indebtedness</b>						
Bonds Payable.....	\$ 1,040,000	\$ -	\$ -	\$ -	\$ -	\$ 1,040,000
Note Payable.....	-	-	-	-	-	-
Overlapping Debt - RSD 18 <sup>2</sup> ...	-	35,169,018	-	-	-	35,169,018
Authorized but Unissued Debt.....	-	-	-	-	-	-
Total Bonded Indebtedness.....	1,040,000	35,169,018	-	-	-	36,209,018
	-	-	-	-	-	-
Net Bonded Indebtedness.....	1,040,000	35,169,018	-	-	-	36,209,018
Excess of Limit Over Outstanding and Authorized Debt.....	\$ 81,850,889	\$130,612,759	\$138,151,481	\$119,731,284	\$110,521,185	\$221,673,747

<sup>1</sup> The total net indebtedness of the Town shall not exceed seven times the annual receipts from taxation or \$257,882,765.

<sup>2</sup> Represents Old Lyme's share of Regional School District Number 18 Net Direct Indebtedness. The percentage of participation for the 2024-2025 Fiscal Year is 81.6%.

Source: Town of Old Lyme Officials.

**AUTHORIZED BUT UNISSUED DEBT - THE DISTRICT**  
As of August 15, 2024  
(Pro Forma)

	Amount of Total Authorization	Paydowns/ Grants Received/ Other Funds Received	Anticipated Grants	Other Funds Designated	Notes This Issue	Bonds This Issue	Authorized But Unissued Debt
High School Additions.....	\$ 47,790,000	\$ 43,581,413	\$ -	\$ -	\$ -	\$ -	\$ 4,208,587
District-wide Facilities Improvements.....	57,555,000	-	21,084,805 <sup>1</sup>	1,737,000 <sup>2</sup>	15,140,000	17,335,000	* 2,258,195
	<u>\$105,345,000</u>	<u>\$ 43,581,413</u>	<u>\$21,084,805</u>	<u>\$ 1,737,000</u>	<u>\$15,140,000</u>	<u>\$17,335,000</u>	<u>\$ 6,466,782</u>

<sup>1</sup> It is anticipated the District will receive approximately \$21,084,805 in grants from the State of Connecticut for this project.

<sup>2</sup> The District used \$884,000 of designated funds in fiscal year 2024 and plans on using \$853,000 in designated funds for fiscal year 2025 for the project.

\*Preliminary, subject to change.

**AUTHORIZED BUT UNISSUED DEBT – TOWN OF LYME**

As of August 15, 2024

(Pro Forma)

<b>Project</b>	<b>Amount of Total Authorization</b>	<b>Prior Debt Issued/ Paydowns / Grants/ Other Funds</b>	<b>Authorized But Unissued Debt</b>
Library Project.....	\$ 3,700,000	\$ 3,500,000	\$ 200,000 <sup>1</sup>
Total All Projects	<u>\$ 3,700,000</u>	<u>\$ 3,500,000</u>	<u>\$ 200,000</u>

<sup>1</sup> The appropriation for these projects is \$5.08 million which is funded with a bank loan, grants and private donations.

**AUTHORIZED BUT UNISSUED DEBT – TOWN OF OLD LYME**

The Town of Old Lyme has no authorized unissued debt.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – THE DISTRICT<sup>1</sup>**

<b>Long-Term Debt</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 Est.</b>
Bonds.....	\$24,530,000	\$21,055,000	\$18,645,000	\$16,230,000	\$13,805,000	\$11,380,000
<b>Short-Term Debt</b>						
BANs/Equipment Notes....	\$0	\$0	\$0	\$128,827	\$265,733	\$7,479,794
<b>Total.....</b>	<b>\$24,530,000</b>	<b>\$21,055,000</b>	<b>\$18,645,000</b>	<b>\$16,358,827</b>	<b>\$14,070,733</b>	<b>\$18,859,794</b>

<sup>1</sup> Does not include underlying debt.

Source: Audits 2019-2023, Estimate 2024.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF LYME<sup>1</sup>**

<b>Long-Term Debt</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 Est.</b>
Bonds.....	\$1,750,000	\$1,400,000	\$1,050,000	\$0	\$0	\$0
<b>Short-Term Debt</b>						
BANs/Loans.....	\$150,000	\$0	\$0	\$0	\$0	\$0
<b>Total.....</b>	<b>\$1,900,000</b>	<b>\$1,400,000</b>	<b>\$1,050,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> Does not include overlapping debt.

Source: Audits 2019-2023. Estimate 2024.

**PRINCIPAL AMOUNT OF OUTSTANDING DEBT – TOWN OF OLD LYME<sup>1</sup>**

<b>Long-Term Debt</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 Est.</b>
Bonds.....	\$1,815,000	\$2,750,000	\$2,315,000	\$1,885,000	\$1,460,000	\$1,040,000
<b>Short-Term Debt</b>						
BANs/Loans.....	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total.....</b>	<b>\$1,815,000</b>	<b>\$2,750,000</b>	<b>\$2,315,000</b>	<b>\$1,885,000</b>	<b>\$1,460,000</b>	<b>\$1,040,000</b>

<sup>1</sup> Does not include overlapping debt.

Source: Audits 2019-2023, Estimate 2024.

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

## VII. LEGAL AND OTHER INFORMATION

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### LITIGATION

#### **The District**

We have been informed by the Superintendent and District Attorney, that the District is not now a defendant in any pending lawsuits. Therefore at this time, the attorney of the District is of the opinion that no pending litigation will result individually or in the aggregate in a final judgment against the District which would have a materially adverse effect upon its financial position.

#### **Town of Lyme**

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

#### **Town of Old Lyme**

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

### MUNICIPAL ADVISOR

The District has retained Munistat Services, Inc. ("Munistat") to serve as its municipal advisor in connection with the issuance of the Bonds and the Notes. Munistat has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds and the Notes is contingent upon the issuance and delivery of the Bonds and the Notes, and receipt by the District of payment therefor. The District may engage Munistat to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond and Note proceeds.

### TRANSCRIPT AND CLOSING DOCUMENTS

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

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay principal and interest on the Bonds and the Notes;
2. Certificates on behalf of the District, signed by the Chairperson of the Board of Education and the Treasurer which will be dated the date of delivery and attached to a signed copy of the Preliminary Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids on the Bonds and the Notes were accepted, the descriptions and statements in the Preliminary Official Statement relating to the District and its Member Towns and their finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District or its Member Towns from that set forth in or contemplated by the Preliminary Official Statement;
3. Receipts for the purchase price of the Bonds and the Notes;
4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut substantially in the forms attached hereto as Appendix B and C, respectively; and;
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes substantially in the forms attached hereto as Appendix D and E, respectively; and;

6. The District has prepared a Preliminary Official Statement for the Bonds and the Notes which is dated July 24, 2024. The District deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but is subject to revision or amendment. The District will make available to the winning bidder(s) a reasonable number of copies of the Official Statement at the District's expense within seven business days of the signing of the bid opening.

A transcript of the proceedings taken by the District in authorizing the Bonds and the Notes will be kept in file at the offices of U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

#### **CONCLUDING STATEMENT**

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

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

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

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

#### **REGIONAL SCHOOL DISTRICT NUMBER 18, CONNECTICUT**

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

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By: Christopher Staab, *Treasurer*

July \_\_\_, 2024

## **APPENDIX A - BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Appendix A - Basic Financial Statements* - is taken from the Annual Report of Regional School District Number 18 for the Fiscal Year ended June 30, 2023 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Business Manager, Regional School District Number 18, Old Lyme, Connecticut 06371.



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyme-Old Lyme Regional School District No. 18 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

## ***Auditor's Responsibility for the Audit of the Financial Statements***

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

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB schedules on pages 4-10 and 44-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs  
Winsted, CT  
December 18, 2023

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

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As management of the Lyme-Old Lyme Regional School District No. 18 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

### **FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$41,095,220 (net position). Of this amount a negative \$1,378,260 is unrestricted net position.
- The District's total net position increased by \$566,333.
- As of the close of the current fiscal year, the Regional School District No. 18's governmental funds reported combined ending fund balances of \$3,531,791, an increase of \$153,013 in comparison with the prior year.
- At the end of the current fiscal year, restricted fund balance for the General Fund was \$1,295,119, which has been restricted in accordance with state statutes for use in reducing member town assessments in a subsequent fiscal year. The remainder of the fund balance in the General Fund of \$241,347 has been assigned to liquidate existing commitments in place at year-end.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

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

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

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

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

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

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

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Regional School District No. 18's own programs.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-43 of this report.

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Regional School District No. 18, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,095,220 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	2023	2022	Variance
Current and Other Assets	\$ 3,920,987	\$ 4,012,682	\$ (91,695)
Capital Assets	55,574,261	57,628,165	(2,053,904)
Total Assets	59,495,248	61,640,847	(2,145,599)
 Deferred Outflows of Resources	 227,874	 245,356	 (17,482)
Other Liabilities	575,770	847,853	(272,083)
Long-Term Liabilities	17,184,999	19,524,618	(2,339,619)
Total Liabilities	17,760,769	20,372,471	(2,611,702)
 Deferred Inflows of Resources	 867,133	 984,845	 (117,712)
 Net Position:			
Net Investment in Capital Assets	40,657,180	40,253,480	403,700
Restricted	1,816,300	2,494,031	(677,731)
Unrestricted	(1,378,260)	(2,218,624)	840,364
Total Net Position	\$ 41,095,220	\$ 40,528,887	\$ 566,333

The largest portion of the District's net position reflects its investment in capital assets (land, buildings, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide public education to students; consequently, these assets are not available for spending. Net investment in capital assets increased by \$403,700 due to current year pay down of related debt and capital purchases in excess of depreciation.

The District's restricted net position of \$1,816,300 decreased by \$677,731 compared to last years restricted net position of \$2,494,031.

The District's unrestricted net position of (\$1,378,260) increased by \$840,364 compared to last years unrestricted net position of (\$2,218,624).

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

STATEMENT OF CHANGES IN NET POSITION

	2023	2022	Variance
<b>REVENUES</b>			
<i>Program:</i>			
Charges for Services	\$ 589,103	\$ 445,653	\$ 143,450
Operating Grants and Contributions	7,010,463	4,571,913	2,438,550
Capital Grants and Contributions	49,800	-	49,800
<i>General:</i>			
Member Towns	33,440,179	33,002,440	437,739
Unrestricted Investment Earnings	48,444	4,394	44,050
Other	49,716	24,704	25,012
Total Revenues	41,187,705	38,049,104	3,138,601
<b>EXPENSES</b>			
<i>Governmental Activities:</i>			
Program	255,133	243,182	11,951
Instruction	25,601,450	22,568,534	3,032,916
Support Services - pupil	2,045,830	2,039,937	5,893
Educational Media	1,376,427	1,283,698	92,729
General Administration	879,603	882,937	(3,334)
School Administration	2,638,708	2,945,923	(307,215)
Business	5,866,940	5,537,116	329,824
Operation of noninstructional service	1,577,827	1,496,627	81,200
Interest on long-term debt	379,454	471,279	(91,825)
Total Expenses	40,621,372	37,469,233	3,152,139
Change in Net Position	566,333	579,871	\$ (13,538)
Beginning Net Position	40,528,887	39,949,016	
Ending Net Position	\$ 41,095,220	\$ 40,528,887	

**Governmental activities.** Governmental activities increased the Regional School District No. 18's net position by \$566,333.

- There was an increase in the instruction expenses and operating grants and contributions due to an increased actuarially determined on-behalf amount for the State Teachers Retirement System.
- Member town assessments increased \$437,729 due to the decrease in prior year's surplus which is used to offset member contributions.

Eighty-one percent (81%) of the revenues of the District were derived from town assessments, followed by seventeen percent (17%) from grants and contributions, one percent (1%) from charges for services and other, and one percent (1%) of the District's revenue in the fiscal year was derived from investment income.

Sixty-four percent (64%) of the expenses of the District were related to program and instructional services, followed by fourteen percent (14%) related to Business, nine percent (9%) related to general and school administration, five percent (5%) related to support services- pupil and eight percent (8%) related to educational media, operation of noninstructional services and interest expense.

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

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

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

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

As of the end of the current fiscal year, the Regional School District No. 18's governmental funds reported combined ending fund balances of \$3,531,791, an increase of \$153,013 in comparison with the prior year.

**General Fund.** The General Fund is the chief operating fund of the Regional School District No. 18. At the end of the current fiscal year the total fund balance of the General Fund decreased \$700,729. At the end of the current fiscal year, \$1,295,119 of the fund balance was restricted and the remaining fund balance of \$241,347 was assigned for encumbrances. The restricted portion of the fund balance is restricted by state statute to be used to reduce member town assessments in a future period.

**Capital Reserve Fund.** The Capital Reserve Fund maintains monies designated by the Board of Education for specific capital improvements or equipment purchases in accordance with Title 10, Chapter 164, Section 10-51(d) of the Connecticut General Statutes. Total fund balance increased in the current fiscal year by \$739,081 primarily due to the current year's transfer in from the General Fund. At year end, committed fund balance was \$2,426,783 for capital and non-recurring expenditures.

**High School Capital Project Fund.** The High School Capital Project Fund was used for renovations and additions related to the High School. Fund balance did not change because the current year had no activity. It is anticipated that grant funding will replenish the fund balance deficit.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund included the use of fund balance of \$1,207,998. Budgetary revenues were \$26,950 greater than expected due primarily to the receipt of the Excess Cost Grant, which has no budgeted number, along with tuition revenues coming in greater than anticipated. Budgetary expenditures were \$1,003,535 less than expected due primarily to savings in the instruction, educational media, school administration, and business lines. There was also a transfer of \$716,887 made to the capital and nonrecurring fund for future capital expenditures.

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The Regional School District No. 18's reported value in capital assets for its governmental activities as of June 30, 2023, amounts to \$55,574,261 (net of accumulated depreciation). This reported value in capital assets includes land, land improvements, buildings and improvements and machinery and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$2,053,904, which consisted of capital additions of \$171,237, offset by current year depreciation of \$2,225,141.

	<u>2023</u>	<u>2022</u>
Land	\$ 480,977	\$ 480,977
Land improvements	4,768,485	4,768,485
Buildings and Improvements	85,276,062	85,243,182
Machinery and Equipment	3,764,377	3,802,112
Right of Use Equipment	148,349	148,349
Less: Accumulated Depreciation	<u>(38,863,989)</u>	<u>(36,814,940)</u>
Total	<u>\$ 55,574,261</u>	<u>\$ 57,628,165</u>

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

- Purchase of a Chrysler Pacifica Hybrid.
- Purchase of a Kubota tractor.

Additional information on the Regional School District No. 18's capital assets can be found in Note 6 on page 30 of this report.

**Long-term debt.** At the end of the current fiscal year, the Regional School District No. 18 had long-term debt and other long-term liabilities outstanding of \$17,184,999.

	<u>2023</u>	<u>2022</u>
G.O. Bonds	\$ 13,805,000	\$ 16,230,000
Unamortized Premiums	822,384	965,199
Equipment Financing Notes	265,733	128,827
Leases Payable	23,964	50,659
Self Insurance Benefit Liability	153,470	150,038
OPEB Liability	<u>2,114,448</u>	<u>1,999,895</u>
Total	<u>\$ 17,184,999</u>	<u>\$ 19,524,618</u>

The Regional School District No. 18's total long-term debt and other long-term liabilities decreased by \$2,339,619 during the current fiscal year primarily due to the current year paydown of the G.O. Bonds in the amount of \$2,425,000. There was also an increase in the OPEB liability in the amount of \$114,553 and new equipment financing notes issued in the amount of \$306,141 along with paydowns of equipment financing notes of \$169,235. Additional information on the Regional School District No. 18's long-term debt can be found in Note 7 on pages 31-32 of this report.

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Management's Discussion and Analysis  
June 30, 2023

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

The unemployment rate, as of June 2023, for the Town of Lyme was 3.0% and 3.8% for the Town of Old Lyme. Both towns compared favorably or equal to the Norwich/New London labor market areas unemployment rate of 3.8% and the State of Connecticut's rate of 4.0% for the same period. The unemployment rate for the state decreased 0.1% while the Norwich/New London labor market remained at 3.8% for the period from June 2022 to June 2023. For the same period, the unemployment rates for Lyme decreased 1.1% and remained the same in Old Lyme. It is presumed that the decrease in Lyme in the unemployment rates are directly related to continued economic recovery post pandemic.

The fiscal year 2022-2023 budget was developed based in part on the following considerations:

- Preserving and building upon the high standards of education in Lyme-Old Lyme while remaining fiscally responsive to our communities.
- Major Capital Improvements.
- Continuing to plan and provide technology infrastructure and applications that are consistent with highly effective and efficient programming and operational standards.
- Supporting the ongoing renewal of curriculum, instruction, assessment, and staff development activities in response to the expectations of state and national standards.
- Reduced debt service, transportation costs, and employee benefit costs.

Overall, the budget for fiscal year 2023-2024 increased (2.91)%. Student enrollment figures were utilized in developing the personnel budget. Contractual increases resulted in an increase in the certified and noncertified salaries area of the budget. The District operating budget had a \$748,231 increase. In addition, the debt service increased \$265,650. Debt service for the high school building renovations will be a factor for several years.

**REQUEST FOR INFORMATION**

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

# **Basic Financial Statements**

**REGIONAL SCHOOL DISTRICT NO. 18**

Statement of Net Position

June 30, 2023

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,713,472
Receivables	189,629
Inventory	17,886
Capital Assets:	
Assets Not Being Depreciated	480,977
Assets Being Depreciated, Net	<u>55,093,284</u>
<b>Total Assets</b>	<u>59,495,248</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows - OPEB	<u>227,874</u>
<b>Liabilities</b>	
Accounts Payable and Accrued Items	386,462
Accrued Interest Payable	186,574
Unearned Revenues	2,734
Noncurrent Liabilities:	
Due Within One Year	2,144,438
Due In More Than One Year	<u>15,040,561</u>
<b>Total Liabilities</b>	<u>17,760,769</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows - OPEB	<u>867,133</u>
<b>Net Position</b>	
Net Investment in Capital Assets	40,657,180
Restricted:	
Subsequent Year's Budget	1,295,119
Instruction	521,181
Unrestricted	<u>(1,378,260)</u>
<b>Total Net Position</b>	<u>\$ 41,095,220</u>

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

**REGIONAL SCHOOL DISTRICT NO. 18**

Statement of Activities  
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Program	\$ 255,133	\$ -	\$ -	\$ -	\$ (255,133)
Instruction	25,601,450	252,656	6,163,692	-	(19,185,102)
Support Services - Pupil	2,045,830	-	-	-	(2,045,830)
Educational Media	1,376,427	-	-	-	(1,376,427)
General Administration	879,603	-	-	-	(879,603)
School Administration	2,638,708	-	267,051	49,800	(2,321,857)
Business	5,866,940	-	-	-	(5,866,940)
Operation of Noninstructional Service	1,577,827	336,447	579,720	-	(661,660)
Interest on Long-Term Debt	379,454	-	-	-	(379,454)
Total Governmental Activities	<u>\$ 40,621,372</u>	<u>\$ 589,103</u>	<u>\$ 7,010,463</u>	<u>\$ 49,800</u>	<u>(32,972,006)</u>
General Revenues:					
Member Towns					
Unrestricted Investment Earnings					
Other					
Total General Revenues					
Change in Net Position					
Net Position - Beginning of Year					
Net Position - End of Year					

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

**REGIONAL SCHOOL DISTRICT NO. 18**

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	Capital Reserve	High School Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,298,761	\$ -	\$ -	\$ 414,711	\$ 3,713,472
Receivables	770	-	-	188,859	189,629
Inventory	-	-	-	17,886	17,886
Due from Other Funds	1,299,120	2,426,783	-	298,679	4,024,582
<b>Total Assets</b>	<u>\$ 4,598,651</u>	<u>\$ 2,426,783</u>	<u>\$ -</u>	<u>\$ 920,135</u>	<u>\$ 7,945,569</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Items	\$ 336,512	\$ -	\$ -	\$ 49,950	\$ 386,462
Unearned Revenues	211	-	-	2,523	2,734
Due to Other Funds	2,725,462	-	1,106,696	192,424	4,024,582
<b>Total Liabilities</b>	<u>3,062,185</u>	<u>-</u>	<u>1,106,696</u>	<u>244,897</u>	<u>4,413,778</u>
<b>Fund Balances</b>					
Restricted	1,295,119	-	-	521,181	1,816,300
Committed	-	2,426,783	-	168,101	2,594,884
Assigned	241,347	-	-	-	241,347
Unassigned	-	-	(1,106,696)	(14,044)	(1,120,740)
<b>Total Fund Balances</b>	<u>1,536,466</u>	<u>2,426,783</u>	<u>(1,106,696)</u>	<u>675,238</u>	<u>3,531,791</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,598,651</u>	<u>\$ 2,426,783</u>	<u>\$ -</u>	<u>\$ 920,135</u>	<u>\$ 7,945,569</u>

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

## REGIONAL SCHOOL DISTRICT NO. 18

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

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<b>Fund balances reported in governmental funds Balance Sheet</b>	<b>\$ 3,531,791</b>
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
<i>Capital Assets</i>	94,438,250
<i>Depreciation</i>	(38,863,989)
Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.	(822,384)
Certain changes related to pensions and OPEB are deferred and amortized over time	
<i>Deferred Outflows - OPEB</i>	227,874
<i>Deferred Inflows - OPEB</i>	(867,133)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
<i>Accrued Interest Payable</i>	(186,574)
<i>Bonds Payable</i>	(13,805,000)
<i>Leases Payable</i>	(23,964)
<i>Self Insurance Benefit Liability</i>	(153,470)
<i>Equipment Financing Notes Payable</i>	(265,733)
<i>Total OPEB Liability</i>	<u>(2,114,448)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 41,095,220</u></b>

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	General Fund	Capital Reserve	High School Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Member Towns	\$ 33,440,179	\$ -	\$ -	\$ -	\$ 33,440,179
Intergovernmental	4,505,740	-	-	1,324,133	5,829,873
Tuition and Charges for Services	227,750	-	-	361,353	589,103
Investment Income	777	43,500	-	4,167	48,444
Other	45,944	3,772	-	86	49,802
Total Revenues	<u>38,220,390</u>	<u>47,272</u>	<u>-</u>	<u>1,689,739</u>	<u>39,957,401</u>
<b>Expenditures</b>					
Current:					
Program	4,070,553	-	-	-	4,070,553
Instruction	17,869,881	-	-	446,245	18,316,126
Support Services - Pupil	2,045,830	-	-	-	2,045,830
Educational Media	1,376,427	-	-	-	1,376,427
General Administration	879,603	-	-	-	879,603
School Administration	2,371,657	-	-	316,851	2,688,508
Business	5,899,820	-	-	-	5,899,820
Operation of Noninstructional Service	765,058	-	-	811,982	1,577,040
Debt Service	3,170,574	-	-	-	3,170,574
Capital Outlay	60,970	25,078	-	-	86,048
Total Expenditures	<u>38,510,373</u>	<u>25,078</u>	<u>-</u>	<u>1,575,078</u>	<u>40,110,529</u>
Excess/(Deficiency) of Revenues over Expenditures	(289,983)	22,194	-	114,661	(153,128)
<b>Other Financing Sources/(Uses)</b>					
Issuance of Equipment Financing Notes	306,141	-	-	-	306,141
Transfers In	-	716,887	-	-	716,887
Transfers Out	(716,887)	-	-	-	(716,887)
Total Other Financing Sources/(Uses)	<u>(410,746)</u>	<u>716,887</u>	<u>-</u>	<u>-</u>	<u>306,141</u>
Net Change in Fund Balances	(700,729)	739,081	-	114,661	153,013
Fund Balances at Beginning of Year	<u>2,237,195</u>	<u>1,687,702</u>	<u>(1,106,696)</u>	<u>560,577</u>	<u>3,378,778</u>
Fund Balances at End of Year	<u>\$ 1,536,466</u>	<u>\$ 2,426,783</u>	<u>\$ (1,106,696)</u>	<u>\$ 675,238</u>	<u>\$ 3,531,791</u>

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

## REGIONAL SCHOOL DISTRICT NO. 18

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 153,013</b>
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**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

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

<i>Capital outlay</i>	171,237
<i>Depreciation expense</i>	(2,225,141)

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

100,230

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

<i>Principal payments on long-term debt - general obligation bonds</i>	2,425,000
<i>Proceeds from long-term debt - equipment financing notes</i>	(306,141)
<i>Principal payments on long-term debt - equipment financing notes</i>	169,235
<i>Principal payments on long-term debt - leases payable</i>	26,695
<i>Amortization of premiums</i>	142,815

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

<i>Accrued Interest</i>	27,375
<i>Self Insurance Benefit Liability</i>	(3,432)
<i>Total OPEB Liability</i>	<u>(114,553)</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 566,333</u></b>
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The notes to the financial statements are an integral part of this statement.

**REGIONAL SCHOOL DISTRICT NO. 18**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

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	<u>Custodial Funds</u> <u>Student Activity Funds</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 79,216
<b>Deferred Outflows of Resources</b>	-
<b>Liabilities</b>	
Payables	-
<b>Deferred Inflows of Resources</b>	-
<b>Net Position</b>	
Restricted for Individuals and Organizations	\$ 79,216

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023

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	<b>Custodial Funds</b> <hr/> <b>Student Activity Funds</b> <hr/>
<b>Additions</b>	
Charges for Services	\$ 110,997
Total Additions	<u>110,997</u>
<b>Deductions</b>	
Activities	<u>104,292</u>
Total Deductions	<u>104,292</u>
Change in Net Position	6,705
Net Position at Beginning of Year	<u>72,511</u>
Net Position at End of Year	<u><u>\$ 79,216</u></u>

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
<b>Revenues</b>				
Member Towns	\$ 33,440,179	\$ 33,440,179	<b>\$ 33,440,179</b>	\$ -
Intergovernmental	-	-	<b>26,950</b>	26,950
Charges for Services	174,000	174,000	<b>227,750</b>	53,750
Investment Income	3,000	3,000	<b>777</b>	(2,223)
Other	5,287	5,287	<b>45,944</b>	40,657
<b>Total Revenues</b>	<u>33,622,466</u>	<u>33,622,466</u>	<b><u>33,741,600</u></b>	<u>119,134</u>
<b>Expenditures</b>				
Current:				
Program	4,115,739	4,115,739	<b>4,070,553</b>	45,186
Instruction	13,636,128	13,636,128	<b>13,400,403</b>	235,725
Support Services - Pupil	1,992,027	1,992,027	<b>2,051,606</b>	(59,579)
Educational Media	1,476,634	1,476,634	<b>1,289,748</b>	186,886
General Administration	810,329	810,329	<b>878,878</b>	(68,549)
School Administration	2,655,200	2,655,200	<b>2,410,791</b>	244,409
Business	6,387,305	6,387,305	<b>5,983,564</b>	403,741
Operation of Noninstructional Service	793,439	793,439	<b>778,223</b>	15,216
Debt Service	2,963,663	2,963,663	<b>2,963,163</b>	500
<b>Total Expenditures</b>	<u>34,830,464</u>	<u>34,830,464</u>	<b><u>33,826,929</u></b>	<u>1,003,535</u>
<b>Excess of Revenues Over Expenditures</b>	(1,207,998)	(1,207,998)	<b>(85,329)</b>	1,122,669
<b>Other Financing Sources (Uses)</b>				
Appropriation of Fund Balance	1,207,998	1,207,998	-	(1,207,998)
Cancellation of Prior Year Encumbrances	-	-	<b>16,978</b>	16,978
Transfers Out	-	-	<b>(716,887)</b>	(716,887)
<b>Total Other Financing Sources (Uses)</b>	<u>1,207,998</u>	<u>1,207,998</u>	<b><u>(699,909)</u></b>	<u>(1,907,907)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<b><u>(785,238)</u></b>	<u>\$ (785,238)</u>
<b>Fund Balance, Beginning of Year</b>			<b><u>2,080,357</u></b>	
<b>Fund Balance, End of Year</b>			<b><u>\$ 1,295,119</u></b>	

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

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

**Reporting Entity**

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

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

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

**Government-Wide and Fund Financial Statements**

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

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

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

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

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

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

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from town assessments, state grants, charges for services, and earnings on investments.
- The *Capital Reserve* fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
- The *High School Capital Project* fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays and debt service related to the renovation of the High School.

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

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

## REGIONAL SCHOOL DISTRICT NO. 18

### Notes to the Financial Statements

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#### **Estimates**

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

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

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

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

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

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

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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*Capital Assets* - Capital assets, which include equipment, fixtures, and other long-lived assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 for equipment and \$20,000 for improvements, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Improvements	45
Machinery and Equipment	5 - 20

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

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

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

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

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

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

*Net Investment in Capital Assets* – This category presents the net assets that reflect capital assets net of the debt applicable to the acquisition or construction of the assets. Debt issued for non-capital purposes, and unspent bond proceeds, is excluded.

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

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

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

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

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications. This is the residual classification for the General Fund (i.e., everything that is not in another classification or in another fund). The General Fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**Fair Value of Financial Instruments**

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

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

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

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

**Budgets and Budgetary Accounting**

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

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

- The citizens of the District vote on the recommended budget.
- All budget transfers must be approved by the Board of Education.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the fund level.
- Additional appropriations may be made during the year by the Board of Education. An additional appropriation requires approval at a District meeting if it exceeds \$20,000 or is a second request.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is used and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end.

**Budget - GAAP Reconciliation**

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

	<u>Fund Balance</u> <u>Beginning</u>	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other Financing</u> <u>Sources (Uses)</u>	<u>Fund Balance</u> <u>Ending</u>
Budgetary Basis	\$ 2,080,357	\$ 33,741,600	\$ 33,826,929	\$ (699,909)	\$ 1,295,119
"On-behalf" payments - State					
Teachers' Retirement and OPEB	-	4,477,135	4,477,135	-	-
Education Grants net for Budget	-	1,655	1,655	-	-
Equipment Financing Notes Issued	-	-	306,141	306,141	-
Adjustment for Encumbrances	<u>156,838</u>	<u>-</u>	<u>(101,487)</u>	<u>(16,978)</u>	<u>241,347</u>
GAAP Basis	<u>\$ 2,237,195</u>	<u>\$ 38,220,390</u>	<u>\$ 38,510,373</u>	<u>\$ (410,746)</u>	<u>\$ 1,536,466</u>

**Special Revenue Funds**

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

**Capital Project Funds**

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

**REGIONAL SCHOOL DISTRICT NO. 18**

Notes to the Financial Statements

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**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”. The following is a summary of cash and cash equivalents at June 30, 2023.

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents	<u>\$ 3,713,472</u>	<u>\$ 79,216</u>	<u>\$ 3,792,688</u>

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

Cash and Cash Equivalents	\$ 3,792,688
Less: Cash Equivalents (STIF)	<u>(1,190,731)</u>
	<u>\$ 2,601,957</u>

At year-end, the District’s carrying amount of deposits subject to custodial credit risk was \$2,601,957 and the bank balance was \$2,901,664. Of the bank balance, the Federal Depository Insurance Corporation insured \$522,125.

As of June 30, 2023, \$2,379,539 of the District’s bank balance of \$2,901,664 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,091,585
Uninsured and collateral held by pledging bank's Trust department not in the District's name	<u>287,954</u>
Total	<u>\$ 2,379,539</u>

**Cash Equivalents**

At June 30, 2023, the District’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$1,190,731. STIF is rated AAAM by Standard and Poor’s and has an average maturity of under 60 days.

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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**NOTE 4 – RECEIVABLES**

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

	General Fund	Nonmajor and Other Funds	Total
Receivables:			
Intergovernmental	\$ -	\$ 188,859	\$ 188,859
Accounts	770	-	770
Gross Receivables	770	188,859	189,629
Less Allowance for			
Uncollectibles:			
Total Allowance	-	-	-
Net Total Receivables	\$ 770	\$ 188,859	\$ 189,629

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

	Governmental Funds
General Fund:	
Other	\$ 211
Nonmajor Funds:	
Advances on Grants	2,523
Total Unearned Revenue	\$ 2,734

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2023, the outstanding balances between funds were:

Payable Fund	Receivable Fund	Total
General Fund	Capital Reserve Fund	\$ 2,426,783
General Fund	Nonmajor Governmental Funds	298,679
High School Capital Project Fund	General Fund	1,106,696
Nonmajor Governmental Funds	General Fund	192,424
		\$ 4,024,582

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2023, were as follows:

Transfers In:	Transfers Out:	Total
Capital Reserve Fund	General Fund	\$ 716,887
		\$ 716,887

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

**NOTE 6 – CAPITAL ASSETS**

The following is a summary of the change in capital assets as of June 30, 2023:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 480,977	\$ -	\$ -	\$ 480,977
Building in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>480,977</u>	<u>-</u>	<u>-</u>	<u>480,977</u>
Capital assets, being depreciated				
Land improvements	4,768,485	-		4,768,485
Buildings and Improvements	85,243,182	32,880	-	85,276,062
Machinery and Equipment	3,802,112	138,357	(176,092)	3,764,377
Right of Use Equipment	<u>148,349</u>	<u>-</u>	<u>-</u>	<u>148,349</u>
Total capital assets, being depreciated	<u>93,962,128</u>	<u>171,237</u>	<u>(176,092)</u>	<u>93,957,273</u>
Less accumulated depreciation for:				
Land Improvements	2,022,419	282,609	-	2,305,028
Building and Improvements	31,215,544	1,786,108	-	33,001,652
Machinery and equipment	3,475,980	131,151	(176,092)	3,431,039
Right of Use Equipment	<u>100,997</u>	<u>25,273</u>	<u>-</u>	<u>126,270</u>
Total accumulated depreciation	<u>36,814,940</u>	<u>2,225,141</u>	<u>(176,092)</u>	<u>38,863,989</u>
Total capital assets, being depreciated, net	<u>57,147,188</u>	<u>(2,053,904)</u>	<u>-</u>	<u>55,093,284</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 57,628,165</u>	<u>\$ (2,053,904)</u>	<u>\$ -</u>	<u>\$ 55,574,261</u>

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

Instructional Services	\$ 2,221,845
Operation of noninstructional service	<u>3,296</u>
Total Depreciation expense	<u>\$ 2,225,141</u>

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2023, was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 16,230,000	\$ -	\$ 2,425,000	\$ 13,805,000	\$ 1,885,000
Unamortized Premium	<u>965,199</u>	<u>-</u>	<u>142,815</u>	<u>822,384</u>	<u>126,242</u>
Total Bonds Payable	17,195,199	-	2,567,815	14,627,384	2,011,242
Equipment Financing Notes	128,827	306,141	169,235	265,733	116,446
Leases Payable	50,659	-	26,695	23,964	16,750
Self Insurance Benefit Liability	150,038	3,432	-	153,470	-
Total OPEB Liability	<u>1,999,895</u>	<u>114,553</u>	<u>-</u>	<u>2,114,448</u>	<u>-</u>
Total	<u>\$ 19,524,618</u>	<u>\$ 424,126</u>	<u>\$ 2,763,745</u>	<u>\$ 17,184,999</u>	<u>\$ 2,144,438</u>

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

**General Obligation Bonds**

The District issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the District and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2023, consisted of the following:

<u>Bond Issue</u>	<u>Year of Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2023</u>
General Obligation	2012	\$ 2,440,000	1.25-4%	2024	\$ 205,000
General Obligation	2015	5,000,000	2-4%	2034	2,880,000
General Obligation	2017	9,325,000	1.5-4%	2030	7,830,000
General Obligation*	2020	7,125,000	3-5%	2031	2,890,000
					<u>\$ 13,805,000</u>

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

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,885,000	\$ 459,313	\$ 2,344,313
2025	1,710,000	398,363	2,108,363
2026	1,685,000	338,700	2,023,700
2027	1,685,000	273,950	1,958,950
2028	1,685,000	209,100	1,894,100
2029-2033	4,895,000	327,950	5,222,950
2034-2038	<u>260,000</u>	<u>9,100</u>	<u>269,100</u>
Total	<u>\$ 13,805,000</u>	<u>\$ 2,016,476</u>	<u>\$ 15,821,476</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2023, totaled \$367,973.

The District has \$57,555,000 of bonds authorized and unissued as of June 30, 2023.

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

**Equipment Financing Notes**

The following is a summary of outstanding equipment financing notes:

Equipment	Year of Issue	Original Amount	Interest Rate	Final Maturity	Principal Outstanding June 30, 2023
Dell Chromebooks	2020	\$ 166,500	4.70%	7/15/2023	\$ 42,888
Lenovo Computers	2022	145,350	6.78%	7/15/2025	105,749
Lenovo Chromebooks	2022	31,231	6.13%	7/15/2025	20,263
Dell Chromebooks	2022	68,590	5.11%	8/15/2025	50,141
Kubota Tractor	2022	60,970	4.29%	9/15/2025	46,692
					<u>\$ 265,733</u>

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

Year(s)	Principal	Interest	Total
2024	\$ 116,446	\$ 15,335	\$ 131,781
2025	77,922	8,911	86,833
2026	71,365	4,358	75,723
Total	<u>\$ 265,733</u>	<u>\$ 28,604</u>	<u>\$ 294,337</u>

Interest paid and expensed on the notes for the year ended June 30, 2023, totaled \$9,747.

**Self-Insurance Cooperative**

The District participates in the Eastern CT Healthcare Cooperative (the Cooperative) to provide medical, prescription and dental health coverage to employees. The Cooperative was established in June 2013 by several eastern Connecticut entities under the provisions of Connecticut Public Act 10 – 174 for the purpose of providing one or more health care benefits as allowed by such act for their employees. The Cooperative is a public entity risk pool operating as a common risk management and insurance program for its members. The Cooperative is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administrative, and a margin for unexpected losses or expenses. The Cooperative reinsures for medical, dental, and prescription drug claims in excess of \$1,000,000 maximum aggregate benefit. The members are subject to supplemental assessments in the event of deficiencies. The Districts estimated portion of claims incurred but not reported as of June 30, 2023, was \$153,470.

**Leases Payable**

The District has an outstanding lease for copiers which requires monthly payments of \$1,460 through November 2024. The lease liability is measured at a discount rate of 4.7%, which is the average rate recently received when the District issued bonds.

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

Year(s)	Principal	Interest	Total
2024	\$ 16,750	\$ 769	\$ 17,519
2025	7,214	85	7,299
Total	<u>\$ 23,964</u>	<u>\$ 854</u>	<u>\$ 24,818</u>

Interest paid and expensed on leases payable for the year ended June 30, 2023, totaled \$1,734.

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

**NOTE 8 - FUND BALANCE COMPONENTS**

The components of fund balance for the governmental funds at June 30, 2023, are as follows:

	General Fund	Capital Reserve	High School Capital Project	Nonmajor Governmental Funds	Total
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Subsequent Year's Budget	\$ 1,295,119	\$ -	\$ -	\$ -	\$ 1,295,119
Operation of Noninstructional Services	-	-	-	497,766	497,766
Instruction	-	-	-	23,415	23,415
Total Restricted	<u>\$ 1,295,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 521,181</u>	<u>\$ 1,816,300</u>
<b>Committed to:</b>					
Instruction	\$ -	\$ -	\$ -	\$ 45,276	\$ 45,276
Capital	-	2,426,783	-	122,825	2,549,608
Total Committed	<u>\$ -</u>	<u>\$ 2,426,783</u>	<u>\$ -</u>	<u>\$ 168,101</u>	<u>\$ 2,594,884</u>
<b>Assigned:</b>					
<b>Encumbrances:</b>					
Instruction	\$ 11,066	\$ -	\$ -	\$ -	\$ 11,066
Support Services - Pupil	12,532	-	-	-	12,532
Education Media	191	-	-	-	191
General Administration	6,784	-	-	-	6,784
School Administration	17,633	-	-	-	17,633
Business	177,002	-	-	-	177,002
Operation of Noninstructional Services	16,139	-	-	-	16,139
Total Assigned	<u>\$ 241,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,347</u>
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,106,696)</u>	<u>\$ (14,044)</u>	<u>\$ (1,120,740)</u>

The High School Capital Reserve Project Fund has a deficit fund balance of \$1,106,696 and is expected to be funded by intergovernmental grants. The Tuition Account Fund (a nonmajor governmental fund) has a partial deficit fund balance of \$14,044 which is expected to be funded with future charges for services.

**NOTE 9 – RETIREMENT BENEFITS**

**Defined Contribution Plan**

The District participates in a multiple employer defined contribution plan administered by the Town of Old Lyme to provide pension benefits for all of the Town's full time employees and the District's nonprofessional administrative employees. The plan is considered to be part of the Town's reporting entity and is included in the Town's basic financial statements as a pension trust fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at twenty-one (21) years of age and after one year of service. Participants are not required to contribute to the plan. The District's contributions for each employee and interest allocated to the employee's account are fully vested after five years of continuous service. The District's contribution is allocated to participants' accounts on the basis of compensation. Contribution requirements of the plan members and the District are established, and may be amended, by the Board of Selectmen. Plan members may contribute and are limited to 17% of earnings. The District is required to contribute 8% of employee covered payroll. The District's payroll of eligible individuals covered by the plan was \$4,800,498. The District contributed \$384,039 or 8% of covered payroll, while the employees contributed \$53,727.

## REGIONAL SCHOOL DISTRICT NO. 18

### Notes to the Financial Statements

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

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

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

*Normal Retirement:* Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary).

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

*Early Retirement:* Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

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

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

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

*Employees:* Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2023, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$995,122. Covered payroll for the District for the year ended June 30, 2023 was approximately \$14,216,032.

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2023 the District reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

**REGIONAL SCHOOL DISTRICT NO. 18**  
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District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		<u>55,993,689</u>
Total		<u>\$ 55,993,689</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2023, the District had no proportionate share of the net pension liability.

For the year ended June 30, 2023, the District recognized benefits expense and contribution revenue of \$4,414,694 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$5,411,853 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

*Actuarial Assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

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

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

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Notes to the Financial Statements

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.40%
Developed Market Intl. Stock Fund	11.00%	6.40%
Emerging Market Intl. Stock Fund	9.00%	8.60%
Core Fixed Income Fund	13.00%	0.80%
Emerging Market Debt Fund	5.00%	3.80%
High Yield Bond Fund	3.00%	3.40%
Real Estate Fund	19.00%	5.20%
Private Equity	10.00%	9.40%
Private Credit	5.00%	6.50%
Alternative Investments	3.00%	3.10%
Liquidity Fund	2.00%	-0.40%

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

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

**Other Post-Employment Benefits**

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

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

*Employees Covered by Benefit Terms:* The membership of the Plan consisted of the following at July 1, 2021, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	16
Active plan members	214
	230
	230

*Total OPEB Liability:* The District's total OPEB liability of \$2,114,448 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

*Actuarial Assumptions and Other Inputs:* The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Salary Increases	Graded by Service for Teachers and Administrators; 3.5% for all others.
Medical Trend Rate	Varies by year
Discount Rate	3.65% (Bond Buyer General Obligation 20-Bond Municipal Index)
Inflation Rate	2.60%

Mortality rates (Teachers and Administrators) based on the PubT-2010 Mortality Table for Employees and Healthy Annuitants with generational projects of future improvements per the MP-2019 Ultimate scale. Mortality rates (Non-Certified) based on the PubG-2010 Mortality Table with generational projection per the MP-2019 Ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

**Changes in the Total OPEB Liability:**

	Total OPEB Liability
Balance at 6/30/22	\$ 1,999,895
Changes for the year:	
Service Cost	99,347
Interest	72,753
Effect of Economic/Demographic Gains/(Losses)	-
Changes in Assumptions	31,369
Benefit Payments	(88,916)
Net Changes	114,553
Balance at 6/30/23	\$ 2,114,448

Changes in assumptions included an increase in the discount rate from 3.54% to 3.65%.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 2,317,421	\$ 2,114,448	\$ 1,938,448

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,850,288	\$ 2,114,448	\$ 2,437,742

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$103,239. As of June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 521,625	\$ -
Change in assumptions	345,508	227,874
Total	\$ 867,133	\$ 227,874

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

Year ended June 30:	
2024	\$ (68,861)
2025	(68,861)
2026	(69,973)
2027	(72,585)
2028	(74,428)
Thereafter	(284,551)
	\$ (639,259)

**Connecticut Teachers' Retirement System - OPEB**

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the system. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

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

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the District was \$62,441.

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

*Actuarial Assumptions* - The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.54%
Prior Measurement Date	2.16%

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

Single equivalent interest rate

Measurement Date	3.53%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.17%, net of OPEB plan investment expense, Including price inflation

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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Healthcare cost trend rates:

Medicare Known increases until calendar year 2024, then General trend decreasing to an ultimate rate of 4.5% by 2031.

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

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

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

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.98%	1.12%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		1.50%	

*Discount Rate* - The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**

Notes to the Financial Statements

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

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 4,214,563	\$ 4,903,763	\$ 5,837,220

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

	1% Decrease (2.53%)	Current Discount Rate (3.53%)	1% Increase (4.53%)
Net OPEB liability	\$ 5,921,370	\$ 4,903,763	\$ 4,101,194

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2023 the District reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>4,903,763</u>
Total	<u>\$ 4,903,763</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2023, the District had no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the District recognized OPEB expense and revenue of \$62,441 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the District recognized \$295,586 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

## REGIONAL SCHOOL DISTRICT NO. 18

### Notes to the Financial Statements

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#### NOTE 10 – LITIGATION AND CONTINGENCIES

##### **Federal Awards and State Financial Assistance**

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

##### **Litigation**

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

##### **Environmental Remediation**

In August 2022, a furnace fuel line failure occurred at the Old Lyme Middle School resulting in #2 heating oil being released causing contamination to soil and groundwater outside the building and to migrate further on-site. The School District immediately notified the Connecticut Department of Energy and Environmental Protection (“CT DEEP”) and steps to remove and contain the release of heating oil were initiated, which included excavation, installation of groundwater recovery wells, and on-site treatment. Effective July 2023, the District entered into a Consent Order with CT DEEP, which established a process for CT DEEP to review and approve of the Districts approach and investigation, remediation, and monitoring that is ongoing on the site. The District has also notified the Connecticut Interlocal Risk Management Agency (“CIRMA”) who indicated that Ironshore Specialty Insurance Company has accepted coverage under the Site Pollution Incident Legal Liability Select (SPILLS) Form. The coverage was subject to a \$125,000 deductible which has been satisfied and Ironshore is now paying for all environmental investigations, remediations, and monitoring that is ongoing on the site and off-site on the neighboring properties as a First Party Remediation Expense. The insurance policy provides a per incident limit of \$2,000,000 and an aggregate limit of \$2,000,000 under this coverage. It is not known how long these activities will take in order to restore the site and the impacts from the release of the heating oil and any future costs to the District, if the remediation exceeds the insurance policy limit, cannot be determined at this time.

#### NOTE 11 – RISK MANAGEMENT

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

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

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

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

**REGIONAL SCHOOL DISTRICT NO. 18**  
Notes to the Financial Statements

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**NOTE 12 – UPCOMING PRONOUNCEMENTS**

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

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

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the District's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the District's reporting period beginning July 1, 2024.

**NOTE 13 – SUBSEQUENT EVENTS**

In October, 2023, the District issued General Obligation Bond Anticipation Notes in the amount of \$7,300,000. The Notes mature on August 15, 2024, and bear an interest rate of 5%.

**Required  
Supplementary  
Information**

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the District	<u>55,993,689</u>	<u>44,278,461</u>	<u>55,906,549</u>	<u>51,629,271</u>	<u>39,809,168</u>	<u>41,080,674</u>	<u>43,340,432</u>	<u>34,460,371</u>	<u>31,851,707</u>
<b>Total</b>	<u>\$ 55,993,689</u>	<u>\$ 44,278,461</u>	<u>\$ 55,906,549</u>	<u>\$ 51,629,271</u>	<u>\$ 39,809,168</u>	<u>\$ 41,080,674</u>	<u>\$ 43,340,432</u>	<u>\$ 34,460,371</u>	<u>\$ 31,851,707</u>
District's covered payroll	<u>\$ 14,216,032</u>	<u>\$ 13,777,390</u>	<u>\$ 15,137,948</u>	<u>\$ 14,996,178</u>	<u>\$ 14,533,930</u>	<u>\$ 12,687,654</u>	<u>\$ 12,462,714</u>	<u>\$ 12,564,398</u>	<u>\$ 12,008,579</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

**Notes to Schedule**

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Remaining amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 6.50% average, including inflation
Investment rate of return	6.9% net of investment expense, including inflation

See accountant's report.

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

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

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

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

**Notes to Schedule**

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

See accountant's report.

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

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service Cost	\$ 99,347	\$ 149,285	\$ 168,484	\$ 128,898	\$ 125,001	\$ 127,657
Interest	72,753	63,495	62,132	87,720	89,095	79,995
Economic/Demographic Gains/(Losses)	-	(561,138)	-	(130,051)	-	-
Changes of Assumptions	31,369	(406,149)	12,854	293,340	85,110	(63,759)
Benefit Payments	<u>(88,916)</u>	<u>(71,380)</u>	<u>(120,501)</u>	<u>(108,057)</u>	<u>(90,022)</u>	<u>(57,395)</u>
<b>Net Change in Total OPEB Liability</b>	114,553	(825,887)	122,969	271,850	209,184	86,498
<b>Total OPEB Liability - Beginning</b>	<u>1,999,895</u>	<u>2,825,782</u>	<u>2,702,813</u>	<u>2,430,963</u>	<u>2,221,779</u>	<u>2,135,281</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 2,114,448</u>	<u>\$ 1,999,895</u>	<u>\$ 2,825,782</u>	<u>\$ 2,702,813</u>	<u>\$ 2,430,963</u>	<u>\$ 2,221,779</u>
Covered Payroll	\$ 16,290,157	\$ 16,290,157	\$ 14,732,200	\$ 14,732,200	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	12.98%	12.28%	19.18%	18.35%	N/A	N/A

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

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

**Notes to Schedule**

Measurement Date	June 30, 2023
Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	3.65% (Prior 3.54%)
Inflation Rate	2.60%
Salary Increases	Graded by Service for Teachers and Administrators; 3.50% for all others
Healthcare Cost Trend Rates	Varies by year

See accountant's report.

APPENDIX B – FORM OF OPINION OF BOND COUNSEL – THE BONDS



280 Trumbull Street  
 Hartford, CT 06103-3597  
 Main (860) 275-8200  
 Fax (860) 275-8299

[FORM OF OPINION OF BOND COUNSEL]

August \_\_, 2024

Regional School District Number 18,  
 Old Lyme, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Regional School District Number 18 of the State of Connecticut (the “District”), a Tax Regulatory Agreement of the District, dated August \_\_, 2024 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$17,335,000\* Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bonds, Issue of 2024, dated August \_\_, 2024 (the “Bonds”), maturing on November 15 in each of the years, in the principal amounts and bearing interest payable on May 15, 2025 and semiannually thereafter on November 15 and May 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>
2025	\$870,000	%	2035	\$865,000	%
2026	870,000		2036	865,000	
2027	870,000		2037	865,000	
2028	870,000		2038	865,000	
2029	870,000		2039	865,000	
2030	870,000		2040	865,000	
2031	870,000		2041	865,000	
2032	865,000		2042	865,000	
2033	865,000		2043	865,000	
2034	865,000		2044	865,000	

with principal payable at the principal office of U.S. Bank Trust Company, National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of October and April in each year, by check mailed to such registered owner at the address as shown on the registration books of the District kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

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

\* Preliminary, subject to change.

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

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

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

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

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

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

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

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

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

Respectfully,



280 Trumbull Street  
Hartford, CT 06103-3597  
Main (860) 275-8200  
Fax (860) 275-8299

**[FORM OF OPINION OF BOND COUNSEL]**

August \_\_, 2024

Regional School District Number 18,  
Old Lyme, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Regional School District Number 18 of the State of Connecticut (the “District”), a Tax Regulatory Agreement of the District, dated August \_\_, 2024 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$15,140,000 Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bond Anticipation Notes, dated August \_\_, 2024 and maturing August \_\_, 2025, consisting of Note R-\_\_ in the aggregate principal amount of \$15,140,000, bearing interest at the rate of \_\_% per annum, with principal and interest payable at maturity (the “Notes”). The Notes are not subject to redemption prior to maturity.

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

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

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

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

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

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

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

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

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

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

Respectfully,

**APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS**

**[FORM OF CONTINUING DISCLOSURE AGREEMENT]**

**CONTINUING DISCLOSURE AGREEMENT**

Regional School District Number 18 of the State of Connecticut  
(Towns of Lyme and Old Lyme, Connecticut)  
\$17,335,000\* General Obligation Bonds, Issue of 2024  
dated August \_\_, 2024

August \_\_, 2024

WHEREAS, the Regional School District Number 18 of the State of Connecticut (the “District”) has heretofore authorized the issuance of \$17,335,000\* in aggregate principal amount of its General Obligation Bonds, Issue of 2024, dated August \_\_, 2024 (the “Bonds”), maturing on the dates and in the amounts set forth in the District’s Official Statement dated August \_\_, 2024 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated July \_\_, 2024 (the “Notice of Sale”); and

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

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

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

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

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

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

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

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

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

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\* Preliminary, subject to change.

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Subject to the requirements of Section 8 hereof, the District reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the District agrees that any such modification will be done in a manner consistent with the Rule. The District also reserves the right to

modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

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

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and

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

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

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

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

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

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

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

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

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

**REGIONAL SCHOOL DISTRICT NUMBER 18,  
CONNECTICUT**

By: \_\_\_\_\_  
Name: Jason Kemp  
Title: Chairperson of the Board of Education

By: \_\_\_\_\_  
Name: Christopher Staab  
Title: Treasurer

**APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES**

**[FORM OF CONTINUING DISCLOSURE AGREEMENT]**

**CONTINUING DISCLOSURE AGREEMENT**

Regional School District Number 18 of the State of Connecticut  
(Towns of Lyme and Old Lyme, Connecticut)  
\$15,140,000 General Obligation Bond Anticipation Notes  
dated August \_\_, 2024

August \_\_, 2024

WHEREAS, the Regional School District Number 18 of the State of Connecticut (the “District”) has heretofore authorized the issuance of \$15,140,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated August \_\_, 2024 (the “Notes”), maturing on the dates and in the amounts set forth in the District’s Official Statement dated August \_\_, 2024 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated July \_\_, 2024 (the “Notice of Sale”); and

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

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

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

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

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

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

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

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

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

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

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Noteholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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

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

**REGIONAL SCHOOL DISTRICT NUMBER 18,  
CONNECTICUT**

By: \_\_\_\_\_  
Name: Jason Kemp  
Title: Chairperson of the Board of Education

By: \_\_\_\_\_  
Name: Christopher Staab  
Title: Treasurer

## APPENDIX F – NOTICE OF SALE – THE BONDS

**NOTICE OF SALE**  
**\$17,335,000**  
**REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT**  
**(Towns of Lyme and Old Lyme, Connecticut)**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2024**

Electronic bids (as described herein) will be received by the **REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT** (the “Issuer”), until 12:00 P.M. (E.T.) Thursday,

**AUGUST 1, 2024**

(the “Sale Date”) for the purchase of all, but not less than all, of the \$17,335,000 Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bonds, Issue of 2024 (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

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

### **The Bonds**

The Bonds will be dated August 15, 2024, mature in the principal amounts of \$870,000 on November 15 in each of the years 2025 to 2031, both inclusive, and \$865,000 on November 15 in each of the years 2032 to 2044, both inclusive, bear interest payable on May 15, 2025 and semiannually thereafter on November 15 and May 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 24, 2024 (the “Preliminary Official Statement”).

The Bonds maturing on or before, November 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on November 15, 2033 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after November 15, 2032, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
November 15, 2032 and thereafter	100%

### **Nature of Obligation**

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

## **Bank Qualification**

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

## **Registration**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Issuer or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

## **Electronic Bidding Procedures**

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

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

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

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$17,335,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

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

For the purpose of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 15, 2024, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to August 15, 2024, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

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

### **Adjustment of Principal Amount and Maturity Schedule for the Bonds**

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

### **Closing Documents and Legal Opinion**

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

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

excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Bonds, and further, will assume compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

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

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

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

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

***Competitive Sale Rule Not Met.*** By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Issuer with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Issuer information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Issuer with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

## **Settlement of the Bonds**

The Bonds will be available for delivery on or about August 15, 2024. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the Issuer will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the Issuer for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the Issuer’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the Issuer’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

## **Continuing Disclosure**

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

## **Related Information**

For more information regarding the Bonds and the Issuer, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Susan Caron, Vice President, Munistat Services, Inc., Email: [susan.caron@munistat.com](mailto:susan.caron@munistat.com), Telephone: (860) 372-1887, municipal advisor to the Issuer.

**JASON KEMP**  
Chairperson of the Board of Education

**CHRISTOPHER STAAB**  
Treasurer

July 24, 2024

**ISSUE PRICE RULE SELECTION CERTIFICATE**

Regional School District Number 18 of the State of Connecticut  
 (Towns of Lyme and Old Lyme, Connecticut)  
 \$17,335,000 General Obligation Bonds, Issue of 2024

The undersigned, on behalf of [\_\_\_\_\_], [on behalf of itself and \_\_\_\_\_], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated July 24, 2024 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<b>10% Sale Rule</b> (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		<b>Hold the Offering Price Rule</b> (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
11/15/2025	\$870,000	_____%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2026	870,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2027	870,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2028	870,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2029	870,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2030	870,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2031	870,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2032	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2033	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2034	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2035	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2036	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2037	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2038	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2039	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2040	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2041	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2042	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2043	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____
11/15/2044	865,000	_____	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

**[NAME OF UNDER/REP]**

By: \_\_\_\_\_

Name:

Title:

Email this completed and executed certificate to the following by 5:00 P.M. on August 2, 2024:

**Bond Counsel:** kpalmer@rc.com

**Municipal Advisor:** susan.caron@munistat.com

## **APPENDIX G - NOTICE OF SALE - THE NOTES**

### **NOTICE OF SALE \$15,140,000 REGIONAL SCHOOL DISTRICT NUMBER 18 OF THE STATE OF CONNECTICUT (Towns of Lyme and Old Lyme, Connecticut) GENERAL OBLIGATION BOND ANTICIPATION NOTES**

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

**AUGUST 1, 2024**

(the “Sale Date”) for the purchase of all or a portion of the \$15,140,000 Regional School District Number 18 of the State of Connecticut (Towns of Lyme and Old Lyme, Connecticut) General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

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

#### **The Notes**

The Notes will be dated August 15, 2024, and will be payable to the registered owner on August 14, 2025, as further described in the Preliminary Official Statement for the Notes dated July 24, 2024 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on the basis of twelve 30-day months and a 360-day year) payable at maturity at the rate or rates per annum set forth in the bid or bids accepted for their purchase, which rates shall be multiples of 1/1000 of one percent (1%) per annum.

The Notes are not subject to redemption prior to maturity.

#### **Nature of Obligation**

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

#### **Bank Qualification**

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

#### **Registration**

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for

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

### **Electronic Bidding Procedures**

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

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

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

### **Bid Specifications/Basis of Award**

Proposals for the purchase of the Notes must provide the information set forth in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

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

The Issuer reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Issuer further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes or a portion thereof at the lowest net interest cost computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any.

### **Closing Documents and Legal Opinion**

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

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Notes, and further, will assume compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

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

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

underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes (the “Competitive Sale Rule”).

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

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

***Competitive Sale Rule Not Met.*** By submitting a bid, the winning bidders agree (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes. The rule selected with respect to each maturity of the Notes shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidders promptly after the award of the Notes. The winning bidders shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made, the winning bidders agree that the Hold the Offering Price Rule shall apply to such Notes.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide the Issuer with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Issuer information regarding the actual prices at which at least 10 percent (10%) of the Notes (or each maturity thereof, if applicable) have been sold to the public;

(iii) will provide the Issuer with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Notes, this reporting requirement will continue, beyond the closing date of the Notes, if necessary, until such date that at least 10 percent (10%) of such maturity of the Notes has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering price(s) and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes at a price that is higher than the initial offering price of such Notes until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of such maturity of the Notes at a price that is no higher than the initial offering price of such maturity of the Notes or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which each winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

If a winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidders or any person that agrees pursuant to a written contract with the winning bidders to participate in the initial sale of the Notes to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidders must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the winning bidder in connection with the initial sale of any of the Notes.

### **Settlement of the Notes**

The Notes will be available for delivery on or about August 15, 2024. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Notes prior to delivery, and the Issuer will not be responsible for any delay occasioned by the failure of the winning bidders to obtain such numbers and to supply them to the Issuer in a timely manner. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder(s).

The Preliminary Official Statement is in a form “deemed final” by the Issuer for purposes of SEC Rule 15c2-12(b)(1). The winning bidders will be furnished 25 copies of the final Official Statement prepared for the Notes at the Issuer’s expense. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidders no later than seven business days after the bid opening at the office of the Issuer’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidders by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the names of the winning bidders of the Notes.

### **Continuing Disclosure**

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Notes. Each winning bidder’s obligation to purchase the Notes shall be conditioned upon its

receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

**Related Information**

For more information regarding the Notes and the Issuer, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Susan Caron, Vice President, Munistat Services, Inc., Email: [susan.caron@munistat.com](mailto:susan.caron@munistat.com), Telephone: (860) 372-1887, municipal advisor to the Issuer.

**JASON KEMP**

Chairperson of the Board of Education

**CHRISTOPHER STAAB**

Treasurer

July 24, 2024

**ISSUE PRICE RULE SELECTION CERTIFICATE**

Regional School District Number 18 of the State of Connecticut  
 (Towns of Lyme and Old Lyme, Connecticut)  
 \$15,140,000 General Obligation Bond Anticipation Notes

The undersigned, on behalf of [\_\_\_\_\_], [on behalf of itself and [\_\_\_\_\_]], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned notes (the “Notes”), as described in the Notice of Sale for the Notes, dated July 24, 2024 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<b>10% Sale Rule</b> (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		<b>Hold the Offering Price Rule</b> (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
08/14/2025	\$15,140,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Notes.)

**[NAME OF UNDER/REP]**

By: \_\_\_\_\_  
 Name:  
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. on August 2, 2024:

**Bond Counsel:** kpalmer@rc.com      **Municipal Advisor:** susan.caron@munistat.com